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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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 the transferee or to the bank, licensed securities dealer or registered institution in securities 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 "14. 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, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

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FIRST SHANGHAI INVESTMENTS LIMITED  
第一上海投資有限公司  
*(Incorporated in Hong Kong with limited liability)*  
(Stock Code: 227)

### OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE FOR EVERY ELEVEN (11) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

Placing Agent

First Shanghai Securities Limited

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

The Latest Time for Acceptance and payment for the Offer Shares is at 4:00 p.m. on Friday, 31 December 2021. The procedures for acceptance of and payment for the Offer Shares are set out in the section headed "Procedures for acceptance and payment" in the "Letter from the Board" in this Prospectus.

**Shareholders and potential investors should note that the Open Offer is on a non-underwritten basis** irrespective of the level of acceptance of the provisionally allotted Offer Shares. The Unsubscribed Shares, if any, will be placed to independent places under the Unsubscribed Arrangements. Any Unsubscribed Shares not placed under the Unsubscribed Arrangements will not be issued by the Company and the size of the Open Offer will be reduced accordingly. Pursuant to the Company's constitutional document, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the CWUMPO and the Listing Rules, there is no statutory requirements regarding minimum subscription levels in respect of the Open Offer. There is no minimum amount to be raised under the Open Offer.

**Shareholders and potential investors should note that the Open Offer is subject to fulfilment of the conditions precedent as set out 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 ex-entitlement basis commencing from Tuesday, 7 December 2021 and that dealing 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.**

**Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

16 December 2021

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## EXPECTED TIMETABLE

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

<b>Event</b>	<b>Time and Date</b>
Despatch of the Prospectus Documents (in case of the Prohibited Shareholders, the Prospectus and the Overseas Letter only) . . . . .	Thursday, 16 December 2021
Latest Time for Acceptance . . . . .	4:00 p.m. on Friday, 31 December 2021
Announcement of the number of the Unsubscribed Shares subject to the Unsubscribed Arrangements . . . . .	Tuesday, 4 January 2022
Commencement of placing of the Unsubscribed Shares subject to the Unsubscribed Arrangements . . . . .	Wednesday, 5 January 2022
Placing End Date . . . . .	4:00 p.m. on Thursday, 6 January 2022
Announcement of allotment results of the Offer Shares to be published on the Stock Exchange . . . . .	On or before Friday, 7 January 2022
Despatch of share certificates and/or refund cheques (if applicable) for Offer Shares . . . . .	On or before Monday, 10 January 2022
Dealings in Offer Shares commence . . . . .	9:00 a.m. on Tuesday, 11 January 2022
Despatch of cheques for payment of Net Gain to relevant No Action Shareholders and Prohibited Shareholders (if any) . . . . .	On or before Tuesday, 11 January 2022

All times stated above refer to Hong Kong times.

Dates or deadlines specified in the expected timetable above or in other parts of this Prospectus are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

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## EXPECTED TIMETABLE

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### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE AND PAYMENT FOR THE OPEN OFFER**

If there is a tropical cyclone warning signal number 8 or above, “extreme conditions” caused by a super typhoon or a “black” rainstorm warning,

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 31 December 2021 (being the date of the Latest Time for Acceptance), the latest time of acceptance of and payment for the Offer Shares will not take place at the Latest Time for Acceptance, but will be extended to 5:00 p.m. on the same Business Day instead;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 31 December 2021 (being the date of the Latest Time for Acceptance), the latest time of acceptance of and payment for the Offer Shares will not take place at the Latest Time for Acceptance, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Friday, 31 December 2021, the dates mentioned in the section headed “Expected Timetable” in this Prospectus may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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## DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement made by the Company on 19 November 2021 in respect of, among other things, the Open Offer
“Application Form(s)”	the form(s) of application to be issued to the Qualifying Shareholders to apply for the Offer Shares for their assured entitlement under the Open Offer
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Assets”	China Assets (Holdings) Limited, a company incorporated in Hong Kong with limited liability whose entire issued share capital is owned by New Synergies, being a Shareholder holding 321,158,037 Shares as at the Latest Practicable Date
“China Assets Undertaking”	the irrevocable undertaking given by China Assets in favour of the Company
“Company”	First Shanghai Investments Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 227)
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended from time to time)
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors to issue not more than 283,794,602 Shares at the annual general meeting of the Company held on 28 May 2021

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	person(s) who is/are independent of and not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“July Announcement”	the announcement made by the Company on 23 July 2021 in respect of the Last Open Offer
“Kinmoss”	Kinmoss Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability whose entire issued share capital is owned by Mr. Lo, being a Shareholder holding 84,580,069 Shares as at the Latest Practicable Date
“Kinmoss Undertaking”	the irrevocable undertaking given by Kinmoss in favour of the Company
“Last Open Offer”	the open offer undertaken by the Company by means of the prospectus of the Company dated 27 August 2021, pursuant to which a total of 132,082,335 Shares were issued under the General Mandate and net proceeds of approximately HK\$34.3 million were raised
“Last Trading Day”	18 November 2021, being the last trading day of the Shares immediately prior to the date of release of the Announcement
“Latest Lodging Time”	4:30 p.m. on Wednesday, 8 December 2021 or such other date and/or time as the Company may determine as the latest time for lodging transfer of Shares in order to qualify for the Open Offer
“Latest Practicable Date”	Friday, 10 December 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Latest Time for Acceptance”	4:00 p.m. on Friday, 31 December 2021 or such other date and/or time as the Company may determine as the latest time for acceptance of, and payment for, the Offer Shares under the Open Offer

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## DEFINITIONS

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“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lo”	Mr. Lo Yuen Yat, the Chairman and an executive Director and as at the Latest Practicable Date a Shareholder directly holding 114,461,853 Shares who is also deemed to be interested in (a) 84,580,069 Shares owned by Kinmoss; (b) 250,429 Shares owned by New Synergies; and (c) 321,158,037 Shares owned by China Assets
“Mr. Lo Undertaking”	the irrevocable undertaking given by Mr. Lo in favour of the Company
“Mr. Yeung”	Mr. Yeung Wai Kin, an executive Director, the chief financial officer and company secretary of the Company and a Shareholder holding 14,246,764 Shares as at the Latest Practicable Date
“Mr. Yeung Undertaking”	the irrevocable undertaking given by Mr. Yeung in favour of the Company
“Mr. Zhou”	Mr. Zhou Xiaohu, an independent non-executive Director and a Shareholder holding 160,000 Shares as at the Latest Practicable Date
“Net Gain”	any premiums paid by the placees over the Subscription Price for the Unsubscribed Shares placed by the Placing Agent under the Unsubscribed Arrangements (after deduction of a proportionate share of the placing commission payable)
“New Synergies”	New Synergies Investments Company Limited, a company incorporated in Hong Kong with limited liability whose issued share capital is owned as to 40% by Mr. Lo, being a Shareholder holding 250,429 Shares as at the Latest Practicable Date
“New Synergies Undertaking”	the irrevocable undertaking given by New Synergies in favour of the Company
“No Action Shareholders”	Qualifying Shareholders who do not subscribe for the Offer Shares (whether partially or fully) in their assured entitlements
“Offer Share(s)”	up to 141,005,031 new Share(s), proposed to be offered to the Qualifying Shareholders for subscription under the Open Offer on the terms and subject to the conditions set out in this Prospectus

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## DEFINITIONS

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“Open Offer”	the proposed issue of the Offer Shares by way of open offer at the Subscription Price to be made by the Company to the Qualifying Shareholders on the basis of one (1) Offer Share for every eleven (11) Shares held on the Record Date in accordance with the terms and conditions set out in this Prospectus
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholders(s)”	the Shareholder(s) with registered address(es) on the register of members of the Company which are outside Hong Kong on the Record Date
“Placing Agent”	First Shanghai Securities Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, being a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 19 November 2021 and entered into between the Company and the Placing Agent in respect of the Unsubscribed Arrangements, pursuant to which the Placing Agent has agreed to procure placees on a best effort basis to subscribe for the Unsubscribed Shares
“Placing End Date”	6 January 2022, or such other date as may be agreed between the Company and the Placing Agent as the latest date for acceptance of, and payment for, the Unsubscribed Shares under the Placing Agreement
“Placing Long Stop Date”	the day falling two months after the date of the Placing Agreement (or such later date as may be agreed between the Placing Agent and the Company in writing)
“Placing Period”	5 January 2022 to 6 January 2022, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements
“Placing Price”	the placing price of the Unsubscribed Share(s) pursuant to the Placing Agreement, being at least equal to the Subscription Price
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

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## DEFINITIONS

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“Prohibited Shareholders”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Forms to be used by the Qualifying Shareholders to apply for the Offer Shares
“Prospectus Posting Date”	16 December 2021 or such other date as may be determined by the Company for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Prohibited Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	15 December 2021, the date by reference to which entitlements to the Open Offer are to be determined
“Registrar”	Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, being the Company’s share registrar and transfer office in Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.21 per Offer Share
“substantial shareholder(s)”	has the meaning ascribed to it/them under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Undertaking Providers”	Mr. Lo, Kinmoss, New Synergies, China Assets and Mr. Yeung

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## DEFINITIONS

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“Undertakings”	collectively, Mr. Lo Undertaking, Kinmoss Undertaking, New Synergies Undertaking, China Assets Undertaking and Mr. Yeung Undertaking
“Unsubscribed Arrangements”	arrangements to place the Unsubscribed Shares by the Placing Agent on a best effort basis to investors who (or as the case maybe, their ultimate beneficial owner(s)) are Independent Third Parties pursuant to Rule 7.26A(1)(b) of the Listing Rules
“Unsubscribed Share(s)”	the Offer Share(s) that are not subscribed by the Qualifying Shareholders, the aggregated fractional Offer Shares and the Offer Shares which would otherwise have been allotted to the Prohibited Shareholders (as the case may be)
“%”	per cent.

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## LETTER FROM THE BOARD

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**FIRST SHANGHAI INVESTMENTS LIMITED**  
**第一上海投資有限公司**  
*(Incorporated in Hong Kong with limited liability)*  
(Stock Code: 227)

*Executive Directors:*

Mr. Lo Yuen Yat (*Chairman*)  
Mr. Xin Shulin  
Mr. Yeung Wai Kin  
Ms. Lao Yuanyuan

*Registered Office:*

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

*Non-executive Director:*

Mr. Kwok Lam Kwong, Larry, *S.B.S., J.P.*

*Independent non-executive Directors:*

Prof. Woo Chia-Wei  
Mr. Liu Ji  
Mr. Yu Qihao  
Mr. Zhou Xiaohu

16 December 2021

*To the Qualifying Shareholders and, for information only, the Prohibited Shareholders*

Dear Sir or Madam,

**OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE FOR  
EVERY ELEVEN (11) EXISTING SHARES HELD ON THE RECORD DATE  
ON A NON-UNDERWRITTEN BASIS**

**INTRODUCTION**

Reference is made to the Announcement whereby the Board announced that the Company proposes to raise approximately HK\$29.6 million before expenses, by way of Open Offer of a maximum of 141,005,031 Offer Shares at the Subscription Price of HK\$0.21 per Offer Share on the basis of one (1) Offer Share for every eleven (11) existing Shares held on the Record Date and payable in full on acceptance. The Open Offer is on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Offer Shares.

The purpose of this Prospectus is to provide you with, among other things, (i) further details regarding the Open Offer; (ii) the financial information of the Group; (iii) the unaudited pro forma financial information of the Group; and (iv) the general information of the Group.

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## LETTER FROM THE BOARD

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### OPEN OFFER

Details of the terms of the Open Offer are set out as follows:

#### Issue statistics

Basis of the Open Offer	:	One (1) Offer Share for every eleven (11) existing Shares held on the Record Date
Subscription Price	:	HK\$0.21 per Offer Share
Number of Shares in issue as at the Latest Practicable Date and the Record Date	:	1,551,055,347 Shares
Number of Offer Shares	:	Up to 141,005,031 Offer Shares
Number of Offer Shares undertaken to be taken up by the Undertaking Providers	:	Pursuant to the Undertakings, the Undertaking Providers have irrevocably undertaken to the Company that (i) the 534,697,152 Shares registered in their respective names of and beneficially owned by them will remain registered in the name of and beneficially owned by them before the date when the announcement of the results of the Open Offer is published; (ii) the Undertaking Providers will accept their entitlements under the Open Offer for an aggregate of 48,608,831 Offer Shares; and (iii) the Undertaking Providers will lodge the Application Forms in respect of their assured entitlements accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance
Maximum number of Shares to be in issue upon completion of the Open Offer	:	Up to 1,692,060,378 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Offer Shares) will be allotted and issued on or before completion of the Open Offer)
Maximum funds to be raised before expenses	:	Up to approximately HK\$29.6 million (assuming all the Offer Shares will be fully taken up)

As at the Latest Practicable Date, the Company has 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 before the completion of the Open Offer.

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## LETTER FROM THE BOARD

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Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Offer Shares) will be allotted and issued on or before completion of the Open Offer, the maximum number of 141,005,031 Offer Shares proposed to be issued pursuant to the terms of the Open Offer represent: (i) approximately 9.09% of the total number of Shares in issue as at the Latest Practicable Date; and (ii) approximately 8.33% of the total number of Shares to be in issue as enlarged by the allotment and issue of the Offer Shares (assuming all the Offer Shares will be taken up). The Offer Shares will be issued pursuant to the General Mandate.

### Subscription Price

The Subscription Price is HK\$0.21 per Offer Share, payable in full on application of the relevant assured allotment of the Offer Shares. The Subscription Price represents:

- (i) a discount of approximately 2.3% to the closing price of HK\$0.215 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 17.6% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 16.7% to the benchmarked price of approximately HK\$0.252 per Share (as defined under Rule 13.36(5) of the Listing Rules, taking into account the closing price on the date of the Announcement of HK\$0.250 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK\$0.252 per Share);
- (iv) a discount of approximately 16.3% to the theoretical ex-entitlement price of HK\$0.251 per Share based on the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 16.7% to the average closing price of HK\$0.252 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 16.3% to the average closing price of HK\$0.251 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 1.4% (on the Open Offer's Own) represented by the theoretical diluted price of approximately HK\$0.249 to the benchmarked price of approximately HK\$0.252 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the date of the Announcement of HK\$0.250 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK\$0.252 per Share), and calculated on the basis that the Open Offer will be fully subscribed;

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## LETTER FROM THE BOARD

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- (viii) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 2.8% (when the Open Offer is aggregated with the Last Open Offer) represented by the cumulative theoretical diluted price of approximately HK\$0.321 to the benchmarked price of approximately HK\$0.330 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the respective closing prices on the respective dates of the Announcement and the July Announcement of HK\$0.250 and HK\$0.330 per Share and the respective averages of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement and for the five previous consecutive trading days prior to the date of the July Announcement of approximately HK\$0.252 and HK\$0.329 per Share), and calculated on the basis that the Open Offer will be fully subscribed;
- (ix) a discount of approximately 88.6% to the audited consolidated net asset value (“NAV”) per Share of approximately HK\$1.84 (based on the latest published audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$2,605,897,000 and 1,418,973,012 Shares in issue as at 31 December 2020); and
- (x) a discount of approximately 88.4% to the unaudited consolidated NAV per Share of approximately HK\$1.81 (based on the latest published unaudited consolidated NAV of the Group attributable to the Shareholders of approximately HK\$2,571,040,000 and 1,418,973,012 shares in issue as at 30 June 2021).

The net Subscription Price per Offer Share (after deducting the relevant expenses) will be approximately HK\$0.20 per Offer Share.

The Subscription Price was determined by the Company with references to, among other things, (i) the prevailing market price of the Shares; (ii) the prevailing market conditions; (iii) the Group’s current financial position; (iv) the uncertain impact of COVID-19 on the business of the Group in the foreseeable future; and (v) the funding and working capital needs of the Group as set out in the paragraph headed “Reasons for the Open Offer and Use of Proceeds” below.

The Directors note that the Subscription Price represents a significant discount to the NAV per Share of approximately HK\$1.81 as at 30 June 2021. However, the Directors also note that, since the beginning of year 2020 up to the date of the Announcement, the market price of the Shares ranged between HK\$0.245 to HK\$0.51 per Share. As such, the Directors consider that if the Subscription Price were close to the NAV per Share or otherwise significantly higher than the prevailing market trading price of a Share, the Open Offer would have become highly unattractive to the Shareholders, because they may purchase Shares at a much lower market price from the open market rather than subscribe for Offer Shares at a much higher subscription price which is closer to the NAV per Share. As a consequence, the Group would not be able to effectively raise fund for business development. Having taken into account the aforesaid and the fact that each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/her/its existing shareholding in the Company through the Open Offer, the Directors (including the independent non-executive Directors) consider the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **Status of the Offer Shares**

The Offer Shares (when allotted, fully paid and issued) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

### **Qualifying Shareholders**

The Open Offer is only available to the Qualifying Shareholders for subscription and will not be available to the Prohibited Shareholders. The Company will send (i) the Prospectus Documents to Qualifying Shareholders; and (ii) the Prospectus with the Overseas Letter, for information only, to the Prohibited Shareholders. No Application Form will be sent to the Prohibited Shareholders.

To qualify for the Open Offer, the Shareholder must be registered as a member of the Company on the Record Date and must be a Qualifying Shareholder.

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

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of Shares (with the relevant share certificate(s)) with the Registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, being the Company's share registrar and transfer office in Hong Kong by 4:30 p.m. on Wednesday, 8 December 2021.

### **Rights of Overseas Shareholders and Prohibited Shareholders**

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than that in Hong Kong (to the extent required under the applicable law).

As at the Record Date, according to the register of members of the Company, 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 Record Date).

Pursuant to 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 Offer Shares to such Overseas Shareholders. Based on the results thereof, the Board is of the view that either (i) there is 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; (ii) the Open Offer meets the relevant

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## LETTER FROM THE BOARD

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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 Offer Shares may not be circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for 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 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 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 thus, 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 to compensate the Company for the same. The Company shall not be obliged to issue the Offer Shares to any such Shareholder, if the Company, in its absolute discretion, considers that issuing the Offer Shares to such Shareholder does not comply with the relevant laws of the PRC.”*

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## LETTER FROM THE BOARD

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**(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.”*

**(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 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 Offer Shares to such Overseas Shareholders and has resolved that such Overseas Shareholders will be regarded as Prohibited Shareholders.

The Prospectus with the Overseas Letter will be despatched to the Prohibited Shareholder(s) (if any) for information only. No Application Form will be sent to the Prohibited Shareholders.

**The Open Offer does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire the Offer Shares or to take up any entitlements to the Offer Shares in any jurisdiction in which such an offer or solicitation is unlawful.**

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## LETTER FROM THE BOARD

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It is the responsibility of the Qualifying Shareholders outside Hong Kong wishing to make an application for the Offer Shares to satisfy himself/herself/itself before acquiring any rights to subscribe for the Offer Shares as to the full observance of the laws and regulations of all relevant territories applicable to him/her/it for taking up and onward sale (if applicable) of the Offer Shares, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connected therewith. Any acceptance of the Offer Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that all registration, legal and requirements of the relevant jurisdiction in connection with such application have been fully complied with. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Offer Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, the above representation and warranty.

### **Fractions of Offer Shares**

Entitlement to the Open Offer will be rounded down to the nearest whole number. No fractional entitlements to the Offer Shares will be issued to the Qualifying Shareholders. No entitlements of the Prohibited Shareholders to the Offer Shares will be issued to the Prohibited Shareholders. The Prohibited Shareholders (which are excluded from the Open Offer) would not have any entitlement under the Open Offer. All such fractional entitlements will be aggregated and integral numbers of the Offer Shares will be placed by the Placing Agent in accordance with the terms and conditions of the Placing Agreement.

### **Non-underwritten basis**

The Open Offer will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Offer Shares. The Unsubscribed Shares, if any, will be placed to independent placees under the Unsubscribed Arrangements. Any Unsubscribed Shares not placed under the Unsubscribed Arrangements will not be issued by the Company and the size of the Open Offer will be reduced accordingly. There are no statutory requirements regarding minimum subscription levels in respect of the Open Offer. There is no minimum amount to be raised under the Open Offer.

As the Open Offer will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the Open Offer may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Open Offer will be made on terms such that the Company will provide for the Qualifying Shareholders to apply on the basis that if the Offer Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Open Offer will be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder(s) to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules. Accordingly, in the case of Mr. Lo (being the Chairman and an executive Director of the Company), Kinmoss, New Synergies and China Assets, who and/or which are the controlling shareholders of the Company; and each of Mr. Yeung and Mr. Zhou, the Director, who is presumed to be a party acting in concert until completion of the Open Offer with Mr. Lo and the controlling shareholders of the Company solely by virtue of his capacity as a Director, as their shareholding in the Company in aggregate increased from approximately 32.48% to 34.48% as a result of the Last Open Offer, their shareholding in the Company in aggregate shall remain unchanged at approximately 34.48% immediately upon completion of the Open Offer.

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## LETTER FROM THE BOARD

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### **No excess application, procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements**

Pursuant to Rule 7.26A of the Listing Rules, the Company must make arrangements to dispose of the Offer Shares not validly applied for by means of excess application forms or by offering the same to independent placees for the benefit of those Shareholders.

No excess application under Rule 7.26A(1)(a) of the Listing Rules will be made in relation to the Open Offer as stipulated. However, according to Rule 7.26A(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Shares by offering the Unsubscribed Shares to independent placees for the benefit of the No Action Shareholders and the Prohibited Shareholders.

The Company has therefore appointed the Placing Agent by means of the Placing Agreement to place the Unsubscribed Shares after the Latest Time for Acceptance to independent placees on a best effort basis.

Any Unsubscribed Shares (which comprise (i) the Offer Shares that are not subscribed by the Qualifying Shareholders; (ii) the aggregated fractional Offer Shares; and/or (iii) the Offer Shares which would otherwise have been issued to the Prohibited Shareholders) will then be placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties.

The Placing Agent will on a best effort basis, procure, by not later than 4:00 p.m., on 6 January 2022, acquirers for all (or as many as possible) of those Unsubscribed Shares at a premium over the Subscription Price (if possible). The Placing Price shall be at least equal to the Subscription Price. Any Unsubscribed Shares remain not placed after completion of the Unsubscribed Arrangements will not be issued by the Company and the size of the Open Offer will be reduced accordingly.

Net Gain, being the premium paid by the placees over the Subscription Price for the Unsubscribed Shares (if any) will be paid (without interest) on a pro-rata basis (on the basis of all Unsubscribed Shares) to the No Action Shareholders and the Prohibited Shareholders (but rounded down to the nearest cent after deduction of a proportionate share of the placing commission payable). It is proposed that only Net Gain to any of the No Action Shareholder(s) and the Prohibited Shareholder(s) of HK\$100 or more will be paid to them in Hong Kong Dollars and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Prohibited Shareholders may or may not receive any Net Gain.

Accordingly, on 19 November 2021 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure independent placees, on a best effort basis, to subscribe for the Unsubscribed Shares. Principal terms of the Placing Agreement are summarised below:

Date	:	19 November 2021
Placing Agent	:	First Shanghai Securities Limited

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## LETTER FROM THE BOARD

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		The Placing Agent is a wholly-owned subsidiary of the Company.
Placing commission	:	1.0% of the gross proceeds from the subscription of the Unsubscribed Shares successfully placed by the Placing Agent at the Placing End Date.
Placing Price	:	The placing price of each of the Unsubscribed Shares shall be at least equal to the Subscription Price.  The final price determination depends on the demand and market conditions of the Unsubscribed Shares during the process of placement.
Placing Period	:	The period from Wednesday, 5 January 2022 up to 4:00 p.m. on Thursday, 6 January 2022, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements.
Placees	:	The Unsubscribed Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties.
Ranking of the Unsubscribed Shares	:	The Unsubscribed Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the existing Shares in issue.
Termination	:	If at any time prior to completion of the Unsubscribed Arrangements:  (i) the Company fails to comply with its obligations under the Placing Agreement; or  (ii) it comes to the notice of the Placing Agent that any statement contained in any document issued in connection with the Unsubscribed Arrangements has become or would be untrue, incorrect or misleading in any material respect or would constitute a material omission therefrom; or

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## LETTER FROM THE BOARD

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- (iii) any of the warranties of the Company under the Placing Agreement is not, or has ceased to be, true, accurate and not misleading in any respect by reference to the facts subsisting at the time,

and such matter is reasonably considered by the Placing Agent to be material in the context of the Unsubscribed Arrangements then the Placing Agent may in its absolute discretion by giving notice in writing to the Company terminate the Placing Agent's obligations under the Placing Agreement.

In case of force majeure occurring at any time prior to completion of the Unsubscribed Arrangements which renders the Unsubscribed Arrangements impracticable or inadvisable, or any event or omission occurs or comes to the Placing Agent's notice which will or may be materially prejudicial to the Company or the Unsubscribed Arrangements, then the Placing Agent will consult with the Company but may, in its absolute discretion, by notice in writing to the Company, terminate the Placing Agreement pursuant to the terms therein.

Conditions Precedent

: The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):

- (i) the Listing Committee having granted the listing of, and permission to deal in, the Offer Shares;
- (ii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties

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## LETTER FROM THE BOARD

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untrue or inaccurate in any material respect if it was repeated as at the time of completion; and

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

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

Completion : Completion is expected to take place within three (3) Business Days after publication of an announcement by the Company of the number of the Unsubscribed Shares under the Unsubscribed Arrangements and upon fulfilment or waiver (as the case may be) of the conditions to the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing.

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

The Placing Agent is a wholly-owned subsidiary of the Company and is not a connected person of the Company as defined under the Listing Rules. Save as disclosed, there is no other arrangement, agreement, understanding or undertaking with the Placing Agent in relation to the Shares.

The engagement between the Company and the Placing Agent for the placing of the Unsubscribed Shares was determined between the Placing Agent and the Company. Given that the placing commission rate of 1.0% payable to the Placing Agent was determined based on the prevailing market practice, the Company considers it to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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Given that the Unsubscribed Arrangements would provide a compensatory mechanism for the No Action Shareholders and the Prohibited Shareholders, the Company considers that the Unsubscribed Arrangements are fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and would provide adequate safeguard to protect the interests of the minority Shareholders.

### **Application for listing**

The Company has made an application to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, 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 date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

### **Share certificates and refund cheques for the Offer Shares**

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Offer Shares on or before Monday, 10 January 2022 by ordinary post at their own risk.

If the Open Offer is terminated, refund cheques in respect of the applications for Offer Shares are expected to be posted on or before Monday, 10 January 2022 by ordinary post to the applicants at their own risk.

Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Prohibited Shareholders should note that their shareholdings in the Company will be diluted.

### **Odd lots trading arrangement and matching services**

In order to facilitate the trading of odd lots of new Shares arising from the Open Offer, the Company will appoint a designated broker as matching agent to provide matching service, on a best effort basis, to those Shareholders who wish to top-up or sell their shareholdings of odd lots of the Shares during the period from 9:00 a.m. on Tuesday, 11 January 2022 to 4:00 p.m. on Tuesday, 15 February 2022 (both days inclusive). Shareholders who wish to take advantage of this facility should contact Mr. Benny Fok of First Shanghai Securities Limited at Rooms 2505-2510, Wing On House, 71 Des Voeux Road Central, Hong Kong at telephone number (852) 2532 1911 during office hours of such period. Shareholders should note

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## LETTER FROM THE BOARD

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that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots trading arrangement is recommended to consult his/her/ its own professional advisers.

### **The Undertakings**

Pursuant to the Mr. Lo Undertaking, Mr. Lo has irrevocably undertaken to the Company that (i) the 114,461,853 Shares registered in the name of and beneficially owned by Mr. Lo will remain registered in the name of and beneficially owned by Mr. Lo before the date when the announcement of the results of the Open Offer is published; (ii) Mr. Lo will accept his entitlement under the Open Offer for an aggregate of 10,405,623 Offer Shares provided that the total number of Offer Shares to be subscribed by Mr. Lo under the Open Offer will be scaled down to the extent that the percentage shareholding of the Undertaking Providers and Mr. Zhou as a whole in the Company after completion of the Open Offer shall remain unchanged at approximately 34.48% or else it would otherwise trigger an obligation on the part of the Undertaking Providers and Mr. Zhou to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules; and (iii) Mr. Lo will lodge the Application Form in respect of his assured entitlement accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Pursuant to the Kinmoss Undertaking, Kinmoss has irrevocably undertaken to the Company that (i) the 84,580,069 Shares registered in the name of and beneficially owned by Kinmoss will remain registered in the name of and beneficially owned by Kinmoss before the date when the announcement of the results of the Open Offer is published; (ii) Kinmoss will accept its entitlement under the Open Offer for an aggregate of 7,689,097 Offer Shares provided that the total number of Offer Shares to be subscribed by Kinmoss under the Open Offer will be scaled down to the extent that the percentage shareholding of the Undertaking Providers and Mr. Zhou as a whole in the Company after completion of the Open Offer shall remain unchanged at approximately 34.48% or else it would otherwise trigger an obligation on the part of the Undertaking Providers and Mr. Zhou to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules; and (iii) Kinmoss will lodge the Application Form in respect of its assured entitlement accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Pursuant to the New Synergies Undertaking, New Synergies has irrevocably undertaken to the Company that (i) the 250,429 Shares registered in the name of and beneficially owned by New Synergies will remain registered in the name of and beneficially owned by New Synergies before the date when the announcement of the results of the Open Offer is published; (ii) New Synergies will accept its entitlement under the Open Offer for an aggregate of 22,766 Offer Shares provided that the total number of Offer Shares to be subscribed by New Synergies under the Open Offer will be scaled down to the extent that the percentage shareholding of the Undertaking Providers and Mr. Zhou as a whole in the Company after completion of the Open Offer shall remain unchanged at approximately 34.48% or else it would otherwise trigger an obligation on the part of the Undertaking Providers and Mr. Zhou to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules; and (iii) New Synergies will lodge the Application Form in respect of its assured entitlement

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## LETTER FROM THE BOARD

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accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Pursuant to the China Assets Undertaking, China Assets has irrevocably undertaken to the Company that (i) the 321,158,037 Shares registered in the name of and beneficially owned by China Assets will remain registered in the name of and beneficially owned by China Assets before the date when the announcement of the results of the Open Offer is published; (ii) China Assets will accept its entitlement under the Open Offer for an aggregate of 29,196,185 Offer Shares provided that the total number of Offer Shares to be subscribed by China Assets under the Open Offer will be scaled down to the extent that the percentage shareholding of the Undertaking Providers and Mr. Zhou as a whole in the Company after completion of the Open Offer shall remain unchanged at approximately 34.48% or else it would otherwise trigger an obligation on the part of the Undertaking Providers and Mr. Zhou to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules; and (iii) China Assets will lodge the Application Form in respect of its assured entitlement accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Pursuant to the Mr. Yeung Undertaking, Mr. Yeung has irrevocably undertaken to the Company that (i) the 14,246,764 Shares registered in the name of and beneficially owned by Mr. Yeung will remain registered in the name of and beneficially owned by Mr. Yeung before the date when the announcement of the results of the Open Offer is published; (ii) Mr. Yeung will accept his entitlement under the Open Offer for an aggregate of 1,295,160 Offer Shares provided that the total number of Offer Shares to be subscribed by Mr. Yeung under the Open Offer will be scaled down to the extent that the percentage shareholding of the Undertaking Providers and Mr. Zhou as a whole in the Company after completion of the Open Offer shall remain unchanged at approximately 34.48% or else it would otherwise trigger an obligation on the part of the Undertaking Providers and Mr. Zhou to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules; and (iii) Mr. Yeung will lodge the Application Form in respect of his assured entitlement accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Save for the Undertakings as disclosed above, the Board has not received any information or irrevocable undertakings from any Shareholders of their intention to take up the securities of the Company to be offered to them under the Open Offer as at the Latest Practicable Date.

### **Conditions of the Open Offer**

The Open Offer is conditional upon:

- (a) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;

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## LETTER FROM THE BOARD

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- (b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by all Directors (or by their agents duly authorised in writing) and otherwise in compliance with the Listing Rules and the CWUMPO not later than the Prospectus Posting Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date; and
- (d) compliance with and performance of all undertakings and obligations of the Undertaking Providers with the Undertakings in all material respects.

The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above (to the extent it is within its power to do so), and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Open Offer. If any of the conditions referred to above are not fulfilled at or before 4:00 p.m. on Tuesday, 18 January 2022, the Open Offer will not proceed.

### **REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS**

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.

As disclosed in the annual report the Company for the year ended 31 December 2020, the Group recorded a net loss attributable to the Shareholders of approximately HK\$90.3 million for the year ended 31 December 2020 compared to a net profit attributable to the Shareholders of approximately HK\$10.6 million for the year ended 31 December 2019. The net loss was mainly attributable to (i) the decrease in fair value gain on the Group's investment properties marked to adverse market sentiment on valuation in view of uncertainties on general sales and rental return; (ii) interruptions to the sales and marketing of the Group's property in Huangshan, Anhui Province, the PRC; (iii) suspension of hotel and beverage businesses in Wuxi City, Jiangsu Province, the PRC and Paris, France as required by the local governments; and (iv) the drop in demand for the Group's medical and healthcare services, as a result of the COVID-19 pandemic.

In light of the operating and financial performance of the Group for the year ended 31 December 2020, the uncertain impact of the COVID-19 pandemic on the business of the Group in the foreseeable future, and the global and domestic economy which remain sensitive to geopolitical and macroeconomic uncertainties, the Board resolved to undertake the Last Open Offer which was completed on 17 September 2021. The subscription and acceptance results of the Last Open Offer were considered by the Board to be not ideal as the offer shares were substantially under-subscribed and only a small portion of such unsubscribed shares had been placed to an independent placee. Having considered the availability of the General Mandate, the Board considers that it is vital for the Group to have access to additional funding and working capital in order to enhance its financial position so as to maintain its competitiveness in the market.

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## LETTER FROM THE BOARD

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### **The intended use of net proceeds**

The maximum gross and net proceeds (after deducting the related expenses) from the Open Offer are expected to be approximately HK\$29.6 million and HK\$28.2 million, respectively. The net Subscription Price per Offer Share is expected to be approximately HK\$0.20.

The Company currently intends to apply the net proceeds from the Open Offer primarily for financing the medical and healthcare business and general working capital, particularly, the staff costs and other operating expenses of the stockbroking business of the Group. If the net proceeds are more than HK\$16.0 million, the Group will (i) utilise approximately HK\$16.0 million of the proceeds to settle the upcoming rent, staff costs and other operating expenses of the medical and healthcare centre (“**Medical and Healthcare Center**”) operated by the Group; and (ii) utilise the remainder of the proceeds for the general working capital, particularly, the staff costs and other operating expenses of the stockbroking business of the Group. If the net proceeds are less than HK\$16.0 million, the Group will utilise all of the net proceeds for the upcoming operation needs of the Medical and Healthcare Centre as aforementioned. All of the net proceeds are expected to be fully utilised by the end of year 2022. The Group will utilise its internal resources to fund the aforesaid plan in case the maximum amount of net proceeds cannot be raised. If there is any change in the use of net proceeds from the Open Offer, the Company will disclose the reasons for and details of such change(s) in its annual report for the year ending 31 December 2022.

### **Other fund-raising alternatives**

The Company has considered other fund-raising alternatives before resolving to the Open Offer, including but not limited to debt financing, placing of new Shares and rights issue. Debt financing or bank loans would result in additional interest burden to and higher gearing ratio of the Group. Placing of new Shares would only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders in the Company.

Although rights issue, as compared to an open offer, can provide an additional option to those Shareholders who do not wish to take up the entitlements by selling their entitled nil-paid rights, rights issue would involve extra administrative work and cost for the preparation, printing, posting and processing of trading arrangements in relation to the nil-paid rights. The Company will also incur additional resources to administer the trading of the nil-paid rights including communication between the Company and other parties such as the registrar or financial printer. In addition, since the liquidity of the Shares was relatively thin with low average daily trading volume of the Shares over the past six months of 2021 and the subscription and acceptance results of the Last Open Offer were not ideal, there would be high uncertainty of the existence of an active market to trade the nil-paid rights. In view of the above and the loss-making position of the Company for the year ended 31 December 2020, the Board considers raising funds by way of the Open Offer is more cost-effective and efficient as compared to a rights issue.

The objective of the Open Offer is to enable the Shareholders to maintain their proportionate shareholding interests in the Company should they wish to do so, ensuring stability in the Shareholders’ base in the Company, and to participate in the Company’s future growth and development. The Board therefore considers, since the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to

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## LETTER FROM THE BOARD

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maintain their respective pro-rata shareholding interests in the Company, even without the right to trade their nil-paid rights as in a rights issue, on balance, to conduct the Open Offer instead of a rights issue will be more beneficial to the Company and the Shareholders in the current circumstances.

However, the No Action Shareholders should note that their shareholding interest in the Company will be diluted. The Board has considered that the potential dilution impact on the shareholding interests of the Qualifying Shareholders, which may only happen when the Qualifying Shareholders do not subscribe for their pro-rata Offer Shares, to be acceptable.

Having taken into account the terms and conditions of the Open Offer, the Directors (including the independent non-executive Directors) consider that the Open Offer is fair and reasonable, and in the interests of the Company and the Shareholders as a whole. In addition, the Company is aware that any fund-raising activities by way of issuing securities of the Company will cause potential dilution impact to the shareholding of the existing Shareholders. However, the Open Offer would allow the Company to strengthen its capital base and provide an opportunity to all Shareholders (other than the Prohibited Shareholders) to participate in the growth of the Company in proportion to their shareholdings.

Having considered the above factors, the Directors (including the independent non-executive Directors) consider that the Open Offer is an appropriate method to raise the necessary funding for the Company which will allow the Qualifying Shareholders to have the right to participate in the new share issue to maintain their pro rata shareholdings interest in the Company should they wish to do so and is also in the interest of the Company and Shareholders as a whole.

### **EFFECTS ON SHAREHOLDING STRUCTURE**

The shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the completion of the Open Offer (assuming all Shareholders have taken up all entitled Offer Shares under the Open Offer); (iii) immediately after completion of the Open Offer (assuming (a) no Qualifying Shareholders have taken up any of his/her/its entitlement under the Open Offer except for the Undertaking Providers pursuant to the Undertakings; and (b) all the Unsubscribed Shares have been placed to Independent Third Parties under the Unsubscribed Arrangements); and (iv) immediately after completion of the Open Offer (assuming (a) no Qualifying Shareholders have taken up any of his/her/its entitlements under the Open Offer except for the Undertaking Providers pursuant to the Undertakings and Mr. Zhou; and (b) no Unsubscribed Shares have been placed by the Placing Agent) which is scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder(s) to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules is set out below:

## LETTER FROM THE BOARD

	As at the Latest Practicable Date		Immediately after completion of the Open Offer (assuming all Shareholders have taken up all entitled Offer Shares under the Open Offer)		Immediately after completion of the Open Offer (assuming (a) no Qualifying Shareholders have taken up any of his/her/its entitlement under the Open Offer except for the Undertaking Providers pursuant to the Undertakings; and (b) all the Unsubscribed Shares have been placed to Independent Third Parties under the Unsubscribed Arrangements)		Immediately after completion of the Open Offer (assuming (a) no Qualifying Shareholders have taken up any of his/her/its entitlement under the Open Offer except for the Undertaking Providers pursuant to the Undertakings and Mr. Zhou; and (b) no Unsubscribed Shares have been placed by the Placing Agent) which is scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder(s) to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Lo	114,461,853	7.38	124,867,476	7.38	124,867,476	7.38	114,461,853 <sup>(Note 7)</sup>	7.38
Kinmoss <sup>(Note 1)</sup>	84,580,069	5.44	92,269,166	5.44	92,269,166	5.44	84,580,069 <sup>(Note 7)</sup>	5.44
New Synergies <sup>(Note 2)</sup>	250,429	0.02	273,195	0.02	273,195	0.02	250,429 <sup>(Note 7)</sup>	0.02
China Assets <sup>(Note 3)</sup>	321,158,037	20.71	350,354,222	20.71	350,354,222	20.71	321,158,037 <sup>(Note 7)</sup>	20.71
Mr. Yeung <sup>(Note 4)</sup>	14,246,764	0.92	15,541,924	0.92	15,541,924	0.92	14,246,764 <sup>(Note 7)</sup>	0.92
<b>The Undertaking Providers</b>	<b>534,697,152</b>	<b>34.47</b>	<b>583,305,983</b>	<b>34.47</b>	<b>583,305,983</b>	<b>34.47</b>	<b>534,697,152 <sup>(Note 7)</sup></b>	<b>34.47</b>
Mr. Zhou <sup>(Note 5)</sup>	160,000	0.01	174,545	0.01	160,000	0.01	160,000 <sup>(Note 7)</sup>	0.01
<b>Sub-total</b>	<b>534,857,152</b>	<b>34.48</b>	<b>583,480,528</b>	<b>34.48</b>	<b>583,465,983</b>	<b>34.48</b>	<b>534,857,152 <sup>(Note 7)</sup></b>	<b>34.48</b>
Independent placees	-	-	-	-	92,396,200	5.46	-	-
Public Shareholders	1,016,198,195	65.52	1,108,579,850	65.52	1,016,198,195	60.06	1,016,198,195	65.52
<b>Total</b>	<b>1,551,055,347</b>	<b>100.00</b>	<b>1,692,060,378</b>	<b>100.00</b>	<b>1,692,060,378</b>	<b>100.00</b>	<b>1,551,055,347</b>	<b>100.00</b>

*Notes:*

1. Kinmoss is an investment holding company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially owned by Mr. Lo. Under the SFO, Mr. Lo is deemed to be interested in 84,580,069 Shares owned by Kinmoss.

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## LETTER FROM THE BOARD

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2. New Synergies is an investment holding company incorporated in Hong Kong with limited liability, the issued share capital of which is wholly and beneficially owned as to 40% by Mr. Lo. Under the SFO, Mr. Lo is deemed to be interested in 250,429 Shares owned by New Synergies and the 321,158,037 Shares owned by China Assets.
3. China Assets is an investment holding company incorporated in Hong Kong with limited liability, the entire issued share capital of which is wholly and beneficially owned by New Synergies. Under the SFO, New Synergies is deemed to be interested in the 321,158,037 Shares owned by China Assets.
4. Mr. Yeung is an executive Director, the chief financial officer and company secretary of the Company. Mr. Yeung, by virtue of his capacity as the Director, is presumed to be a party acting in concert with Mr. Lo, Kinmoss, New Synergies, China Assets and Mr. Zhou until completion of the Open Offer.
5. Mr. Zhou is an independent non-executive Director. Mr. Zhou, by virtue of his capacity as the Director, is presumed to be a party acting in concert with Mr. Lo, Kinmoss, New Synergies, China Assets and Mr. Yeung until completion of the Open Offer.
6. As at the Latest Practicable Date, save as disclosed above, none of the Directors hold any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in the Company.
7. The percentage shareholding of the Undertaking Providers and Mr. Zhou in aggregate had been increased from 32.48% to 34.48% as a result of the Last Open Offer. Any further increase in their aggregate percentage shareholding will give rise to an obligation on the part of the Undertaking Providers to make a general offer under the Takeovers Code. Accordingly, no Offer Share shall be issued under this scenario.

### TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Offer Shares, or about purchasing, holding or disposals of, or dealings in the Offer Shares, and similarly, the No Action Shareholders and the Prohibited Shareholders as regards their receipt of the Net Gain under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Open Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, or dealings in the Offer Shares.

### PROCEDURES FOR ACCEPTANCE AND PAYMENT

For each Qualifying Shareholder, an Application Form is enclosed with this Prospectus which entitles him/her/it to subscribe for the number of the Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. If a Qualifying Shareholder wishes to exercise his/her/its right to apply for all number of the Offer Shares in his/her/its assured allotments of Offer Shares or any number of the Offer Shares less than his/her/its assured allotments of Offer Shares, the Qualifying Shareholder must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on application, with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on Friday, 31 December 2021 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed "Expected Timetable" in this Prospectus). All remittance(s) must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and

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## LETTER FROM THE BOARD

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made payable to “**First Shanghai Investments Limited – Open Offer Account**” and crossed “**Account Payee Only**”. No application(s) of Offer Shares can be made by any persons who are Prohibited Shareholders. If a Qualifying Shareholder applies for a number of Offer Shares that is in excess of his/her/its assured allotment of Offer Shares, such application is liable to be rejected.

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Friday, 31 December 2021 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed “Expected Timetable” in this Prospectus), the assured allotments of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled and the Unsubscribed Shares will be placed by the Placing Agent under the Unsubscribed Arrangements. The Company may, at its discretion, treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions. The Company may require such incomplete Application Form to be completed by the relevant applicants at a later stage.

All cheques and banker’s cashier orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) shall be retained for the benefit of the Company. Completion and lodgment of the Application Form together with a cheque or banker’s cashier order in payment of the Offer Shares being applied for will constitute a warranty that the cheque or banker’s cashier order will be honoured upon first presentation. Remittance(s) will be presented for payment upon receipt by the Company and all interest earned (if any) will be retained for the benefit of the Company. Any Application Form in respect of which the accompanying cheque or banker’s cashier order is dishonoured on first presentation is liable to be rejected, and in that event the assured allotments of Offer Shares and all rights thereunder will be deemed to have been declined and will be cancelled. No receipt will be issued in respect of any application monies received.

Each Application Form is for use only by the Qualifying Shareholder named in it and is not transferable. No receipt will be issued in respect of any application monies received. If the Open Offer is terminated, the monies received in respect of application for the Offer Shares without interest will be returned to the Qualifying Shareholders or, in case of joint holders, to the first-named person, by means of cheques crossed “**Account Payee Only**” to be despatched by ordinary post to their registered addresses and in the case of joint applicants to the registered address of the applicant whose name first appears on the register of members of the Company at their own risk on or before Monday, 10 January 2022.

### FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

As disclosed in the Company’s announcement dated 17 September 2021, the net proceeds of the Last Open Offer, which amounted to approximately HK\$34.3 million, would be fully utilised for financing the medical and healthcare business of the Group.

Save for the Last Open Offer, the Company has not conducted any equity fund raising activity in the past twelve months immediately preceding the date of the Announcement and up to the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

As the Offer Shares will be issued under the General Mandate, the Open Offer is not subject to Shareholders' approval under the Listing Rules. Up to the Latest Practicable Date, 132,082,335 shares had been issued under the General Mandate for the Last Open Offer. In the event that the maximum number of the Offer Shares, i.e. 141,005,031 Offer Shares, are allotted and issued, approximately 96.23% of the General Mandate will be utilised. The Open Offer will be carried out in compliance with Rule 7.26A(1)(b) of the Listing Rules.

### WARNING OF THE RISK OF DEALINGS IN THE SHARES

**Shareholders and potential investors should note that the Open Offer is subject to fulfilment of the conditions precedent as set out 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.**

**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.**

**Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

### ADDITIONAL INFORMATION

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

By order of the Board  
**First Shanghai Investments Limited**  
**YEUNG Wai Kin**  
*Executive Director*

## 1. FINANCIAL INFORMATION

The audited consolidated financial information of the Group for each of the three financial years ended 31 December 2018, 2019 and 2020, and the unaudited consolidated financial information of the Group for the six months ended 30 June 2021, together with the relevant notes thereto, are disclosed in the following documents which have been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and/or the Company ([www.firstshanghai.com.hk](http://www.firstshanghai.com.hk)):

- (i) the annual report of the Company for the year ended 31 December 2018 dated 29 March 2019 (pages 31 to 108) which is available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/lt201904292371.pdf>;
- (ii) the annual report of the Company for the year ended 31 December 2019 dated 27 March 2020 (pages 33 to 110) which is available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042401329.pdf>;
- (iii) the annual report of the Company for the year ended 31 December 2020 dated 26 March 2021 (pages 37 to 114) which is available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0426/2021042600436.pdf>; and
- (iv) the interim report of the Company for the six months ended 30 June 2021 dated 26 August 2021 (pages 10 to 34) which is available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0921/2021092100271.pdf>.

## 2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 October 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this Prospectus, the Group had the following indebtedness:

### **Bank and other borrowings**

As at 31 October 2021, the Group had total outstanding borrowings of approximately HK\$542 million, comprising of (i) secured and unguaranteed bank loans of approximately HK\$476 million; and (ii) unsecured and unguaranteed bank and other loans of approximately HK\$66 million.

### **Pledge of assets of the Group**

As at 31 October 2021, properties of approximately HK\$166 million, investment properties of approximately HK\$334 million, leasehold land and land use rights of approximately HK\$31 million and properties held for sale of approximately HK\$112 million and fixed deposits of the Group of approximately HK\$15 million were pledged to secure against its bank loans and general banking facilities. Among such bank loans and general banking facilities, HK\$250 million had been utilised. The remaining outstanding secured borrowings of approximately HK\$226 million was secured by certain listed securities pledged by the customers of the Group as margin loan collateral which had an aggregate fair value amounting to approximately HK\$849 million.

**Lease obligations**

As at 31 October 2021, the Group had outstanding lease payments in respect of right-of-use assets, land and buildings, vehicles, trucks and machinery of approximately HK\$236 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 “7. 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 October 2021, the Group’s total contingent liabilities amounted to approximately HK\$38 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 October 2021.

The Board has confirmed that, save as disclosed above, there has not been any material change in the indebtedness or contingent liabilities of the Group since 31 October 2021.

**3. WORKING CAPITAL SUFFICIENCY**

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.

**4. MATERIAL ADVERSE CHANGE**

The outbreak of the coronavirus disease 2019 (“**COVID-19**”) in early 2020 has adversely affected market sentiment of the investment properties sector and the hotel and beverage businesses. The Group’s medical and healthcare services have also been adversely affected. As the situation remains fluid as at the Latest Practicable Date, the Directors considered that the effects of the COVID-19 would continue to adversely affect the Group’s financial and trading position. Nevertheless, the management will continue to monitor the development of COVID-19 and react actively to its impact on the financial position and operating results of the Group. The actual financial effects, if any, will be reflected in the Group’s future financial statements.

The Directors confirm that, as at the Latest Practicable Date, save and except as disclosed above and below, they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## 5. 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.

The Group expects the outlook of global economy will continue to be closely tied with the uncertainties of COVID-19 pandemic. Despite certain recovery of the consumption market in the first half of 2021, economic environment will continue to be challenging. Adheres to its strategic business model and dedicates its efforts and resources to accelerating growth in a balance portfolio of major business sectors, the Group is still cautiously optimistic towards the gradual pick up of cross-border flows and relaxation on pandemic prevention and control measures which adversely hindered business activities. The Group will remain attentive to the development and trends to devise means to manage over a variety of risks and uncertainties.

Financial market will continue to be volatile due to the pandemic and geopolitical uncertainties. The Group will maintain a cautious and proactive approach regarding the risk and credit control of its operation and business development. COVID-19 has accelerated a wave of digital transformation across various business operations. The Group is committed to continue to invest in digitalisation and automation to further enhance its customer experience and operating efficiency. The Group shall also pursue to widen its product scope and 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.

Although considerable effort has been put, the Group's medical and healthcare segment (the "**Medical and Healthcare Segment**") has been performing unsatisfactorily in the past years since its inception in 2017, which have exerted much pressure on the Group's cashflow position and profitability. The Board has been continuously reviewing the Medical and Healthcare Segment from time to time over the years and considers that its unsatisfactory results were mainly attributable to the two unusual/exceptional events, namely, the social violent event in Hong Kong and COVID-19 pandemic spread over the world including but not limited to Hong Kong and Mainland China, as a result of which there have been limited China's travellers coming in Hong Kong for premium medical and healthcare services who are part of the target customers of the Medical and Healthcare Segment, thereby leading to this business segment continuously incurring losses for several years. Different measures have been taken by the Group to strive for an improvement on the Medical and Healthcare Segment but they did not come off. In mid-November 2021, in view of the existing tenancy agreements going to expire in December 2021, the Group has approached the landlord for renewal of the tenancy agreements in respect of the Medical and Health Centre and requested for a reasonable discount to the existing rental rate, which is in line with the prevailing market rent in Central, Hong Kong. However, the landlord has recently conversely counter-offered an increase in the existing rental rate, which the Group considers to be unaffordable/unacceptable having considered the existing operating and financial performance and position of the Medical and Healthcare Segment. After

careful consideration under the current difficult operating environment, the Board is considering and will determine whether the Group shall sustain the Medical and Healthcare Segment or otherwise make certain downsizing thereon (the “**Scaling Down**”). The Board believes that the Group’s resources could be more effectively allocated to and utilised by other profitable business segments of the Group thereafter. The Group may also consider to look for investors to invest in the Medical and Healthcare Segment.

Given that the annual revenue contributed by the Medical and Healthcare Segment as recorded in Company’s annual and interim reports for the last few financial years represented less than 7% of the total revenue of the Group, and which had incurred significant accumulated losses of approximately HK\$384.6 million since its inception in 2017 and up to 30 June 2021, it is currently anticipated that considerable expenses such as staff compensation, removal expenses and restoration expenses for the leased properties under the Medical and Healthcare Segment will inevitably be incurred in the process of the Scaling Down, but which would not give rise to any significant negative impact on the Group. Following the Scaling Down, it is currently further anticipated that the Group’s overall operating results and financial performance could be improved on the basis that the Group will cease to incur considerable operating losses in the Medical and Healthcare Segment in the coming years.

Besides, the Board wishes to inform the Shareholders and potential investors that if the Scaling Down materialises, it is likely for the Group to record significant additional loss in its financial results for the year ending 31 December 2021. Such anticipated loss will be mainly attributable to, among others, the write-down of the value of inventory and fixed assets under the Medical and Healthcare Segment. The Board wishes to clarify that the aforementioned write-down is non-cash in nature, and therefore will not have any significant impact on the cash flow of the Group.

As the Scaling Down is still pending final determination by the Board, its actual impact is yet to be actually assessed and quantified. Shareholders and potential investors should refer to the final results announcement of the Group for the year ending 31 December 2021 which is expected to be published before the end of March 2022. In the meantime, the Company will make necessary announcement(s) to inform the Shareholders and the potential investors about the progress of the Scaling Down, if any. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

It is undeniable that the global economy faces its challenges in recent history due to the COVID-19 pandemic. The risks and uncertainties facing the Hong Kong market are expected to be increase. Looking forward, the Group will continue to adopt diversified strategies with a view to grasping all valuable business opportunities for the Group to advance its business model and to growth in the coming years.

The unaudited pro forma statement of adjusted consolidated net tangible assets (the “**Unaudited Pro Forma Financial Information**”) 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 2021.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the published unaudited consolidated net assets of the Group as at 30 June 2021, as extracted from the published interim results announcement of the Company for the six months ended 30 June 2021 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 Financial Information of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the 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 2021 HK\$'000 (Unaudited) <sup>Note 2</sup>	Estimated net proceeds from the Open Offer HK\$'000 <sup>Note 3</sup>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2021 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 2021 prior to Open Offer per share HK\$ (Unaudited) <sup>Note 4</sup>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2021 as adjusted for the Open Offer per share HK\$ (Unaudited) <sup>Note 5</sup>
Based on 141,005,031 Offer Shares to be issued at the Subscription Price of HK\$0.21 per Offer Share <sup>(Note 1)</sup>	2,350,777	28,446	2,379,223	1.52	1.41

*Notes:*

- Based on the 141,005,031 Offer Shares to be issued at the Subscription Price of HK\$0.21 per Offer Share pursuant to the Open Offer on the basis of one Offer Share for every eleven Shares held and 1,551,055,347 Shares in issue as at the Latest Practicable Date.
- The unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2021 is based on the unaudited consolidated net assets of approximately HK\$2,654,625,000 (a) after deducting non-controlling interests of approximately HK\$83,585,000 as at 30 June 2021, with an adjustment for intangible assets, right-of-use assets, and deferred tax assets of approximately HK\$5,126,000, HK\$196,373,000 and HK\$53,306,000 respectively, as extracted from the published interim results announcement of the Company for the six months ended 30 June 2021; and (b) after taking account of the Last Open Offer by adding the actual net proceeds of the Last Open Offer amounting to approximately HK\$34,542,000.

3. The estimated net proceeds from the Open Offer are based on 141,005,031 Offer Shares to be issued at the Subscription Price of HK\$0.21 per 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\$0.2 million, of approximately HK\$28.4 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 2021 is 1,551,055,347, which included the Last Open Offer by adding 132,082,335 Shares and the number of Shares in issue of 1,418,973,012 as at 30 June 2021.
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 1,692,060,378 Shares in issue upon completion of the Open Offer, which represents the 1,551,055,347 Shares in issue as at the Latest Practicable Date and 141,005,031 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 2021.

*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.*

**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 2021 and related notes as set out on pages II-1 and II-2 of the Prospectus issued by the Company dated 16 December 2021 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 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 2021 as if the transaction had taken place at 30 June 2021. 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 2021, 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 Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our Independence and Quality Control**

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

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

**Reporting 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 circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2021 would have been as presented.

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

- the related 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, 16 December 2021

## 1. RESPONSIBILITY STATEMENT

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

## 2. SHARE CAPITAL

The issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Open Offer (assuming no further issue of Shares from the Latest Practicable Date up to the completion of the Open Offer) was and will be as follows:

### **As at the Latest Practicable Date**

*Number of issued Shares:*

1,551,055,347 Shares

### **Immediately following the completion of the Open Offer**

*Number of issued Shares:*

1,551,055,347 Shares (as at the Latest Practicable Date)

141,005,031 Maximum number of Offer Shares to be issued

1,692,060,378 Maximum number of Shares in issue

All of the 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 Offer Shares including rights to dividends, voting and return of capital. Holders of Offer Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Offer Shares. The Offer Shares to be issued will be listed on the Stock Exchange.

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

As at the Latest Practicable Date, the Company has no outstanding warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

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

## 3. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

## Directors' interest in the securities of the Company

Name of Director	Long/Short position	Nature of Interests	Number of Shares held	Approximate percentage of interests in the share capital of the Company (Note 1)
Mr. Lo Yuen Yat	Long position	Beneficial owner and interest in a controlled corporation (Note 2)	520,450,388	33.55%
Mr. Yeung Wai Kin	Long position	Beneficial owner	14,246,764	0.92%
Mr. Zhou Xiaohu	Long position	Beneficial owner	160,000	0.01%

## Notes:

1. Based on 1,551,055,347 Shares in issue as at the Latest Practicable Date.
2. As at the Latest Practicable Date, 84,580,069 Shares, 250,429 Shares and 321,158,037 Shares are held by Kinmoss, New Synergies and China Assets, respectively. Kinmoss is a company wholly owned by Mr. Lo. Under the SFO, Mr. Lo is deemed to be interested in 84,580,069 Shares owned by Kinmoss. New Synergies is owned as to 40% by Mr. Lo. Under the SFO, Mr. Lo is deemed to be interested in 250,429 Shares owned by New Synergies. China Assets is wholly and beneficially owned by New Synergies. Under the SFO, Mr. Lo is deemed to be interested in the 321,158,037 Shares owned by China Assets. As at the Latest Practicable Date, Mr. Lo is a director of each of Kinmoss, New Synergies and China Assets.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed 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.

Save as disclosed above, as at Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short position which they are taken or deemed to have taken under such provisions of the SFO), or which will be required to be entered into the register kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

#### 4. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS

Name of Shareholder	Long/Short position	Nature of Interests	Number of Shares held	Approximate percentage of interests in the share capital of the Company <i>(Note 1)</i>
Ms. Chan Chiu, Joy ("Ms. Chan")	Long position	Beneficial owner, interest of spouse and other interests <i>(Note 2)</i>	137,648,000	8.87%
Mr. Yin Jian, Alexander ("Mr. Yin")	Long position	Beneficial owner, interest of spouse and other interests <i>(Note 3)</i>	137,648,000	8.87%

*Notes:*

1. Based on 1,551,055,347 Shares in issue as at the Latest Practicable Date.
2. As at the Latest Practicable Date, 61,576,000 Shares were held by Ms. Chan as beneficial owner; 12,432,000 Shares were held by Mr. Yin as beneficial owner and Ms. Chan is deemed to be interested in such 12,432,000 Shares under the SFO by virtue of being the spouse of Mr. Yin. 63,640,000 Shares were held by The Folden Bridge Settlement, a trust with Ms. Chan and Mr. Yin as beneficiaries and Ms. Chan is deemed to be interested in such 63,640,000 Shares under the SFO.
3. As at the Latest Practicable Date, 12,432,000 Shares were held by Mr. Yin as beneficial owner; 61,576,000 Shares were held by Ms. Chan as beneficial owner and Mr. Yin is deemed to be interested in such 61,576,000 Shares under the SFO by virtue of being the spouse of Ms. Chan. 63,640,000 Shares were held by The Folden Bridge Settlement, a trust with Ms. Chan and Mr. Yin as beneficiaries and Mr. Yin is deemed to be interested in such 63,640,000 Shares under the SFO.

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 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.

## 5. OTHER INTERESTS

### Competing Interests

As at the Latest Practicable Date, none of the Directors, controlling shareholders of the Company or any of their respective associates was engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

### Other Interests

As at the Latest Practicable Date, save for the Undertakings given by the Undertaking Providers, details of which are set out in the section headed “The Undertakings” in the “Letter from the Board” in this Prospectus, none of the Directors was materially interested, directly or indirectly, in any subsisting contract or arrangement which was significant in relation to the business of the Group.

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

## 6. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)).

## 7. 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:

- (a) International Medical Centre (Hong Kong) Limited (“**IMC**”) and IVF Centre (Hong Kong) Limited (“**IVF**”), wholly-owned subsidiaries of the Company, were claimed by a former business partner and its shareholders (together the “**Plaintiffs**”) for inter alia an alleged IMC’s breach of a framework contract to procure a director of the Plaintiffs to provide services to IVF and alleged IMC and IVF’s inducing the director to breach various contracts between the Plaintiffs as employer and the director as employee for damages without stating any specific claimed amount or formula according to which the claimed amount can be estimated or ascertained; and
- (b) Wuxi Landshine Real Estate Company Limited, a non-wholly owned subsidiary of the Company, was involved in a litigation for which the claimant demanded settlement of certain construction costs payable which had been fully accounted for by the Group in prior years. In addition, the claimant also demanded for certain penalty charges and related legal costs to the

extent of approximately HK\$33 million. On 23 June 2021, Wuxi Intermediate People's Court issued a ruling for the above claim in favour of the claimant. The Directors have re-evaluated all the circumstances and, after obtaining legal advice, applied for an appeal to the Wuxi Higher People's Court on 14 July 2021. Taking into account of the legal advice, the management considered that it is more likely that the Group would not be obliged to pay the penalty charges and the related legal costs claimed as at 31 October 2021.

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.

## 8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by the Company or any of its subsidiaries within two years immediately preceding the date of this Prospectus and are or may be material:

- (a) the placing agreement dated 23 July 2021 entered into between the Company and the Placing Agent in respect of the Last Open Offer; and
- (b) the Placing Agreement.

## 9. QUALIFICATIONS AND CONSENT OF THE EXPERT

The following is the qualifications of the professional adviser who has given opinion or advice contained in this Prospectus:

<b>Name</b>	<b>Qualifications</b>
CHENG & CHENG LIMITED	Certified Public Accountants

As at the date of this Prospectus, CHENG & CHENG LIMITED has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its report and/or references to its name in the form and context in which they respectively appear in this Prospectus.

As at the Latest Practicable Date, CHENG & CHENG LIMITED 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.

As at the Latest Practicable Date, CHENG & CHENG LIMITED did not have any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE OPEN OFFER**

Registered office	Room 1903, 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
Remuneration Committee	Mr. Zhou Xiaohe ( <i>Chairman</i> ) Mr. Lo Yuen Yat Prof. Woo Chia-Wei Mr. Yu Qihao
Placing Agent	First Shanghai Securities Limited Room 1903 Wing On House 71 Des Voeux Road Central Hong Kong

Legal Advisers to the Company in relation to the Open Offer	TW Partners Units 1705-06, 17th Floor Tai Tung Building No. 8 Fleming Road Wanchai Hong Kong
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
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., Hong Kong Branch 1st Floor, 67-71 King's Road North Point Hong Kong  China CITIC Bank International Limited 79th Floor, International Commerce Centre 1 Austin Road West Kowloon Hong Kong  China Construction Bank Corporation, Hong Kong Branch 12th Floor, AIA Central 1 Connaught Road Central Hong Kong

Dah Sing Bank, Limited  
 3rd Floor, Everbright Centre  
 108 Gloucester Road  
 Wanchai  
 Hong Kong

OCBC Wing Hang Bank Limited  
 2nd Floor, OCBC Tower  
 No. 161 Queen's Road Central  
 Hong Kong

Standard Chartered Bank (Hong Kong) Limited  
 24th Floor, Standard Chartered Bank Building  
 4-4A Des Voeux Road  
 Central  
 Hong Kong

Hong Kong Share Registrar and  
 Transfer Office

Computershare Hong Kong Investor Services Limited  
 Shops 1712-1716, 17th Floor, Hopewell Centre  
 183 Queen's Road East  
 Wanchai  
 Hong Kong

## 11. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

### Name and address of the Directors and senior management of the Group

Name	Address
<i>Executive Directors</i>	
Mr. Lo Yuen Yat	19th Floor, Wing On House 71 Des Voeux Road Central Hong Kong
Mr. Xin Shulin	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
Ms. Lao Yuanyuan	19th Floor, Wing On House 71 Des Voeux Road Central Hong Kong

*Non-executive Director*

Mr. Kwok Lam Kwong, Larry,  
S.B.S., J.P.                      79 Palm Drive, Redhill Peninsula  
Tai Tam  
Hong Kong

*Independent non-executive Directors*

Prof. Woo Chia-Wei                      Metro Town, Tower 3, Flat 42H  
8 King Ling Road  
Tseung Kwan O  
Kowloon  
Hong Kong

Mr. Liu Ji                                      699 Hongfeng Road  
Pudong  
Shanghai 201206  
China

Mr. Yu Qihao                                  Room 501, No. 51, Lane 3200  
Hong Mei Road  
Shanghai 201103  
China

Mr. Zhou Xiaohe                              Room 1802, T-20, Hai Sheng Ming Yuan  
No.36 Dong Zhi Men Wai Dai Jie Yi  
Dong Cheng District  
Beijing  
China

*Senior Management*

Mr. Qiu Hong                                  Rooms 2505-2510  
25th Floor, Wing On House  
71 Des Voeux Road Central  
Hong Kong

**Profiles of the Directors and senior management of the Group***Executive Directors*

**Mr. LO Yuen Yat (勞元一) (“Mr. Lo”)**, aged 75, is an executive Director, the Chairman of the Board and a controlling shareholder of the Company. He was 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, the USA. Mr. Lo has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

**Mr. XIN Shulin (辛樹林) (“Mr. Xin”)**, aged 67, is an executive Director. He was appointed as Director of the Company in 1998. Mr. Xin joined the Company in 1994 as Executive Vice President in charge of direct investment and property development business including luxury hotel and full service hospital. He graduated from Lanzhou University in 1982 and obtained his MBA degree from University of Denver, USA in 1992. Mr. Xin has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

**Mr. YEUNG Wai Kin (楊偉堅) (“Mr. Yeung”)**, aged 60, is an executive Director. He was 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 30 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, PRC. Mr. Yeung has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

**Ms. LAO Yuanyuan (勞苑苑) (“Ms. Lao”)**, aged 43, is an executive Director. She was appointed as Director of the Company on 26 March 2021. Previously, Ms. Lao was an executive director of the China Assets from 2005 to 2015 and was re-designated as a non-executive director from 2016 to 2017. China Assets was a company listed in Hong Kong during the relevant period. Ms. Lao is presently a vice-president of business development of Crimson Pharmaceutical (Hong Kong) Limited (“**Crimson**”), a subsidiary of the Company. Prior to joining Crimson, 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. Save as disclosed above, Ms. Lao has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

*Non-executive Director*

**Mr. KWOK Lam Kwong, Larry, S.B.S., J.P. (郭琳廣)** (“Mr. Kwok”), aged 65, was appointed as Independent Non-executive Director of the Company in 1994 and has been re-designated to Non-executive Director of the Company in 2005. Mr. Kwok is a practicing 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., Cafe de Coral Holdings Limited, Shenwan Hongyuan (H.K.) Limited and Starlite Holdings Limited. Save as disclosed above, Mr. Kwok has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

*Independent non-executive Directors*

**Professor WOO Chia-Wei (吳家瑋)** (“Prof. Woo”), aged 84, was 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. Save as disclosed above, Prof. Woo has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

**Mr. LIU Ji (劉吉)** (“Mr. Liu”), aged 86, was 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, PRC. 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, PRC. Mr. Liu is also an independent non-executive director of O2micro International Limited, a NASDAQ-listed company. Save as disclosed above, Mr. Liu has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

**Mr. YU Qihao (俞啟鎬)** (“Mr. Yu”), aged 74, was 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. Yu has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

**Mr. ZHOU Xiaohe (周小鶴) (“Mr. Zhou”)**, aged 69, was 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 PRC and graduated from the Beijing Industrial University major in Computer Automation. Mr. Zhou was a non-executive Director of the Company from 18th May 1995 to 16th June 1998. Mr. Zhou has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

#### *Senior Management*

**Mr. QIU Hong (邱紅) (“Mr. Qiu”)**, aged 51, 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 specialising 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. Mr. Qiu has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

## **12. EXPENSES**

The expenses in connection with the Open Offer, including the placing, printing, registration, translation, legal, accounting and other professional fees, are estimated to be approximately HK\$1.4 million, which were paid or are payable by the Company.

## **13. LANGUAGE**

The English language text of this Prospectus and the other Prospectus Documents shall prevail over their respective Chinese language text, in case of any inconsistency.

## **14. 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 “9. Qualifications and Consent of the Expert” in this Appendix III, have been registered with the Registrar of Companies in Hong Kong for registration pursuant to section 38D of the CWUMPO.

## **15. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.firstshanghai.com.hk](http://www.firstshanghai.com.hk)) for not less than 14 days from the date of this Prospectus:

- (a) the report on unaudited pro forma financial information of the Group from CHENG & CHENG LIMITED, the text of which is set out in Appendix II to this Prospectus;

- (b) the material contracts referred to in the paragraph headed “8. Material Contracts” in this Appendix III; and
- (c) the written consent referred to in the paragraph headed “9. Qualifications and Consent of the Expert” in this Appendix III.