

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

*This joint announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of First Shanghai Investments Limited.*



**CHINA ASSETS (HOLDINGS) LIMITED**

(中國資本(控股)有限公司)

*(Incorporated in Hong Kong with limited liability)*

**FIRST SHANGHAI INVESTMENTS LIMITED**

(第一上海投資有限公司)

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 0227)**

## **JOINT ANNOUNCEMENT**

**(1) PROPOSED OPEN OFFER BY  
FIRST SHANGHAI INVESTMENTS LIMITED  
ON THE BASIS OF TWO OPEN OFFER SHARES  
FOR EVERY FIVE SHARES HELD ON THE RECORD DATE  
UNDERWRITTEN BY CONNECTED PERSON**

**(2) CONNECTED TRANSACTION IN RELATION TO  
THE UNDERWRITING AGREEMENT**

**(3) POSSIBLE MANDATORY CASH OFFER BY  
FIRST SHANGHAI SECURITIES LIMITED FOR AND  
ON BEHALF OF CHINA ASSETS (HOLDINGS) LIMITED  
TO ACQUIRE ALL THE SHARES IN  
FIRST SHANGHAI INVESTMENTS LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
OR AGREED TO BE ACQUIRED BY  
CHINA ASSETS (HOLDINGS) LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

**AND**

**(4) RESUMPTION OF TRADING**

**Financial adviser to  
CHINA ASSETS (HOLDINGS) LIMITED  
in respect of the General Offer**



## **PROPOSED OPEN OFFER**

The Company proposes by way of the Open Offer on the basis of two Open Offer Shares for every five Shares in issue held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.11 each to raise gross proceeds of approximately HK\$68.8 million (assuming no changes in the share capital of the Company on or before the Record Date) by issuing a total of 625,908,544 Open Offer Shares. The net proceeds from the Open Offer after deducting related expenses are estimated to be approximately HK\$64.7 million (assuming no changes in the share capital of the Company on or before the Record Date) and the net Subscription Price per Open Offer Share is estimated to be approximately HK\$0.103.

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder.

Non-Qualifying Shareholders will not be entitled to apply under the Open Offer. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Registrar, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on 5 October 2023.

## **THE IRREVOCABLE UNDERTAKINGS**

As at the date of this joint announcement, the Undertaking Providers are interested in an aggregate of 544,178,905 Shares (representing approximately 34.78% of the entire issued share capital of the Company as at the date of this joint announcement).

Pursuant to the Irrevocable Undertakings, each of the Undertaking Providers has irrevocably undertaken to the Company (i) to apply and pay for all Open Offer Shares in the assured allotments of Open Offer Shares in respect of the aggregate 544,178,905 Shares beneficially owned by the Undertaking Providers; (ii) to remain the beneficial owner of those Shares up to and including the Record Date; and (iii) to procure that the application for those Open Offer Shares is lodged in accordance with the terms of the Prospectus Documents.

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

## **THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT**

The Company has made arrangements to dispose of any Unsubscribed Shares by offering such Unsubscribed Shares to independent placees who are not acting in concert with the Lo Parties, their ultimate beneficial owners and parties acting in concert with any of them, for the benefit of the relevant No Action Shareholders and Non-Qualifying Shareholders. Any Unsubscribed Shares will be first placed by the Placing Agent under the Compensatory Arrangements to investors which, and the ultimate beneficial owners of which, are not Shareholders and are otherwise Independent Third Parties and, if not successfully placed out, will be taken up by China Assets pursuant to the Underwriting Agreement. The Company has entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Shares at a price at least equal to the Subscription Price to independent placees on a "best effort" basis, and any Net Gain that may be realised will be paid to No Action Shareholders and the Company.

## **THE UNDERWRITING AGREEMENT**

On 31 July 2023 (after trading hours), the Company and China Assets entered into the Underwriting Agreement, pursuant to which China Assets has conditionally agreed to fully underwrite the Underwritten Shares, being all the Open Offer Shares excluding those that are the subject of Irrevocable Undertakings, that are not subscribed by Qualifying Shareholders or not placed by the Placing Agent or which have been placed but the placees have not paid for them at 4:00 p.m. on the Placing End Date, subject to the terms and conditions set out in the Underwriting Agreement.

## **LISTING RULES IMPLICATIONS**

As the Open Offer Shares will not be issued pursuant to a general mandate of the Company, pursuant to Rule 7.24A(1) of the Listing Rules, amongst other things the Open Offer must be made conditional on approval by the Independent Shareholders at the EGM and, pursuant to Rule 7.27A(1) of the Listing Rules, any controlling Shareholders and their associates, or where there is no controlling Shareholder, the Directors (other than the independent non-executive Directors) and the chief executive of the Company and their respective associates must abstain from voting in favour of the resolutions relating to the Open Offer. The Lo Parties and Mr. Yeung shall abstain from voting at the EGM on those resolutions.

China Assets, a substantial Shareholder, is a connected person of the Company and one of the Lo Parties, which together with the other Lo Parties (including Kinmoss, New Synergies and Mr. Lo), in aggregate, beneficially own 528,636,981 Shares representing approximately 33.78% of the Shares in issue at the date of this joint announcement. Accordingly, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **POSSIBLE MANDATORY CASH GENERAL OFFER**

At the date of this joint announcement, the Company has 1,564,771,361 Shares in issue. Upon Completion of the Open Offer, the Compensatory Arrangements and the Placing Agreement and the Underwriting Agreement (assuming no changes in the share capital of the Company on or before the Record Date), the Company will have 2,190,679,905 Shares in issue. There are no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue at the date of this joint announcement.

At the date of this joint announcement, China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them, in aggregate beneficially own 544,178,905 Shares, representing approximately 34.78% of the Shares in issue at the date of this joint announcement, which is not less than 30% and not more than 50%. Therefore China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them are subject to the 2% "creeper rule" under Rule 26.1(d) of the Takeovers Code.

Upon completion of the Open Offer, the Compensatory Arrangements, the Placing Agreement and the Underwriting Agreement (assuming no changes in the share capital of the Company on or before the Record Date), the interest in the Company held by China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them may increase from the current level of approximately 34.78% up to approximately 53.41% of the issued share capital of the Company as enlarged by the issue of Open Offer Shares. If such shareholding increases by more than 2%, then pursuant to Rule 26.1 of the Takeovers Code, China Assets will be obliged to make an offer in cash for the General Offer Shares, being all the Shares in issue not already owned or agreed to be acquired by China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them. First Shanghai Securities will (if it is required) make the General Offer for and on behalf of China Assets in compliance with the Takeovers Code on terms to be set out in the Composite Document, on the following basis:

### **The General Offer**

For each General Offer Share. . . . . HK\$0.11 in cash

The General Offer Price of HK\$0.11 per General Offer Share under the General Offer is the same as the Subscription Price.

### **Pre-condition to the making, and conditions, of the General Offer**

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

Depending on the level of subscriptions under the Open Offer, the results of the Compensatory Arrangements and the Placing Agreement and the number of Underwritten Shares taken up by China Assets, the aggregate shareholding of the Lo Parties, together with parties acting in concert with them may vary. If the Open Offer, the Compensatory Arrangements and the Placing Agreement and the number of Underwritten Shares taken up by China Assets result in the number of votes attached to Shares owned and controlled by China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them increasing by more than 2%, the General Offer must be made.

The General Offer, if and when made, will be conditional on acceptances being received in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the General Offer, will result in China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them holding more than 50% of the voting rights in the Company unless when the General Offer is made they hold more than 50%, in which case it will be unconditional in all respects at the outset.

Assuming (i) no Qualifying Shareholders (other than the Undertaking Providers) validly apply for their entire assured allotments under the Open Offer; (ii) no Unsubscribed Shares are placed under the Compensatory Arrangements and the Placing Agreement; and (iii) the Underwritten Shares are fully underwritten by China Assets, the maximum aggregate shareholding of China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them will increase from approximately 34.78% to approximately 53.41% on completion of the Open Offer.

#### **Confirmation of financial resources**

China Assets intends to finance the maximum amount of cash payments payable under the Underwriting Agreement and the General Offer, in an expected total sum of approximately HK\$157.2 million, from internal resources. First Shanghai Capital Limited, the financial adviser to China Assets in respect of the General Offer, is satisfied that sufficient financial resources are available to China Assets for the full implementation of the Underwriting Agreement and the General Offer in accordance with their respective terms.

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

#### **EXTRAORDINARY GENERAL MEETING AND INDEPENDENT SHAREHOLDERS' APPROVAL**

The EGM will be convened and held to consider and, if thought fit, approve the Open Offer, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder.

#### **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEES AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Company has established the Open Offer Independent Board Committee, comprising all the independent non-executive Directors, namely Prof. Woo Chia-Wei, Mr. Liu Ji, Mr. Yu Qihao, Mr. Zhou Xiaohe and Mr. Li Zhiyun to advise the Independent Shareholders in respect of the Open Offer, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and as to the voting action therefor which advice will be set out in the Circular.

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

The Independent Financial Adviser will be appointed to (i) advise the Open Offer Independent Board Committee and the Independent Shareholders in respect of the Open Offer, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder; and (ii) separately advise the General Offer Independent Board Committee in connection with the General Offer and in particular as to whether the General Offer is, or is not, fair and reasonable and as to acceptance and voting. The appointment of the Independent Financial Adviser will be approved by the General Offer Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

### **DESPATCH OF CIRCULAR**

A Circular containing, among other things, (i) information regarding the Open Offer, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Open Offer Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; (iv) financial information about the Group; (v) other information required under the Listing Rules and the Takeovers Code; and (vi) notice of the EGM will be despatched to the Shareholders as soon as practicable and within 15 business days after publication of this joint announcement.

### **DESPATCH OF COMPOSITE DOCUMENT**

Pursuant to the Takeovers Code, China Assets is required, within 21 days after the date of this joint announcement or such later date as the Executive may approve, to despatch an offer document in relation to the General Offer and the Company is required to send to the Shareholders, within 14 days of the posting of the offer document, a response document containing, among other things, financial information about the Company and other information required under the Takeovers Code, together with any other information the Company considers to be relevant to enable the Shareholders to reach a properly informed decision on the General Offer. It is the intention of China Assets and the Board that the offer document and the offeree response document in respect of the General Offer will be combined in the Composite Document. Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the consent of the Executive is required if the making of the General Offer is subject to the fulfilment of certain pre-conditions and the pre-conditions cannot be fulfilled within the time period required by Rule 8.2 of the Takeovers Code.

The making of the General Offer is conditional upon and subject to the results of the Open Offer, the Compensatory Arrangements and the Underwriting Agreement. An application will be made to the Executive to extend the deadline for the despatch of the Composite Document, to a date within seven days of completion of the Underwriting Agreement or such later date as the Executive may approve. Further announcements will be made in this regard if and when appropriate.

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

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 1 August 2023 pending the release of this joint announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 4 August 2023.

## **PROPOSED OPEN OFFER**

The Company proposes by way of the Open Offer on the basis of two Open Offer Shares for every five Shares in issue held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.11 each, to raise gross proceeds of approximately HK\$68.8 million (assuming no changes in the share capital of the Company on or before the Record Date) by issuing a total of 625,908,544 Open Offer Shares. The net proceeds from the Open Offer after deducting related expenses are estimated to be approximately HK\$64.7 million (assuming no change in the share capital of the Company on or before the Record Date) and the net Subscription Price per Open Offer Share is estimated to be approximately HK\$0.103.

### **Issue statistics**

Basis of the Open Offer	: Two (2) Open Offer Shares for every five (5) Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	: HK\$0.11 per Open Offer Share
Number of Shares in issue at the date of this joint announcement	: 1,564,771,361 Shares
Number of Open Offer Shares	: 625,908,544 Shares (assuming no change in the number of issued Shares from the date of this joint announcement up to and including the Record Date)
Number of Open Offer Shares undertaken to be taken up by the Undertaking Providers	: Pursuant to the Irrevocable Undertakings, the Undertaking Providers have irrevocably undertaken to the Company (i) that the aggregate 544,178,905 Shares beneficially owned by them will remain beneficially owned by them before the date when the announcement of the results of the Open Offer is published; (ii) to apply or procure application for their respective assured allotments in full under the Open Offer for an aggregate of 217,671,560 Open Offer Shares; and (iii) to lodge or procure lodgement of the Application Forms in respect of those assured allotments accompanied by appropriate remittances which are honoured on first presentation and otherwise comply with the procedures for application prior to the latest time for application

Number of Shares to be in issue upon completion of the Open Offer	:	Up to 2,190,679,905 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 Open Offer Shares are allotted and issued on or before completion of the Open Offer)
Funds to be raised before expenses	:	Approximately HK\$68.8 million
Number of Underwritten Shares	:	408,236,984 Shares (assuming no change in the number of issued Shares from the date of this joint announcement up to and including the Record Date), being the total number of the Open Offer Shares less the 217,671,560 Open Offer Shares in the assured allotments that are the subject of the Irrevocable Undertakings
Maximum consideration payable for the Underwritten Shares	:	Approximately HK\$44.9 million
Underwriter	:	China Assets, a substantial shareholder and a connected person of the Company, which is ultimately beneficially owned as to 40% by Mr. Lo, an executive Director, 30% by his brother, Mr. Lao Kaisheng and 30% by his sister Ms. Lao Jiangsheng, whose principal business is investment holding, and the ordinary course of business of which does not include underwriting

As at the date of this joint announcement, 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 except the Open Offer Shares before completion of the Open Offer and the General Offer. Assuming no changes in the share capital of the Company on or before the Record Date, the number of 625,908,544 Open Offer Shares to be issued pursuant to the Open Offer represent approximately 40.0% of the total number of the existing issued Shares as at the date of this joint announcement and approximately 28.6% of the total number of issued Shares as enlarged immediately upon the completion of the Open Offer (assuming all the Open Offer Shares will be taken up).

### **The Subscription Price**

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

- (i) a discount of approximately 12.0% to the closing price of HK\$0.125 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 9.8% to the average of the closing prices per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.122;



- (iii) a discount of approximately 10.6% to the average of the closing prices per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.123;
- (iv) a discount of approximately 12.7% to the average of the closing prices per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.126;
- (v) a discount of approximately 3.2% to the theoretical ex-entitlement price of approximately HK\$0.121 per Share based on the closing price of HK\$0.125 per Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Open Offer Shares; and
- (vi) a discount of approximately 92.6% to the audited consolidated net asset value per Share attributable to the Shareholders at 31 December 2022 of approximately HK\$1.481 per Share calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$2,316.79 million as at 31 December 2022 as extracted from the annual report of the Company for the year ended 31 December 2022 and 1,564,771,361 Shares as at the date of this joint announcement.

Based on the closing price on the Last Trading Day of approximately HK\$0.125 per Share, the theoretical ex-entitlement price would be approximately HK\$0.121 per Share, hence there would be a theoretical value dilution of approximately 3.2%.

The terms of the Open Offer, including the Subscription Price, were determined by the Board with reference to (i) the prevailing market prices of the Shares; (ii) the Group's current financial position; and (iii) proposed use of proceeds detailed in the paragraphs headed "Reasons for the Open Offer" and "Use of Proceeds" below.

The Open Offer Shares will be offered to all Qualifying Shareholders and each Qualifying Shareholder will be entitled to apply for the Open Offer Shares at the same price with an assured allotment in proportion to his/her/its shareholding in the Company held on the Record Date. The Directors (other than members of the Open Offer Independent Board Committee whose view will be set out in the Circular after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Underwriting Agreement and 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.

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

The Open Offer is conditional upon, among other things, (i) the obtaining of the Independent Shareholders' approval for the Open Offer, the Placing Agreement and the Underwriting Agreement; and (ii) the Underwriting Agreement becoming unconditional and not being terminated. Details of the Underwriting Agreement are set out below in this joint announcement.

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

### **Basis of assured allotments**

Under the Open Offer, the basis of assured allotments will be two (2) Open Offer Shares for every five (5) Shares held by the Qualifying Shareholders at the close of business on the Record Date.

### **Fractional assured allotments**

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

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

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

### **Qualifying Shareholders and Non-Qualifying Shareholders**

The Open Offer will only be available to the Qualifying Shareholders.

In order for the transferees to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Registrar, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong by 4:30 p.m. on 5 October 2023.

The Company expects to send the Prospectus Documents to Qualifying Shareholders on or before 25 October 2023. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus only to Non-Qualifying Shareholders (if any) for information. Non-Qualifying Shareholders will not be entitled to apply under the Open Offer.

### **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

At the date of this joint announcement, the Company has 58 Overseas Shareholders with registered addresses situated in 15 jurisdictions and together holding an insignificant number of Shares.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Board will make enquiries regarding the feasibility of extending the Open Offer to Overseas Shareholders under the laws of the relevant overseas jurisdictions and the requirement of the relevant regulatory bodies or stock exchanges. If, based on legal advice provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Open Offer Shares to Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer Shares will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus.

**Overseas Shareholders should note that they may or may not be entitled to participate in the Open Offer, subject to the results of enquiries made by the Company pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.**

### **Application for listing of the Open Offer Shares**

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

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

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

### **Share certificates for the Open Offer Shares**

Subject to fulfilment of the conditions of the Open Offer and to its proceeding, share certificates for the fully paid Open Offer Shares are expected to be posted by 17 November 2023 to those entitled thereto by ordinary post at their own risk.

### **Procedures in respect of the Unsubscribed Shares**

China Assets, a substantial Shareholder and a connected person of the Company, acts as the underwriter of the Open Offer. Pursuant to Rule 7.26A(2) of the Listing Rules, the Company has made arrangements to dispose of any Unsubscribed Shares by offering such Unsubscribed Shares to independent placees who are not existing Shareholders for the benefit of the relevant No Action Shareholders.

Any Unsubscribed Shares (which comprise (i) fractional Open Offer Shares aggregated as mentioned above; (ii) Open Offer Shares that are not subscribed by the Qualifying Shareholders; and (iii) Open Offer Shares which would otherwise have been in the assured allotments of the Non-Qualifying Shareholders) will be first placed by the Placing Agent under the Compensatory Arrangements to investors which, and the ultimate beneficial owners of which are not existing Shareholders and are otherwise Independent Third Parties and, if not successfully placed out, will be taken up by China Assets pursuant to the Underwriting Agreement.

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

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

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

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

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

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

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

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

The Placing Agent is a wholly-owned subsidiary of the Company and has confirmed that there is no other arrangement, agreement, understanding or undertaking with China Assets in relation to the Shares other than its agreement to act as the offer agent to China Assets in respect of the possible General Offer. The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company on normal commercial terms with reference to prevailing market rates of commission. The Directors (other than members of the Open Offer Independent Board Committee whose view will be set out in the Circular after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Placing Agreement are fair and reasonable.

Given that the Compensatory Arrangements will provide a compensatory mechanism for the No Action Shareholders, and protect the interest of the Company's Independent Shareholders, the Directors (other than members of the Open Offer Independent Board Committee whose view will be set out in the Circular after taking into account the advice of the Independent Financial Adviser) consider that the Compensatory Arrangements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

## UNDERWRITING AGREEMENT

### Principal terms of the Underwriting Agreement

Date	:	31 July 2023
Parties	:	(i) the Company; and (ii) China Assets, a connected person of the Company as underwriter
Number of Underwritten Shares	:	408,236,984 Shares (assuming no change in the number of issued Shares from the date of this joint announcement up to and including the Record Date), being the expected total number of the Open Offer Shares less 217,671,560 Open Offer Shares which will be in the assured allotment relating to Shares beneficially owned by the Undertaking Providers
Commission	:	2% of the gross proceeds from the subscription of the Underwritten Shares actually taken up by China Assets under the Underwriting Agreement, a commission negotiated on arm's length terms by reference to underwriting commission in similar arrangements

The terms of the Underwriting Agreement were determined after arm's length negotiations between the Company and China Assets with reference to the financial position of the Group, the current and expected market conditions, and taking into consideration the intention of China Assets to facilitate the Company's fundraising efforts. The Directors (other than members of the Open Offer Independent Board Committee whose view will be set out in the Circular after taking into account the advice of the Independent Financial Adviser) are of the view that the terms of the Underwriting Agreement are fair and reasonable, and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### Conditions of the Underwriting Agreement

The Underwriting Agreement is a connected transaction of the Company and is conditional upon the fulfilment of the following conditions:

- (i) the passing in extraordinary general meeting of resolutions voted on only by the Independent Shareholders to approve the Open Offer and the Underwriting Agreement in accordance with the Listing Rules;
- (ii) the registration by, and filing of the Prospectus Documents with, the Registrar of Companies in Hong Kong;
- (iii) compliance by the Company with its undertakings and obligations under the Underwriting Agreement;

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

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

The Company will use all reasonable endeavours to procure the fulfilment of the conditions above (to the extent it is within its power to do so), and do all the things required to be done by it pursuant to the Prospectus Documents or otherwise necessary to give effect to the Open Offer and the arrangements contemplated by the Underwriting Agreement.

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

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

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

- (i) in the reasonable opinion of China Assets, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of China Assets materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of China Assets materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of China Assets materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;

- (ii) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which, for this purpose, includes a change in the system under which the value of the Hong Kong currency is pegged to the currency of the United States of America) occurs which in the reasonable opinion of China Assets makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (iii) the Company's application to the Stock Exchange for listing of and permission to deal in the Open Offer Shares is withdrawn by the Company and/or refused by the Stock Exchange.

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

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

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

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

**THE OPEN OFFER IS SUBJECT TO CERTAIN CONDITIONS INCLUDING BUT NOT LIMITED TO THE APPROVAL OF THE OPEN OFFER BY THE INDEPENDENT SHAREHOLDERS AT THE EGM. IF THE APPROVAL OF THE OPEN OFFER AT THE EGM IS NOT OBTAINED, THE OPEN OFFER WILL NOT PROCEED.**

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

#### **FUND RAISING EXERCISES IN PRECEDING TWELVE-MONTHS**

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



## EXPECTED TIMETABLE FOR THE OPEN OFFER

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

**2023**

Despatch of Circular, proxy form and notice of EGM. . . . .	Thursday, 31 August
Latest time for registration of transfer of Shares to qualify for attendance and voting at the EGM. . . . .	4:30 p.m. on Monday, 18 September
Closure of register of members of Company to determine qualification for attendance and voting at the EGM . . . . .	From Tuesday, 19 September to Friday, 22 September (both dates inclusive)
Latest time for lodging proxy forms for EGM. . . . .	3:00 p.m. on Wednesday, 20 September
Record date for attending and voting at EGM. . . . .	Friday, 22 September
EGM. . . . .	3:00 p.m. on Friday, 22 September
Announcement of poll results of EGM . . . . .	Friday, 22 September
Re-opening of register of members of the Company . . . . .	Monday, 25 September
Last day of dealings in Shares on a cum-entitlements basis . . . . .	Tuesday, 03 October
First day of dealings in Shares on ex-entitlements basis . . . . .	Wednesday, 04 October
Latest time for lodging transfers of Shares in order for transferees to qualify for the Open Offer . . . . .	4:30 p.m. on Thursday, 05 October
Closure of register of members to determine entitlements to Open Offer. . . . .	From Friday, 06 October to Thursday, 12 October (both dates inclusive)
Record Date . . . . .	Thursday, 12 October
Despatch of Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only) . . . . .	Wednesday, 25 October
Latest time for application and payment for Open Offer Shares . . . . .	4:00 p.m. on Wednesday, 08 November
Announcement of number of Unsubscribed Shares subject to Compensatory Arrangements. . . . .	Monday, 13 November
Commencement of placing of Unsubscribed Shares by Placing Agent . . . . .	Tuesday, 14 November

Placing End Date for placing Unsubscribed Shares. . . . .	4:00 p.m. on Wednesday, 15 November
Latest time for termination of Underwriting Agreement by China Assets . . . . .	4:00 p.m. on Wednesday, 15 November
Settlement Date and Open Offer becomes unconditional . . . .	4:00 p.m. on Thursday, 16 November
Announcement of results of Open Offer (including results of placing of Unsubscribed Shares and Net Gain under Compensatory Arrangements) . . . . .	Thursday, 16 November
Despatch of certificates for fully paid Open Offer Shares . . . . .	Friday, 17 November
Despatch of refund cheques if Open Offer is terminated. . . . .	Friday, 17 November
Payment of Net Gain to relevant No Action Shareholders (if any) . . . . .	Friday, 17 November
First time of dealings in fully paid Open Offer Shares . . . . .	9:00 a.m. on Monday, 20 November
The General Offer will be made as soon as practicable after completion of the Underwriting Agreement.	

All times in this joint announcement refer to Hong Kong time.

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

### **Highest and lowest Share prices**

During the six-months up to and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.184 from 7 February 2023 to 9 February 2023, and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.119 on 26 July 2023.

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

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

### Notes:

- (1) 100% of the issued share capital of Kinmoss is owned by Mr. Lo.
- (2) The issued share capital of New Synergies is owned as to 40% by Mr. Lo, 30% by his brother, Mr. Lao Kaisheng and 30% by his sister Ms. Lao Jiangsheng.
- (3) 100% of the issued share capital of China Assets is owned by New Synergies.
- (4) Mr. Yeung is an executive Director, the chief financial officer and company secretary of the Company. Solely by reason of presumption class (6) in the definition of “acting in concert” in the Takeovers Code, Mr. Yeung as a Director, is presumed to be a party acting in concert with Mr. Lo.
- (5) Mr. Zhou Xiaohe is an independent non-executive Director of the Company.

If no Qualifying Shareholder (other than the Undertaking Providers) takes up Open Offer Shares and no Unsubscribed Shares are placed to independent places and China Assets is required to take up all the Underwritten Shares, the shareholding of the existing public Shareholders will be reduced from approximately 65.21% at the date of this joint announcement to approximately 46.58%, and the shareholding of China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them would be increased from approximately 34.78% at the date of this joint announcement to approximately 53.41%, on completion of the Open Offer, the Compensatory Arrangements and the Placing Agreement and the Underwriting Agreement.

**Qualifying Shareholders who do not apply for their assured allotments in full under the Open Offer and the Non-Qualifying Shareholders should note that their proportionate shareholding in the Company will be diluted.**

## **REASONS FOR THE OPEN OFFER**

The Group has the following operating segments:

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

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

As at 30 June 2023, the Group had outstanding bank borrowings of approximately HK\$185.6 million which are repayable between July 2023 and December 2029. Taking into account the capital needs and the financial position of the Group, the additional capital to be raised by way of the Open Offer will strengthen the financial position of the Group and alleviate the financial burden of the Group when the short-term borrowings of the Group fall due.

## **USE OF PROCEEDS**

The gross proceeds from the Open Offer are expected to be approximately HK\$68.8 million. The net proceeds from the Open Offer after deducting related expenses are estimated to be approximately HK\$64.7 million. The net Subscription Price per Open Offer Share is thus expected to be approximately HK\$0.103. The Company intends to apply (i) approximately HK\$32.4 million to repay a loan of HK\$30.0 million plus interest accrued but unpaid (which at the date of this joint announcement amounts to approximately HK\$32.3 million) owed to China Assets and payable on 24 August 2023, and (ii) approximately HK\$32.3 million to finance the further development of the financial services business. The Open Offer will not be completed by 24 August 2023 and the Company will seek an appropriate extension of the loan. Assuming it is extended to 30 November 2023 the amount payable on repayment is expected to be approximately HK\$32.7 million.

Having considered the above, the Directors (other than members of the Open Offer Independent Board Committee whose view will be set out in the Circular after taking into account the advice of the Independent Financial Adviser) consider that the Open Offer is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the Open Offer Shares will not be issued pursuant to a general mandate of the Company, pursuant to Rule 7.24A(1) of the Listing Rules, amongst other things, the Open Offer must be made conditional on approval by the Independent Shareholders at the EGM and, pursuant to Rule 7.27A(1) of the Listing Rules, any controlling Shareholders and their associates, or where there is no controlling Shareholder, the Directors (other than the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolutions relating to the Open Offer. The Lo Parties are the controlling shareholder of the Group and shall abstain from voting at the EGM on those resolutions. Mr. Yeung will also abstain from voting at the EGM on those resolutions.

China Assets, a substantial Shareholder, a connected person of the Company and one of the Lo Parties, which together with the other Lo Parties, beneficially own in aggregate 528,636,981 Shares representing approximately 33.78% of the Shares in issue at the date of this joint announcement. Accordingly, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **POSSIBLE MANDATORY CASH GENERAL OFFERS**

At the date of this joint announcement, the Company has 1,564,771,361 Shares in issue. Upon completion of the Open Offer, the Compensatory Arrangements and the Placing Agreement and the Underwriting Agreement (assuming no changes in the share capital of the Company on or before the Record Date), the Company will have 2,190,679,905 Shares in issue. There are no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue at the date of this joint announcement.

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

Upon Completion of the Open Offer, the Compensatory Arrangements and the Placing Agreement and the Underwriting Agreement (assuming no changes in the share capital of the Company on or before the Record Date), China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them may increase their shareholding in the Company from approximately 34.78% by more than 2%, to approximately 53.41%. If that happens then pursuant to Rule 26.1 of the Takeovers Code, China Assets will be obliged to make an offer in cash for the General Offer Shares.

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

### **The General Offer**

For each General Offer Share. . . . . HK\$0.11 in cash

The General Offer Price of HK\$0.11 per General Offer Share under the General Offer is the same as the Subscription Price.

As a substantial Shareholder, China Assets is a connected person of the Company and the arrangements between it and First Shanghai Securities for the making of the General Offer (if required) by First Shanghai Securities (a wholly-owned subsidiary of the Company) are connected transactions. They are fully exempt as they are on normal commercial terms or better to the Group and all the percentage ratios (other than the profits ratio) in Chapter 14A of the Listing Rules are less than 5% and the total consideration payable to First Shanghai Securities is less than HK\$3,000,000.

### **Pre-condition to making, and conditions of, the General Offer**

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

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

Further announcements will be made by China Assets and the Company in this regard if and when appropriate.

### **Total value of the Underwriting Agreement and the General Offer**

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

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

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

### **Confirmation of financial resources**

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

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

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

### **Effect of accepting the General Offer**

By accepting the General Offer, if made, Shareholders will sell their Shares to China Assets free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend. No dividends or other distributions have already been declared that are not yet paid. No dividends or other distribution are expected to be declared, made or paid on or after the date on which the General Offer is made, being the date of the despatch of the Composite Document, or before the General offer is closed.

Acceptances of the General Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

**Shareholders are reminded to read the recommendations of the General Offer Independent Board Committee and the advice of the Independent Financial Adviser in respect of the General Offer, which will be included in the Composite Document.**

### **Overseas Shareholders**

The availability of the General Offer to any Overseas Shareholders may be affected by the laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibility of Overseas Shareholders who wish to accept the General Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the General Offer (including the obtaining of any governmental or other consent which may be required or compliance with other necessary formalities and the payment of any transfer or other taxes payable by such Overseas Shareholders in respect of such jurisdictions).

**Any acceptance of the General Offer tendered by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to China Assets that the local laws and requirements have been complied with. Shareholders should consult their own professional advisers if in doubt.**



## **Hong Kong stamp duty**

Seller's Hong Kong ad valorem stamp duty on acceptance of the General Offer at a rate of 0.1% of the consideration payable to accepting the Shareholders or if higher, the market value of the General Offer Shares subject to such acceptance, will be deducted from the amount payable to the Shareholders who accept the General Offer. China Assets will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders who accept the General Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the General Offer and the transfers of the General Offer Shares in accordance with the Stamp Duty Ordinance.

## **Payment**

Payment (after deducting the accepting Shareholder's share of stamp duty) in cash in respect of acceptances of the General Offer will be made as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) following the later of the date of receipt of duly completed acceptances or the General Offer becoming unconditional. Relevant documents of title must be received to render each acceptance of the General Offer complete and valid.

## **Taxation advice**

Shareholders are advised to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the General Offer. None of China Assets, the Company, any of their respective advisers and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the General Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the General Offer.

## **Dealing and interests in the Company's securities**

Save for the Underwriting Agreement, the Placing Agreement and the Irrevocable Undertakings, none of China Assets, the Lo Parties, their ultimate beneficial owners, being Mr. Lo (together with his brother and sister in the case of China Assets), and parties acting in concert with any of them has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to the date of this joint announcement.

## **Offeror's confirmations**

China Assets confirms that, at the date of this joint announcement:

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

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

## **INFORMATION ABOUT CHINA ASSETS**

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

At the date of this joint announcement, China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them own or control an aggregate of 544,178,905 Shares (representing approximately 34.78% of the Shares in issue).

## **CHINA ASSETS' INTENTION FOR THE COMPANY**

It is the intention of China Assets to continue with the Group's existing principal businesses. China Assets reserves the right to make any changes it deems necessary or appropriate to the Group's business and operations to enhance the value of the Group. As at the date of this joint announcement, China Assets has no plan, and has not engaged in any discussion or negotiation, for any injection of any assets or businesses into the Group, and has no intention to discontinue the employment of the employees, to propose changes to the composition of the Board or to dispose of or re-deploy the assets of the Group.

## **MAINTENANCE OF THE LISTING STATUS OF THE COMPANY**

China Assets intends to maintain the listing of the Shares on the Stock Exchange after the close of the General Offer. The directors of China Assets and the Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the General Offer to ensure that sufficient public float exists for the Shares. The Stock Exchange has stated that if, at the close of the General Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

## **TAKEOVERS CODE IMPLICATIONS**

### **The General Offer**

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

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

## **EXTRAORDINARY GENERAL MEETING AND INDEPENDENT SHAREHOLDERS' APPROVAL**

The EGM will be convened and held to consider and, if considered fit, approve the Open Offer, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder.

As at the date of this joint announcement, China Assets (which is ultimately beneficially owned as to 40% by Mr. Lo and 30% by his brother Mr. Lao Kaisheng and 30% by his sister Ms. Lao Jiangsheng) owns 328,029,445 Shares (representing approximately 20.96% of the Shares in issue). Parties acting in concert with China Assets including the other Lo Parties and Mr. Yeung together hold or control a total of 216,149,460 Shares (representing approximately 13.82% of the Shares in issue) at the date of this joint announcement. Other than Mr. Lo and Mr. Yeung, there is one Director, namely Mr. Zhou Xiaohe, holding 160,000 Shares (representing approximately 0.01% of the Shares in issue) at the date of this joint announcement. China Assets and its ultimate beneficial owners and parties acting in concert with any of them in aggregate own or control 544,178,905 Shares (representing approximately 34.78% of the Shares in issue) at the date of this joint announcement. Only Independent Shareholders are allowed to vote and the Lo Parties and Mr. Yeung will abstain from voting on the relevant resolutions to be proposed at the EGM.

Mr. Lo abstained from voting on (and was not counted in the quorum for) the Board resolutions approving the Open Offer and the Underwriting Agreement.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 19 September 2023 to 22 September 2023 (both dates inclusive) to determine qualifications for attendance and voting at the EGM. No transfer of Shares will be registered during this period.

The register of members of the Company will be closed from 6 October 2023 to 12 October 2023 (both dates inclusive) to determine entitlements to participate in the Open Offer. No transfer of Shares will be registered during this period.

### **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEES AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Company has established the Open Offer Independent Board Committee, comprising all the independent non-executive Directors, namely Prof. Woo Chia-Wei, Mr. Liu Ji, Mr. Yu Qihao, Mr. Zhou Xiaohe and Mr. Li Zhiyun to advise the Independent Shareholders in respect of the Open Offer, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder and as to the voting action therefor.

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

The Independent Financial Adviser will be appointed to (i) advise the Open Offer Independent Board Committee and the Independent Shareholders in respect of the Open Offer, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and as to voting; and (ii) advise the General Offer Independent Board Committee in respect of the terms and as to acceptance of the General Offer and in particular as to whether the General Offer is, or is not, fair and reasonable. The appointment of the Independent Financial Adviser will be approved by the General Offer Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

### **DESPATCH OF CIRCULAR**

A Circular containing, among other things, (i) information regarding the Open Offer, the Placing Agreement, the Underwriting Agreement, and the transactions contemplated thereunder; (ii) a letter of recommendation from the Open Offer Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; (iv) financial information about the Group; (v) other information required under the Listing Rules and the Takeovers Code; and (vi) the notice of the EGM will be despatched to the Shareholders as soon as practicable and within 15 business days after publication of this joint announcement.

### **DESPATCH OF COMPOSITE DOCUMENT**

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

At the date of this joint announcement it is not known if and when China Assets will become obliged to make the General Offer and it is the intention of China Assets and the Board that the offer document and the offeree response document in respect of the General Offer (if it is required) will be combined in the Composite Document. Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the consent of the Executive is required if the making of the General Offer is subject to the prior fulfilment of certain pre-conditions and the pre-conditions cannot be fulfilled within the time period contemplated by Rule 8.2 of the Takeovers Code.

The making of the General Offer is conditional upon and subject to the results of the Open Offer, the Compensatory Arrangements and the Underwriting Agreement. An application will be made to the Executive to extend the deadline for the despatch of the Composite Document, together with the forms of acceptance and transfer as and when appropriate, to a date within seven days of completion of the Underwriting Agreement or such later date as the Executive may approve. Further announcements will be made in this regard if and when appropriate.

## DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the respective associates of the Company and China Assets (including but not limited to a person who owns or controls 5% or more of any class of relevant securities of the Company or China Assets or any person who as a result of any transaction owns or controls 5% or more of any class of relevant securities of the Company or China Assets) are reminded to disclose their dealings in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company. The full text of Note 11 to Rule 22 of the Takeovers Code is set out below in accordance with Rule 3.8 of the Takeovers Code:

### *“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them.*

*Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## WARNING OF THE RISKS OF DEALING IN SHARES

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

**Shareholders and potential investors should also note that the General Offer Independent Board Committee has yet to consider and evaluate the General Offer. Insofar as the Company and the General Offer are concerned, this joint announcement is made in compliance with the Takeovers Code for the sole purpose of informing the Shareholders of the possible General Offer. The Directors express no opinion as to the fairness or reasonableness of the General Offer and make no recommendation as to the acceptance of the General Offer and strongly recommend the Shareholders not to form a view on the General Offer unless and until they have received and read the Composite Document, including the recommendations of the General Offer Independent Board Committee in respect of the General Offer and a letter of advice from the Independent Financial Adviser.**

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

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 1 August 2023 pending the release of this joint announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 4 August 2023.

## **DEFINITIONS**

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

“Application Form”	the application form to be used in connection with the Open Offer, in such usual form as the Company may agree with China Assets
“associate”	the meaning ascribed to it in the Listing Rules or the Takeovers Code (as the context may require)
“Board”	the board of Directors
“Business Day”	the meaning ascribed to it in the Listing Rules
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS
“China Assets”	China Assets (Holdings) Limited, a company incorporated in Hong Kong with limited liability whose entire issued share capital is wholly-owned by New Synergies, and a substantial Shareholder holding 328,029,445 Shares at the date of this joint announcement
“China Assets Undertaking”	an undertaking given by China Assets in favour of the Company to procure that application is made for the entire assured allotment of Open Offer Shares relating to Shares of which it is the beneficial owner

“Circular”	the circular to be despatched to the Shareholders in respect of, among other things, the Open Offer, the Placing Agreement, the Underwriting Agreement, and the transactions contemplated thereunder and containing notice of the EGM
“Company”	First Shanghai Investments Limited (第一上海投資有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0227)
“Compensatory Arrangements”	arrangements to place the Unsubscribed Shares by the Placing Agent on a best effort basis to investors (other than the Shareholders) who (and whose ultimate beneficial owners, if applicable) are Independent Third Parties pursuant to Rule 7.26A(1)(b) of the Listing Rules
“Composite Document”	the composite offer and response document to be jointly issued by China Assets and the Company in connection with the General Offer in accordance with the Takeovers Code if China Assets becomes obliged to make the General Offer
“connected person”	the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Open Offer, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegates
“First Shanghai Securities” or “Placing Agent”	First Shanghai Securities Limited, a wholly-owned subsidiary of the Company and a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activity, will act as agent of the Company in the Placing, and the offer agent to China Assets in respect of the possible General Offer and will make the General Offer if required, on behalf of China Assets



“General Offer”	the possible mandatory cash general offer that may be made by First Shanghai Securities for and on behalf of China Assets to acquire the General Offer Shares on the terms and conditions to be set out in the Composite Document and in compliance with the Takeovers Code
“General Offer Independent Board Committee”	the independent committee of the Board comprising Mr. Kwok Lam Kwong Larry, the non-executive director and all the independent non-executive Directors, namely Prof. Woo Chia-Wei, Mr. Liu Ji, Mr. Yu Qihao, Mr. Zhou Xiaohe and Mr. Li Zhiyun which has been established to advise the Independent Shareholders in respect of the terms of the General Offer and as to acceptance of the General Offer
“General Offer Price”	the price of HK\$0.11 per General Offer Share payable in cash by China Assets on the terms of the General Offer
“General Offer Shares”	1,020,592,456 Shares being all the Shares expected to be in issue following the Open Offer and Compensatory Arrangements but excluding those Shares already owned or agreed to be acquired by China Assets and parties acting in concert with it
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, includes the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to (i) advise the Open Offer Independent Board Committee and the Independent Shareholders in respect of the Underwriting Agreement, the Placing Agreement and the Open Offer; and (ii) advise the General Offer Independent Board Committee in connection with the General Offer and in particular as to whether the General Offer is, or is not, fair and reasonable and as to acceptance

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

“Mr. Lo”	Mr. Lo Yuen Yat, the Chairman and an executive Director and at the date of this joint announcement a Shareholder directly holding 115,217,218 Shares who is also deemed under the SFO to be interested in (a) 85,138,236 Shares owned by Kinmoss; (b) 252,082 Shares owned by New Synergies; and (c) 328,029,445 Shares owned by China Assets
“Mr. Lo Undertaking”	an undertaking given by Mr. Lo in the Underwriting Agreement to procure that application is made for the entire assured allotment of Open Offer Shares relating to Shares of which he is the beneficial owner
“Mr. Yeung”	Mr. Yeung Wai Kin, an executive Director, the chief financial officer and company secretary of the Company and a Shareholder holding 15,541,924 Shares at the date of this joint announcement
“Mr. Yeung Undertaking”	an undertaking given by Mr. Yeung in favour of the Company to procure that application is made for the entire assured allotment of Open Offer Shares relating to Shares of which he is the beneficial owner
“Net Gain”	the total amount of premium of all Unsubscribed Shares placed under the Placing Agreement, if any, over the aggregate amount of (i) the Subscription Price for the Unsubscribed Shares; and (ii) the expenses of the Placing Agent (including any related commissions and other related expenses/fees)
“New Synergies”	New Synergies Investments Company Limited, a company incorporated in Hong Kong with limited liability the issued share capital of which is owned as to 40% by Mr. Lo, 30% by his brother, Mr. Lao Kaisheng and 30% by his sister Ms. Lao Jiangsheng, whose principal business is investment holding and a Shareholder holding 252,082 Shares at the date of this joint announcement
“New Synergies Undertaking”	an undertaking given by New Synergies in favour of the Company to procure that application is made for the entire assured allotment of Open Offer Shares relating to Shares of which it is the beneficial owner
“No Action Shareholders”	Qualifying Shareholders who do not apply in part or in full for the Open Offer Shares in their assured allotments, or Non-Qualifying Shareholders (as the case may be)

“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Directors, after making enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange, consider it necessary or expedient to exclude from the Open Offer
“Open Offer”	the proposed offer for subscription to the existing Shareholders of the Open Offer Shares at the Subscription Price on the basis of assured allotments of two Open Offer Shares for every five Shares held by the Shareholders on the Record Date
“Open Offer Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Prof. Woo Chia-Wei, Mr. Liu Ji, Mr. Yu Qihao, Mr. Zhou Xiaohe and Mr. Li Zhiyun which has been established to advise the Independent Shareholders in respect of the Open Offer, the Underwriting Agreement and the Placing Agreement and as to voting
“Open Offer Shares”	the 625,908,544 new Shares to be allotted and issued under the Open Offer (assuming no change in the number of issued Shares from the date of this joint announcement up to and including the Record Date)
“Overseas Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date (or during the acceptance period under the General Offer (as the context may require)) and whose addresses as shown on such register is/are outside Hong Kong
“Placing Agreement”	the agreement dated 31 July 2023 between the Company and the Placing Agent in respect of the Compensatory Arrangements
“Placing End Date”	the fourth Business Day following and excluding the date of the Latest Time for Application, which is expected to be 15 November 2023
“Placing Period”	the period from 14 November 2023 to 4:00 p.m. on the Placing End Date, or such other dates as the Company may determine and announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements

“Posting Date”	25 October 2023, or such other date as the Company may determine and announce as the date for the despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, which, for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the offering circular to be issued by the Company in relation to the Open Offer which it proposes to register as a prospectus
“Prospectus Documents”	the Prospectus and the Application Form
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than Non-Qualifying Shareholders
“Record Date”	the date by reference to which assured allotments under the Open Offer are expected to be determined, which is 12 October 2023 or such later date as may be determined and announced by the Company
“Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s share registrar
“Settlement Date”	the Business Day following the Placing End Date (or such other date as China Assets and the Company may agree), which is expected to be 16 November 2023
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance
“Shares”	shares of no par value in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.11 per Open Offer Share
“substantial shareholder”	the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“trading day”	the meaning ascribed to it under the Listing Rules

“Undertaking Providers”	the Lo Parties and Mr. Yeung
“Underwriting Agreement”	the underwriting agreement dated 31 July 2023 between the Company and China Assets in relation to the Open Offer
“Underwritten Shares”	408,236,984 Open Offer Shares underwritten by China Assets pursuant to the Underwriting Agreement, which do not include the Shares subject to the Irrevocable Undertakings
“Unsubscribed Shares”	Open Offer Shares that are not subscribed by the Qualifying Shareholders and Open Offer Shares which would otherwise have been allotted to the Non-Qualifying Shareholders (as the case may be)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

By order of the Board  
**China Assets (Holdings) Limited**  
**LAU On Kwok**  
*Director*

Hong Kong, 3 August 2023

*At the date of this joint announcement, the Board comprises four executive directors, being Mr. Lo Yuen Yat, Mr. Xin Shulin, Mr. Yeung Wai Kin and Ms. Lao Yuanyuan, one non-executive director, Mr. Kwok Lam Kwong, Larry, S.B.S., J.P. and five independent non-executive directors, being Prof. Woo Chia-Wei, Mr. Liu Ji, Mr. Yu Qihao, Mr. Zhou Xiaohe and Mr. Li Zhiyun.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to China Assets and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of China Assets) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*At the date of this joint announcement, Mr. Lo Yuen Yat and Mr. Lau On Kwok are the directors of China Assets.*

*The directors of China Assets accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*