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# THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Daqing Dairy Holdings Limited, you should at once hand the Prospectus Documents to the purchaser, the transferee or to the bank, licensed securities dealer, registered institution in securities, or other agents through whom the sale or transfer was effected for transmission to the purchaser or transferee. Dealings in the Offer Shares may be settled through CCASS established and operated by HKSCC. You should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers for details of the settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, together with copies of the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of these documents.

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

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

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## DAQING DAIRY HOLDINGS LIMITED 大慶乳業控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1007)

### OPEN OFFER OF 101,050,000 OFFER SHARES AT HK\$0.1025 PER OFFER SHARE ON THE BASIS OF ONE (1) OFFER SHARE FOR EVERY FIVE (5) CONSOLIDATED SHARES HELD ON THE RECORD DATE

Financial adviser to the Company

VEDA | CAPITAL  
智略資本

Underwriter to the Open Offer

 ENHANCED 進陞證券  
SECURITIES LIMITED

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

The Latest Time for Acceptance is at 4:00 p.m. on Monday, 25 June 2018. The procedures for application and payment for the Offer Shares are set out on pages 22 to 23 of this Prospectus.

Shareholders should note that the new Consolidated Shares have been dealt in on an ex-entitlement basis commencing from Wednesday, 30 May 2018. The Open Offer is conditional, among other things, upon the fulfillment or waiver of the conditions set out under the section headed "Conditions precedent to the Underwriting Agreement" of the letter from the Board on pages 18 to 19 of this Prospectus. In particular, it is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

8 June 2018

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## EXPECTED TIMETABLE

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*The expected timetable for the Open Offer and the relevant trading arrangement is set out below:*

<b>Event</b>	<b>Expected time and date</b>
Despatch of the Prospectus Documents . . . . .	Friday, 8 June 2018
Latest Time for Acceptance of and payment for the Offer Shares . . . . .	4:00 p.m. on Monday, 25 June 2018
Latest Time for Termination of the Underwriting Agreement . . . . .	5:00 p.m. on Tuesday, 26 June 2018
Announcement of the results of the Open Offer . . . . .	Tuesday, 3 July 2018
Despatch of certificates for the Offer Shares . . . . .	Wednesday, 4 July 2018
Completion of the Acquisition, the Share Placing and the Disposal . . . . .	Wednesday, 4 July 2018
Announcement of the completion of the Acquisition, the Share Placing and the Disposal . . . . .	Wednesday, 4 July 2018
Despatch of refund cheques if the Open Offer is terminated . . . . .	Wednesday, 4 July 2018
Last day of free exchange of existing certificates for new certificates for Consolidated Shares . . . . .	Thursday, 5 July 2018
Expected date of Resumption. . . . .	Friday, 6 July 2018
Dealing in Consolidated Shares and Offer Shares commences . . . . .	Friday, 6 July 2018
Odd lot matching arrangement commences . . . . .	Friday, 6 July 2018
Odd lot matching arrangement ends . . . . .	Thursday, 26 July 2018

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## EXPECTED TIMETABLE

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*All times and dates in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.*

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

The latest time for acceptance of and payment for the Offer Shares will be postponed if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning
  - (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Offer Shares will be extended to 5:00 p.m. on the same Business Day; or
  - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the latest time for acceptance of and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Offer Shares is postponed in accordance with the foregoing, the dates mentioned in the above “EXPECTED TIMETABLE” may be affected. An announcement will be made by the Company in such event.

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## DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire issued share capital of the Target Company pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 21 November 2016 (as amended and restated on 20 February 2017 and supplemented on 30 June 2017, 30 October 2017 and 2 May 2018) entered into between the Company and the Vendors in relation to the Acquisition
“Acquisition Completion”	the completion of the Acquisition pursuant to the terms of the Acquisition Agreement
“Application Form”	the form of application for Offer Shares in respect of the Open Offer to be used by the Qualifying Shareholders to apply for the Offer Shares
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, a Sunday or public holidays and days on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9: 00 a.m. and 5: 00 p.m.) on which banks are generally open for business throughout their normal business hours in Hong Kong
“CCASS”	Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 9 May 2018 in relation to, among other things, the Share Consolidation, the Acquisition, reverse takeover involving a new listing application, the Whitewash Waiver, the Disposal, the Share Placing, the Open Offer, the change of Directors, and the notice of EGM
“Company”	Daqing Dairy Holdings Limited (大慶乳業控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Consolidated Shares of which are listed on the main board of the Stock Exchange (stock code: 1007)
“Completion”	the Acquisition Completion and completion of the Disposal
“Concert Group”	the Vendors and any parties acting in concert with any of them
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

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## DEFINITIONS

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“Consideration”	HK\$517,881,250, being the aggregate consideration for the Acquisition
“Consideration CBs”	the 5-year zero coupon convertible bonds in the aggregate principal amount of up to HK\$129,470,312.50 to be issued by the Company to the Vendors (or their respective nominees) upon Acquisition Completion pursuant to the terms of the Acquisition Agreement to satisfy part of the Consideration
“Consideration Shares”	an aggregate of 3,789,375,000 new Consolidated Shares to be allotted and issued by the Company to the Vendors (or their respective nominees) upon Acquisition Completion at the Issue Price pursuant to the terms of the Acquisition Agreement to satisfy part of the Consideration
“Consolidated Share(s)”	ordinary share(s) of HK\$0.00002 each in the share capital of the Company upon the Share Consolidation became effective on 29 May 2018
“Conversion Price”	the initial conversion price of HK\$0.1025 per Conversion Share (subject to adjustment)
“Conversion Share(s)”	a maximum of 1,263,125,000 new Consolidated Shares to be allotted and issued upon exercise of the conversion rights attaching to the Consideration CBs
“CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended from time to time)
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal by the Company of the entire issued share capital of Global Milk Singapore and its subsidiaries pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the conditional sale and purchase agreement dated 21 November 2016 (and supplemented on 30 June 2017, 30 October 2017 and 2 May 2018) entered into between the Company and the Disposal Purchaser in relation to the Disposal
“Disposal Group”	Global Milk Singapore and its subsidiaries in the PRC
“Disposal Purchaser” or “Mr. Jiang”	Mr. Jiang Jianhui (姜建輝), the purchaser of the Disposal Group under the Disposal Agreement, who is an Independent Third Party

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## DEFINITIONS

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“Dr. Choi”	Dr. Choi Chiu Fai Stanley, the chairman of the Board and an executive Director
“EGM”	the extraordinary general meeting of the Company convened on Monday, 28 May 2018 for the purpose of, among other things, seeking approval from the Independent Shareholders in respect of (i) the Share Consolidation; (ii) the Acquisition; (iii) the Whitewash Waiver; (iv) the Disposal; (v) the Share Placing; and (vi) the appointment of proposed Directors, and the transactions contemplated thereunder
“Enhanced Securities”	Enhanced Securities Limited, a licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in future contracts) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the Underwriter under the Underwriting Agreement
“Enlarged Group”	the Group as enlarged by the Target Group and excluding the Disposal Group upon Completion
“Excluded Shareholder(s)”	those Overseas Shareholders whom the Directors, after making relevant enquiry as required under the Listing Rules, consider their exclusion from the Open Offer to be necessary or expedient on account of either the legal restrictions under the law of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Global Courage”	Global Courage Limited, a company incorporated in the British Virgin Islands with limited liability, which is ultimately owned by Dr. Choi
“Global Milk Singapore”	Global Milk Products Pte. Ltd., a company incorporated in Singapore on 15 September 2006 with limited liability and an direct wholly-owned subsidiary of the Company, which will cease to be a subsidiary of the Company upon completion of the Disposal
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Shareholder(s)”	the Shareholders, excluding (i) the Concert Group, (ii) those who are involved or interested in a way which is different to other Shareholders in the Resumption Proposal and (iii) those who are required to abstain from voting at the EGM to be convened in accordance with the Listing Rules, the Takeovers Code and other applicable laws, rules and regulations
“Independent Third Party(ies)”	individual(s) or company(ies), who or which as far as the Directors are aware after having made all reasonable enquiries, is/are not connected with the Company and its connected person(s)
“Issue Price”	HK\$0.1025 per Consideration Share
“Last Trading Day”	21 March 2012, being the last trading day of the shares of the Company prior to the date of the Resumption Proposal
“Latest Practicable Date”	4 June 2018, being the latest practicable date prior to the date of this Prospectus for the purpose of ascertaining certain information contained in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Monday, 25 June 2018 or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the Offer Shares
“Latest Time for Termination”	5:00 p.m. on Tuesday, 26 June 2018 or such other time as may be agreed between the Company and the Underwriter, being the Business Day after the Latest Time for Acceptance
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Price”	HK\$0.1025 per Offer Share
“Offer Share(s)”	101,050,000 new Consolidated Shares to be issued by the Company pursuant to the Open Offer
“Open Offer”	the proposed issue of the Offer Shares at the Offer Price on the basis of one (1) Offer Share for every five (5) Consolidated Shares held on the Record Date
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) on that date is/are in (a) place(s) outside Hong Kong



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## DEFINITIONS

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“Placing Agent”	Enhanced Securities
“Placing Agreement”	a placing agreement dated 2 May 2018 entered into between the Company and the Placing Agent in relation to the Share Placing
“Placing Price”	HK\$0.1025 per Placing Share
“Placing Shares”	757,875,000 new Consolidated Shares to be issued by the Company pursuant to the Share Placing
“PRC” or “China”	the People’s Republic of China, for the purposes of this Prospectus and for geographical reference only, excludes Taiwan, the Macao Special Administrative Region and Hong Kong (unless otherwise indicated)
“Prospectus”	this prospectus issued by the Company in connection with the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form despatched by the Company to the Qualifying Shareholders in connection with the Open Offer
“Qualifying Shareholder(s)”	the Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company on the Record Date
“Record Date”	the date by reference to which entitlements under the Open Offer are determined, being Thursday, 7 June 2018
“Registrar”	Computershare Hong Kong Investor Services Limited, being the branch share registrar and transfer office of the Company in Hong Kong
“Resumption”	the resumption of trading in the Consolidated Shares on the Stock Exchange
“Resumption Proposal”	the resumption proposal (as supplemented by subsequent submission(s) by the Company) submitted by the Company to the Stock Exchange on 22 November 2016 for the purpose of the Resumption which includes, among other things, the Acquisition, the Disposal, the Share Placing, the Open Offer and information of the Target Group
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time

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## DEFINITIONS

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“Share Consolidation”	the consolidation of every two (2) issued and unissued shares of the Company of HK\$0.00001 each into one consolidated Share of HK\$0.00002 each
“Share Placing”	the proposed placing of the Placing Shares at the Placing Price on fully underwritten basis to not less than six (6) placees, whom and whose ultimate beneficial owners are Independent Third Parties and independent to the Concert Group, for subscription of the Placing Shares
“Shareholder(s)”	holder(s) of the Consolidated Share(s)
“Singapore”	the Republic of Singapore
“Specified Event”	any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to Completion or the Latest Time for Termination, which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the undertakings, warranties and representations contained in the Underwriting Agreement (as the case may be) untrue or incorrect and such would have an adverse impact or effect on the Open Offer, as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Longhui International Catering Management Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 19 August 2016
“Target Group”	the Target Company and its subsidiaries after completion of the Reorganisation (as defined in the Circular)
“Underwriter”	Enhanced Securities
“Underwriting Agreement”	an underwriting agreement dated 2 May 2018 entered into between the Company and the Underwriter in relation to the Open Offer
“Underwritten Shares”	an aggregate of 36,882,338 Offer Shares underwritten by the Underwriter
“Vendor I” or “Mr. Hung”	Mr. Hung Shui Chak (洪瑞澤) (formerly known as Hung Pan (洪斌))
“Vendor II” or “Ms. Hung”	Ms. Hung Ying (洪瑩), elder sister of Mr. Hung

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## DEFINITIONS

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“Vendor III” or “Mr. Ho”	Mr. Ho, Roy Poon Kwong (何磐光)
“Vendor IV” or “Mr. So”	Mr. So Kam Chuen (蘇錦存)
“Vendor V” or “Ms. Szeto”	Ms. Szeto Yuen Man (司徒婉雯)
“Vendors”	Vendor I, Vendor II, Vendor III, Vendor IV and Vendor V, collectively, who are all Independent Third Parties
“Whitewash Waiver”	a waiver from the obligation of the Vendors to make a mandatory general offer to other Shareholders in respect of the Consolidated Shares (other than those already owned or agreed to be acquired by the Vendors) as a result of the allotment and issue of Consideration Shares pursuant to Note 1 on the dispensations from Rule 26 of the Takeovers Code
%	per cent.

*English translation of company names in Chinese or another language which are marked with “\*” are for identification purpose only.*

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement, if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or higher or a “black” rainstorm warning is or remains hoisted between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or higher or a “black” rainstorm warning is or remains hoisted between 9:00 a.m. and 4:00 p.m. on that day):

- (i) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Enlarged 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 hereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), 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 the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Enlarged Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (iii) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out.

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement (save and except the clause stated in the Underwriting Agreement which shall remain in full force and effect and save further that the Company shall pay the fees and expenses specified in the clause under the Underwriting Agreement) shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches. For the avoidance of doubt, the Underwriter shall not be entitled to give a notice at any time after its obligations have terminated pursuant to the Underwriting Agreement.

If the Underwriting Agreement is terminated by the Underwriter at such time before the Latest Time for Termination but after the Underwriter has in accordance with the Underwriting Agreement paid or procured payment to the Company of the aggregate Offer Price in respect of the Underwritten Shares for which the Underwriter is obliged to subscribe or procure subscription under the provisions of the Underwriting Agreement, the Company shall, not later than the end of the second Business Day after (but not including) the date of receipt of the notice of termination issued by the Underwriter pursuant to the Underwriting Agreement, remit to the Underwriter such amount of aggregate Offer Price which it has received from the Underwriter. For the avoidance of doubt, notwithstanding the payment of any sum by or on behalf of the Underwriter to the Company, pursuant to the Underwriting Agreement, shall apply and the amount referred to the Underwriting Agreement in any event shall not be payable.

Rescission or termination of the Underwriting Agreement shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.



**DAQING DAIRY HOLDINGS LIMITED**

**大慶乳業控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1007)**

*Executive Directors*

Dr. Choi Chiu Fai Stanley

Mr. Choi Ka Wai

*Independent non-executive Directors*

Mr. Ha Kee Choy Eugene

Mr. Szeto Tat Kwan

Mr. Fok Wai Ming Eddie

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal place of business  
in Hong Kong:*

Room 2512, 25/F.

Cosco Tower

183 Queen's Road Central

Hong Kong

8 June 2018

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

Dear Sir or Madam,

**OPEN OFFER OF 101,050,000 OFFER SHARES  
AT HK\$0.1025 PER OFFER SHARE ON THE BASIS OF  
ONE (1) OFFER SHARE FOR EVERY FIVE (5) CONSOLIDATED SHARES  
HELD ON THE RECORD DATE**

**INTRODUCTION**

References are made to the (i) announcement of the Company dated 2 May 2018 in relation to, among other things, the Acquisition, the Disposal, the Share Placing and the Open Offer; (ii) the Circular dated 9 May 2018; and (iii) the announcement of the Company date 30 May 2018 in relation to the Share Consolidation and the change in board lot size.

The purpose of this Prospectus is to provide you with, among other things, further details of (i) the Open Offer (including the procedures for application and payment for the Offer Shares); (ii) the financial information of the Group; and (iii) the general information of the Group.

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## LETTER FROM THE BOARD

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### THE OPEN OFFER

As part of the Resumption Proposal, the Company proposed to conduct the Open Offer. For details of transactions contemplated under the Resumption Proposal, including the Acquisition and the Disposal, please refer to the Circular. The Company proposes to raise approximately HK\$10.36 million, before expenses, by way of the Open Offer involving the allotment and issue of 101,050,000 Offer Shares at the Offer Price of HK\$0.1025 per Offer Share on the basis of one (1) Offer Share for every five (5) Consolidated Shares held on the Record Date (assuming that no Consolidated Shares to be issued or repurchased by the Company except for the allotment and issue of the Consideration Shares, Placing Shares and the conversion of Consideration CBs in full from the Latest Practicable Date and up to the Record Date).

#### Issue details

Basis of the Open Offer	One (1) Offer Share for every five (5) Consolidated Shares held by the Qualifying Shareholders on the Record Date
Offer Price	HK\$0.1025 per Offer Share
Number of Shares in issue as at the Latest Practicable Date	505,250,000 Consolidated Shares
Number of Offer Shares expected to be issued	101,050,000 Offer Shares

#### The Offer Price

The Offer Price represents:

- (i) a discount of approximately 96.95% to the equivalent closing price of HK\$3.360 per Consolidated Share based on the closing price of HK\$1.680 per share of the Company of HK\$0.00001 each (before the Share Consolidation has become effective) as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 97.25% to the equivalent average closing price of approximately HK\$3.724 per Consolidated Share based on the average closing price of approximately HK\$1.862 per share of the Company of HK\$0.00001 each (before the Share Consolidation has become effective) as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 97.36% to the equivalent average closing price of approximately HK\$3.882 per Consolidated Share based on the average closing price of approximately HK\$1.941 per share of the Company of

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## LETTER FROM THE BOARD

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HK\$0.00001 each (before the Share Consolidation has become effective) as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;

- (iv) a discount of approximately 97.25% to the equivalent average closing price of approximately HK\$3.729 per Consolidated Share based on the average closing price of approximately HK\$1.864 per share of the Company of HK\$0.00001 each (before the Share Consolidation has become effective) as quoted on the Stock Exchange for the thirty consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately HK\$0.1882 over the audited net liabilities value per Consolidated Share of approximately HK\$0.0857 based on the published audited consolidated net liabilities of the Company of approximately HK\$43.31 million as at 31 December 2017 and the issued share capital of 505,250,000 Consolidated Shares; and
- (vi) a discount of approximately 0.29% to the unaudited net assets value per Consolidated Share of approximately HK\$0.1028 based on the unaudited pro forma consolidated net assets of the Enlarged Group of approximately HK\$51.96 million as at 31 December 2017 and the issued share capital of 505,250,000 Consolidated Shares.

The Offer Price of HK\$0.1025 per Offer Share, which is equivalent to the Conversion Price, Placing Price and Issue Price, is determined having taken into account, among other things, the prolonged suspension of trading in the Consolidated Shares.

### **The Offer Shares**

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date and up to the Record Date, the maximum number of 101,050,000 Offer Shares to be issued and allotted represents:

- (i) approximately 20.00% of the entire issued share capital of the Company as at the Latest Practicable Date;
- (ii) approximately 16.67% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares but before the allotment and issue of the Consideration Shares, the Conversion Shares and the Placing Shares;
- (iii) approximately 2.30% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares and the Consideration Shares but before the allotment and issue of the Conversion Shares and the Placing Shares;



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## LETTER FROM THE BOARD

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- (iv) approximately 1.79% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares, the Consideration Shares, the Conversion Shares upon the exercise of Consideration CBs in full but before the allotment and issue of the Placing Shares; and
- (v) approximately 1.57% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, the Conversion Shares upon the exercise of the Consideration CBs in full, the Placing Shares and the Offer Shares.

### **Undertaking**

Global Courage, the controlling Shareholder holding approximately 63.50% of the issued share capital of the Company as at the Latest Practicable Date, which is indirectly wholly-owned by Dr. Choi, the chairman of the Board and an executive Director, has given an undertaking in favour of the Company and the Underwriter that it will take up its entitlement under the Open Offer.

### **Qualifying Shareholders**

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

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of its/his/her entitlement under the Open Offer, its/his/her proportionate shareholding in the Company will be diluted.

The invitation to subscribe for the Offer Shares made to the Qualifying Shareholders will not be transferable or capable of renunciation and there will not be any trading in the assured entitlements on the Stock Exchange.

### **Rights of the Overseas Shareholders**

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

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## LETTER FROM THE BOARD

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According to the register of members of the Company as at the Record Date, there were 6 Overseas Shareholders whose addresses were located in the People's Republic of China, the United States of America, Macau and the British Virgin Islands, who held in aggregate 15,754,503 Consolidated Shares. Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Board has made enquiries, and has obtained advices from its legal advisers as to the laws of the People's Republic of China, the United States of America, Macau and the British Virgin Islands, regarding the legal restrictions under the applicable securities laws and the requirements of the relevant regulatory body with respect to the offer of the Offer Shares to such Overseas Shareholders. Based on the advices provided by the Company's legal advisers, the Company is not required to obtain any approvals for the despatch of the Prospectus Documents to Shareholders who reside in the People's Republic of China, Macau and the British Virgin Islands either because there is no restriction or there are applicable exemptions under the laws of these jurisdictions. Accordingly, the Directors have decided to extend the Open Offer to the 4 Shareholders in the People's Republic of China, Macau and the British Virgin Islands holding in aggregate 15,745,503 Consolidated Shares, who will be Qualifying Shareholders. The Company has also been advised by legal advisers in the United States of America that, without complying with local approval and/or registration requirements and/or other formalities under the laws of the United States of America, the Offer Shares may not be offered to the Shareholders located in the United States of America. As it would not be cost-effective or expedient for the Company to comply with the approval and/or registration requirements and/or other formalities under the laws of the United States of America, the Directors have decided to exclude the 2 Shareholders located in the United States of America holding in aggregate 9,000 Consolidated Shares from the Open Offer.

As such, the Open Offer will not be extended to the Excluded Shareholders. The Company will send this Prospectus to the Excluded Shareholders for their information only but will not send the Application Forms in respect of the Open Offer to the Excluded Shareholders.

### **No application for the excess Offer Shares**

The Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured entitlements. All Offer Shares (other than 64,167,662 Offer Shares to be subscribed by Global Courage) not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

### **Fractions of the Offer Shares**

The Company will not issue any fractions of Offer Shares to the Qualifying Shareholders otherwise entitled thereto. All fractions of Offer Shares will be aggregated and rounded down to the nearest whole number of Offer Shares and taken up by the Underwriter.

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## LETTER FROM THE BOARD

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### **Certificates and refund cheques for the Offer Shares**

Subject to the Open Offer becoming unconditional, certificates for all fully paid Offer Shares shall be despatched by ordinary post to their registered addresses to those Qualifying Shareholders who have accepted and paid for their Offer Shares by Wednesday, 4 July 2018, at their own risk. Refund cheques in respect of the Offer Shares if the Open Offer is terminated shall be despatched by ordinary post to their registered addresses to the applicants at their own risk.

### **Conditions precedent to the Open Offer**

Please refer to the below conditions precedents under the section headed “The Underwriting Agreement”.

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

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares will be subject to the payment of stamp duty, Stock Exchange trading fee and any other applicable fees and charges in Hong Kong. No part of the securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

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

All necessary arrangements will be made to enable the Offer Shares in their fully-paid form to be admitted to CCASS. The first day of dealings in the Offer Shares is expected to commence on Friday, 6 July 2018.

The Offer Shares will have the same board lot size of 20,000 Consolidated Shares per board lot.

### **Listing rules implications**

As the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding this Prospectus and the Open Offer will be fully underwritten by the Underwriter who is (i) not a director, chief executive or substantial shareholder of the Company or an associate of any of them, and (ii) independent third party to the Concert Group, the Open Offer is not subject to the approval by the Shareholders pursuant to Rule 7.24(5) of the Listing Rules.

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## LETTER FROM THE BOARD

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### **The Underwriting Agreement**

On 2 May 2018, the Company and the Underwriter entered into the Underwriting Agreement pursuant to which the Underwriter has conditionally agreed to fully underwrite the Offer Shares (save for 64,167,662 Offer Shares to be subscribed by Global Courage). Principal terms of the Underwriting Agreement are set out in the following table:

Date	2 May 2018
Parties	(1) the Company; and (2) the Underwriter
Number of the Offer Shares fully underwritten by the Underwriter	(save for 64,167,662 Offer Shares to be subscribed by Global Courage) an aggregate of 36,882,338 Offer Shares underwritten by the Underwriter
Underwriting commission	2.50%

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter, together with its associates, is an independent third party to the Group, the Target Group and the Concert Group, as well as an independent third party to the connected person(s) of the Group, the Target Group and the Concert Group.

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

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement, if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or higher or a "black" rainstorm warning is or remains hoisted between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or higher or a "black" rainstorm warning is or remains hoisted between 9:00 a.m. and 4:00 p.m. on that day):

- (i) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Enlarged Group as a whole or is materially adverse in the context of the Open Offer; or

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## LETTER FROM THE BOARD

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- (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 hereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), 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 the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Enlarged Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (iii) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out.

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement (save and except the clause stated in the Underwriting Agreement which shall remain in full force and effect and save further that the Company shall pay the fees and expenses specified in the clause under the Underwriting Agreement) shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches. For the avoidance of doubt, the Underwriter shall not be entitled to give a notice at any time after its obligations have terminated pursuant to the Underwriting Agreement.

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## LETTER FROM THE BOARD

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If the Underwriting Agreement is terminated by the Underwriter at such time before the Latest Time for Termination but after the Underwriter has in accordance with the Underwriting Agreement paid or procured payment to the Company of the aggregate Offer Price in respect of the Underwritten Shares for which the Underwriter is obliged to subscribe or procure subscription under the provisions of the Underwriting Agreement, the Company shall, not later than the end of the second Business Day after (but not including) the date of receipt of the notice of termination issued by the Underwriter pursuant to the Underwriting Agreement, remit to the Underwriter such amount of aggregate Offer Price which it has received from the Underwriter. For the avoidance of doubt, notwithstanding the payment of any sum by or on behalf of the Underwriter to the Company, pursuant to the Underwriting Agreement, shall apply and the amount referred to the Underwriting Agreement in any event shall not be payable.

Rescission or termination of the Underwriting Agreement shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

### **Conditions precedent to the Underwriting Agreement**

The Open Offer is conditional upon:

- i. the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the CWUMPO not later than Open Offer Posting Date;
- ii. the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of this Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Open Offer Posting Date;
- iii. the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- iv. the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- v. the Listing Division of the Stock Exchange has approved in principle of the resumption of the trading of the Consolidated Shares;
- vi. the Share Consolidation having become effective;

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## LETTER FROM THE BOARD

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- vii. compliance with and performance of all undertakings and obligations of Global Courage under its undertaking;
- viii. all necessary consents and approvals required to be obtained on the part of the Company in respect of the Underwriting Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect; and
- ix. all necessary consents and approvals required to be obtained on the part of the Underwriter in respect of the Underwriting Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect.

The Company shall use all reasonable endeavours to procure the fulfillment of the conditions set out above by the Latest Time for Termination for the Open Offer under the Underwriting Agreement or such other time as stated in the Underwriting Agreement and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Offer Shares.

All the conditions set out in conditions precedent are incapable of being waived. If the conditions above are not satisfied by the Latest Time for Termination for the Open Offer, or where appropriate, the times stipulated under the Underwriting Agreement, or such later date or dates as the Underwriter may agree with the Company in writing, the underwriting shall terminate and (save in respect of any provisions under the Underwriting Agreement and any rights or obligations which may accrue under the underwriting prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise.

### **Reasons for and benefits of the Open Offer and use of proceeds**

The gross proceeds from the Open Offer are approximately HK\$10.36 million and the net proceeds is estimated to be approximately HK\$10.26 million. The net proceeds will be used by the Company for general working capital.

The Directors consider that the Open Offer will enlarge the capital base and strengthen the financial position of the Company so as to facilitate the Enlarged Group's long term development. Also, the Directors believe that it is in the interest of the Company to raise additional capital by way of the Open Offer under which the existing Shareholders are given equal opportunities to participate in the enlargement of capital base of the Company as well as enabling the existing Shareholders to continue to participate in the future development of the Enlarged Group upon completion of all the transactions under the Resumption Proposal at their own wish.

## LETTER FROM THE BOARD

### Fund raising activities involving issue of securities in the past 12 months

The Company has not conducted any equity fund raising activities in the previous 12 months immediately preceding the Latest Practicable Date.

### Effect on the shareholding structure of the Company

For illustration purpose, the following tables illustrate the shareholding of the Company upon the completion of the transactions contemplated in the Circular:

#### (i) Assume full acceptance of the Open Offer

	As at the Latest Practicable Date		(i) immediately after the issue and allotment of Consideration Shares and the completion of Share Placing but before the Conversion Shares to be issued pursuant to the exercise of the Consideration CBs		(ii) immediately after the issue and allotment of Consideration Shares, the completion of Share Placing and the completion of Open Offer (assume full acceptance) but before the Conversion Shares to be issued pursuant to the exercise of the Consideration CBs		(iii) immediately after the issue and allotment of Consideration Shares and Conversion Shares pursuant to the exercise of the Consideration CBs in full, the completion of Share Placing and the completion of Open Offer (assume full acceptance)	
	No. of Consolidated Shares	%	No. of Consolidated Shares	%	No. of Consolidated Shares	%	No. of Consolidated Shares	%
Global Courage (Note 1)	320,838,314	63.50	—	—	—	—	—	—
The Concert Group								
— Vendor I	—	—	3,547,612,875	70.22	3,547,612,875	68.84	4,730,150,500	73.72
— Vendor II	—	—	111,407,625	2.20	111,407,625	2.16	148,543,500	2.31
— Vendor III	—	—	84,503,062	1.67	84,503,062	1.64	112,670,750	1.76
— Vendor IV	—	—	44,714,625	0.89	44,714,625	0.87	59,619,500	0.93
— Vendor V	—	—	1,136,813	0.02	1,136,813	0.02	1,515,750	0.02
Sub-total	—	—	3,789,375,000	75.00	3,789,375,000	73.53	5,052,500,000	78.74
Public Shareholders								
— Existing public Shareholders	184,411,686	36.50	184,411,686	3.65	221,294,024	4.29	221,294,024	3.45
— Global Courage (Note 1)	—	—	320,838,314	6.35	385,005,976	7.47	385,005,976	6.00
— Places of Share Placing	—	—	757,875,000	15.00	757,875,000	14.71	757,875,000	11.81
Sub-total	184,411,686	36.50	1,263,125,000	25.00	1,364,175,000	26.47	1,364,175,000	21.26
Total	505,250,000	100.00	5,052,500,000	100.00	5,153,550,000	100.00	6,416,675,000	100.00



## LETTER FROM THE BOARD

### (ii) Assume no acceptance of the Open Offer

	As at the Latest Practicable Date		(i) immediately after the allotment and issue of Consideration Shares and the completion of Share Placing but before the Conversion Shares to be issued pursuant to the exercise of the Consideration CBs		(ii) immediately after the allotment and issue of Consideration Shares, the completion of Share Placing and the completion of Open Offer (assume no acceptance from the existing public Shareholders) but before the Conversion Shares to be issued pursuant to the exercise of the Consideration CBs		(iii) immediately after the issue and allotment of Consideration Shares and Conversion Shares pursuant to the exercise of the Consideration CBs in full, the completion of Share Placing and the completion of Open Offer (assume no acceptance from the existing public Shareholders)	
	No. of Consolidated Shares	%	No. of Consolidated Shares	%	No. of Consolidated Shares	%	No. of Consolidated Shares	%
Global Courage (Note 1)	320,838,314	63.50	—	—	—	—	—	—
The Concert Group								
— Vendor I	—	—	3,547,612,875	70.22	3,547,612,875	68.84	4,730,150,500	73.72
— Vendor II	—	—	111,407,625	2.20	111,407,625	2.16	148,543,500	2.31
— Vendor III	—	—	84,503,062	1.67	84,503,062	1.64	112,670,750	1.76
— Vendor IV	—	—	44,714,625	0.89	44,714,625	0.87	59,619,500	0.93
— Vendor V	—	—	1,136,813	0.02	1,136,813	0.02	1,515,750	0.02
Sub-total	—	—	3,789,375,000	75.00	3,789,375,000	73.53	5,052,500,000	78.74
Public Shareholders								
— Existing public Shareholders	184,411,686	36.50	184,411,686	3.65	184,411,686	3.57	184,411,686	2.87
— Global Courage (Note 1)	—	—	320,838,314	6.35	385,005,976	7.47	385,005,976	6.00
— Places of Share Placing	—	—	757,875,000	15.00	757,875,000	14.71	757,875,000	11.81
— The Underwriter	—	—	—	—	36,882,338	0.72	36,882,338	0.58
Sub-total	184,411,686	36.50	1,263,125,000	25.00	1,364,175,000	26.47	1,364,175,000	21.26
Total	505,250,000	100.00	5,052,500,000	100.00	5,153,550,000	100.00	6,416,675,000	100.00

*Note:*

- (1) The 320,838,314 Consolidated Shares are held by Global Courage Limited. Global Courage Limited is wholly-owned by Head and Shoulders Direct Investment Limited, which in turn is wholly-owned by Dr. Choi. Thus, Head and Shoulders Direct Investment Limited and Dr. Choi are deemed to be interested in the 320,838,314 Consolidated Shares held by Global Courage Limited pursuant to the SFO. Upon Resumption, Dr. Choi will resign as executive Director.

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## LETTER FROM THE BOARD

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### TAXATION

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Offer Shares.

### PROCEDURE FOR APPLICATION AND PAYMENT

For each Qualifying Shareholder, an Application Form is enclosed with this Prospectus which entitles you to subscribe for the number of the Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. If you, as a Qualifying Shareholder, wish to exercise your right to subscribe for all number of the Offer Shares in your entitlement of Offer Shares or any number of the Offer Shares less than your entitlement of Offer Shares to which you are entitled, you must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on Monday, 25 June 2018 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed "Expected Timetable" in this Prospectus). All remittance(s) must be made in Hong Kong dollars. Cheques must be drawn on an account with, or banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "**Daqing Dairy Holdings Limited**" and crossed "**Account Payee Only**".

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Registrar by 4:00 p.m. on Monday, 25 June 2018 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed "Expected Timetable" in this Prospectus), the entitlements of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

All cheques and banker's cashier orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgment of the Application Form together with a cheque or banker's cashier order in payment of the Offer Shares being applied for will constitute a warranty that the cheque or banker's cashier order will be honoured upon first presentation. Any Application Form in respect of which the accompanying cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the relevant entitlement of Offer Shares and all rights thereunder will be deemed to have been declined and will be cancelled.

The Application Form is for use only by the Qualifying Shareholders and is not transferable. No receipt will be issued in respect of any application monies received. If the Underwriting Agreement is terminated before the Latest Time for Termination, the Open Offer will not proceed and the monies received in respect of acceptances of the Offer Shares without interest will be returned to the Qualifying Shareholders, by means of cheques crossed "**Account Payee Only**" to be despatched by ordinary post to their registered

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## LETTER FROM THE BOARD

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addresses and in the case of joint applicants to the registered address of the applicant whose name first appears on the register of members of the Company at their own risk on or before Wednesday, 4 July 2018.

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

### **ADDITIONAL INFORMATION**

Your attention is drawn to the information contained in the appendices to this Prospectus.

By order of the Board  
**Daqing Dairy Holdings Limited**  
**Choi Chiu Fai Stanley**  
*Chairman*

**1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for each of the three years ended 31 December 2015, 2016 and 2017 was disclosed on (i) the annual report of the Company for the year ended 31 December 2015; (ii) the annual report of the Company for the year ended 31 December 2016; and (iii) the annual report of the Company for the year ended 31 December 2017, all of which were published on both the Stock Exchange's website at <http://www.hkexnews.hk> and the Company's website at [www.cre8ir.com/daqingdairy/](http://www.cre8ir.com/daqingdairy/).

Hyperlinks to the annual reports of the Company are set out below:

Annual report of the Company for the year ended 31 December 2017

<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0406/LTN20180406953.pdf>

Annual report of the Company for the year ended 31 December 2016

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0426/LTN20170426521.pdf>

Annual report of the Company for the year ended 31 December 2015

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0415/LTN20160415543.pdf>

**2. FINANCIAL TRADING PROSPECT**

Upon Completion, the Enlarged Group will be principally engaged in the business of the Target Group's restaurant chain business in the PRC. The Group is optimistic about the future prospects of the restaurant chain business in the PRC. Going forward, the Enlarged Group intends to seek sustainable growth by pursuing the following principal strategies:

- replicating the business models and expand the restaurants network;
- drive same-store sales growth and profitability;
- continue to promote brand image and recognition; and
- continue to strengthen operational infrastructure to deliver sustainable growth.

**3. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the present available financial resources, the banking and other facilities presently available, and subject to the Acquisition Completion, the completion of Share Placing and the completion of Open Offer under the Resumption Proposal, the Enlarged Group will have sufficient working capital for its business for the next twelve months from the date of this Prospectus in the absence of unforeseen circumstances.

#### 4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save for expenses arising from the proposed transactions in respect of the Resumption, the Directors were not aware material adverse change in the financial or trading position or outlook of the Group since 31 December 2017, being the date to which the latest published audited accounts of the Company were made, up to and including the Latest Practicable Date.

#### 5. INDEBTEDNESS OF THE GROUP

##### Indebtedness

As at 30 April 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the indebtedness of the Enlarged Group is analysed as follows:

*The Company:*

	<i>HK\$'000</i>
<i>Unsecured and unguaranteed:</i>	
Amount due to a deconsolidated subsidiary	1,028
Amounts due to related parties	<u>24,193</u>
Total	<u><u>25,221</u></u>

*The Target Group:*

	<i>HK\$'000</i>
<i>Unsecured and Unguaranteed:</i>	
Long-term borrowing	<u><u>50,000</u></u>

As at 30 April 2018, a long-term borrowing of HK\$50,000,000, arising from an independent third party, at an interest rate at 6.00% per annum and repayable within two years.

Save as disclosed above, the Target Group had no pledge, acceptance creditor, hire purchase commitments and other term loans as at 30 April 2018.

*The Enlarged Group:*

	<i>HK\$'000</i>
<i>Unsecured and unguaranteed:</i>	
Amount due to a deconsolidated subsidiary	1,028
Amounts due to related parties	24,193
Long-term borrowing	<u>50,000</u>
Total balances	<u><u>75,221</u></u>

*Contingent Liabilities*

Except as otherwise disclosed above, the Target Group and the Enlarged Group did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance, outstanding convertible debt securities or other similar indebtedness, any guarantees or other material contingent liabilities as at 30 April 2018.

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION****INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE ENLARGED GROUP**

The following is the unaudited pro forma financial information of the Enlarged Group as if the Share Consolidation, the Acquisition, the Disposal, the Share Placing and the Open Offer (collectively the “**Transactions**”) had been completed on 31 December 2017 for the Enlarged Group’s unaudited pro forma consolidated statement of financial position and at the beginning of the year ended 31 December 2017 for the Enlarged Group’s unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the Enlarged Group’s unaudited pro forma consolidated statement of cash flows. The unaudited pro forma financial information of the Enlarged Group is based on the financial statements of the Company for the year ended 31 December 2017 as set out in the Company’s annual report 2017 and adjusted to reflect the effect of the Transactions. Capitalised terms used herein shall have the same meaning as those defined in the Circular and the Prospectus unless the context otherwise requires.

The unaudited pro forma financial information of the Enlarged Group is based on a number of assumptions, estimates and uncertainties.

The unaudited pro forma financial information of the Enlarged Group has been prepared by the Directors in accordance with Rules 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), for the purposes of illustrating the effect of the Transactions pursuant to the terms of relevant agreements and because of its hypothetical nature, it may not give a true picture of the financial position or results of the Enlarged Group has the Transactions been completed as of the specified dates or any future date.

**APPENDIX II**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE ENLARGED GROUP**
**1. Unaudited pro forma consolidated statement of financial position of the Enlarged Group  
as at 31 December 2017**

	The Company as at 31 December 2017 HK\$'000 (Audited) <i>Note 1</i>	The Target Group as at 31 December 2017 RMB'000 (Audited) <i>Note 2</i>	The Target Group as at 31 December 2017 HK\$'000 (Audited) <i>Note 2</i>	Sub-total HK\$'000	Pro forma adjustment HK\$'000 <i>Note 5(a)</i>	Pro forma adjustment HK\$'000 <i>Note 5(b)</i>	Pro forma adjustment HK\$'000 <i>Note 7</i>	Pro forma adjustment HK\$'000 <i>Note 8</i>	Pro forma adjustment HK\$'000 <i>Note 9</i>	The Enlarged Group as at 31 December 2017 HK\$'000
<b>ASSETS</b>										
<b>Non-current assets</b>										
Property, plant and equipment	—	99,240	118,979	118,979						118,979
Intangible asset	—	468	561	561						561
Prepayment and other receivables	—	32,955	39,510	39,510						39,510
Deferred tax assets	—	12,891	15,455	15,455						15,455
	—	145,554	174,505	174,505						174,505
<b>Current assets</b>										
Inventories	—	27,955	33,515	33,515						33,515
Trade receivables	—	15,136	18,147	18,147						18,147
Prepayment and other receivables	186	59,757	71,642	71,828						71,828
Receivables due from related parties	—	80,040	95,960	95,960						95,960
Cash and cash equivalents	80	60,431	72,451	72,531			77,682	10,358	(11,500)	149,071
	266	243,319	291,715	291,981						368,521
<b>Total assets</b>	<b>266</b>	<b>388,873</b>	<b>466,220</b>	<b>466,486</b>						<b>543,026</b>
<b>EQUITY</b>										
Share capital	10	—	—	10	76		15	2		103
Reserves	(43,317)	49,788	59,691	16,374	388,335 (388,411)	87,815 (129,470)	77,667	10,356	(11,500)	51,166
	(43,307)	49,788	59,691	16,384						51,269
Non-controlling interests	—	576	692	692						692
<b>Total equity</b>	<b>(43,307)</b>	<b>50,364</b>	<b>60,383</b>	<b>17,076</b>						<b>51,961</b>
<b>LIABILITIES</b>										
<b>Non-current liabilities</b>										
Other non-current liabilities	—	26,930	32,286	32,286						32,286
Borrowings	—	41,795	50,108	50,108						50,108
Convertible bonds	—	—	—	—		41,655				41,655
Deferred tax liabilities	—	1,300	1,559	1,559						1,559
	—	70,025	83,953	83,953						125,608
<b>Current liabilities</b>										
Trade payables	—	74,440	89,246	89,246						89,246
Other payables and accruals	43,573	108,272	129,806	173,379						173,379
Deferred revenue	—	41,593	49,866	49,866						49,866
Current income tax liabilities	—	10,743	12,880	12,880						12,880
Dividend payables	—	33,436	40,086	40,086						40,086
	43,573	268,484	321,884	365,457						365,457
<b>Total liabilities</b>	<b>43,573</b>	<b>338,509</b>	<b>405,837</b>	<b>449,410</b>						<b>491,065</b>
<b>Total equity and liabilities</b>	<b>266</b>	<b>388,873</b>	<b>466,220</b>	<b>466,486</b>						<b>543,026</b>
<b>Net current (liabilities)/assets</b>	<b>(43,307)</b>	<b>(25,165)</b>	<b>(30,169)</b>	<b>(73,476)</b>						<b>3,064</b>
<b>Total assets less current liabilities</b>	<b>(43,307)</b>	<b>120,389</b>	<b>144,336</b>	<b>101,029</b>						<b>177,569</b>



## 2. Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group for the year ended 31 December 2017

	The Company as at 31 December 2017 <i>HKS'000</i> (Audited) <i>Note 1</i>	The Target Group as at 31 December 2017 <i>RMB'000</i> (Audited) <i>Note 2</i>	The Target Group as at 31 December 2017 <i>HKS'000</i> (Audited) <i>Note 2</i>	Sub-total <i>HKS'000</i>	Pro forma adjustment <i>HKS'000</i> <i>Note 4</i>	Pro forma adjustment <i>HKS'000</i> <i>Note 9</i>	Pro forma adjustment <i>HKS'000</i> <i>Note 10</i>	The Enlarged Group as at 31 December 2017 <i>HKS'000</i>
<b>Revenue</b>	—	700,432	830,092	830,092				830,092
Foods and beverage and other materials consumables used	—	(248,959)	(295,045)	(295,045)				(295,045)
Employee benefit expenses	—	(183,190)	(217,101)	(217,101)				(217,101)
Property rentals and related expenses	—	(131,496)	(155,838)	(155,838)				(155,838)
Utilities expenses	—	(20,613)	(24,429)	(24,429)				(24,429)
Depreciation, amortisation and impairment	—	(49,412)	(58,559)	(58,559)				(58,559)
Other expenses	—	(37,876)	(44,887)	(44,887)				(44,887)
Other gains — net	—	4,803	5,692	5,692				5,692
<b>Operating profit</b>	—	33,689	39,925	39,925				39,925
Administrative expenses	(5,099)	—	—	(5,099)				(5,099)
Deemed listing expenses	—	—	—	—	(89,996)			(89,996)
Transaction costs	—	—	—	—		(11,500)		(11,500)
Finance income	—	6,726	7,971	7,971				7,971
Finance expenses	—	(2,616)	(3,100)	(3,100)			(13,041)	(16,141)
Finance income/(expenses) — net	—	4,110	4,871	4,871				(8,170)
<b>(Loss)/profit before income tax</b>	(5,099)	37,799	44,796	39,697				(74,840)
Income tax expenses	—	(12,147)	(14,394)	(14,394)				(14,394)
<b>(Loss)/profit for the year</b>	<u>(5,099)</u>	<u>25,652</u>	<u>30,402</u>	<u>25,303</u>				<u>(89,234)</u>
<b>(Loss)/profit for the year attributable to:</b>								
Owners of the Company	(5,099)	25,675	30,429	25,330				(89,207)
Non-controlling interests	—	(23)	(27)	(27)				(27)
	<u>(5,099)</u>	<u>25,652</u>	<u>30,402</u>	<u>25,303</u>				<u>(89,234)</u>

## 3. Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2017

	The Company as at 31 December 2017 HK\$'000 (Audited) Note 1	The Target Group as at 31 December 2017 RMB'000 (Audited) Note 2	The Target Group as at 31 December 2017 HK\$'000 (Audited) Note 2	Sub-total HK\$'000	Pro forma adjustment HK\$'000 Note 4	Pro forma adjustment HK\$'000 Note 7	Pro forma adjustment HK\$'000 Note 8	Pro forma adjustment HK\$'000 Note 9	Pro forma adjustment HK\$'000 Note 10	The Enlarged Group as at 31 December 2017 HK\$'000
<b>Operating activities</b>										
(Loss)/profit before income tax	(5,099)	37,799	44,796	39,697	(89,996)			(11,500)	(13,041)	(74,840)
Adjustments for:										
Depreciation of property, plant and equipment	—	49,299	58,425	58,425						58,425
Amortisation of intangible asset	—	113	134	134						134
Losses on disposal of property, plant and equipment	—	5	6	6						6
Finance (income)/expenses — net	—	(4,110)	(4,871)	(4,871)					13,041	8,170
Decrease in inventories	—	379	449	449						449
Increase in operating receivables	(172)	(42,427)	(50,281)	(50,453)						(50,453)
Increase/(decrease) in operating payables	5,276	(22,107)	(26,199)	(20,923)						(20,923)
Transaction costs	—	—	—	—				11,500		11,500
Deemed listing expenses	—	—	—	—	89,996					89,996
<b>Cash generated from operations</b>	5	18,951	22,459	22,464						22,464
Income tax paid	—	(17,628)	(20,891)	(20,891)						(20,891)
<b>Net cash generated from operating activities</b>	5	1,323	1,568	1,573						1,573
<b>Investing activities</b>										
Purchase of property, plant and equipment	—	(25,012)	(29,642)	(29,642)						(29,642)
Purchases of intangible asset	—	(241)	(286)	(286)						(286)
Proceeds from disposal of property, plant and equipment	—	2,210	2,619	2,619						2,619
Loans granted to related parties	—	(11,745)	(13,919)	(13,919)						(13,919)
Receipt of loan repayments by related parties	—	25,682	30,436	30,436						30,436
<b>Net cash used in investing activities</b>	—	(9,106)	(10,792)	(10,792)						(10,792)
<b>Financing activities</b>										
Capital injection from non-controlling interest	—	600	711	711						711
Net proceeds from offer shares	—	—	—	—			10,358			10,358
Net proceeds from placing of shares	—	—	—	—		77,682				77,682
Payment for the transaction costs	—	—	—	—				(11,500)		(11,500)
Interest paid	—	(2,610)	(3,093)	(3,093)						(3,093)
<b>Net cash (used in)/generated from financing activities</b>	—	(2,010)	(2,382)	(2,382)						74,158
<b>Net increase/(decrease) in cash and cash equivalents</b>	5	(9,793)	(11,606)	(11,601)						64,939
<b>Cash and cash equivalents at beginning of the year</b>	75	71,717	85,981	86,056						86,056
Effect of foreign exchange rate changes	—	(1,493)	(1,924)	(1,924)						(1,924)
<b>Cash and cash equivalents at ending of the year</b>	80	60,431	72,451	72,531						149,071
<b>Analysis of the balances of cash and cash equivalents:</b>										
Bank balances and cash	80	60,431	72,451	72,531						149,071

*Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group*

1. The amounts are extracted from the audited financial statements of the Company for the year ended 31 December 2017 as set out in Appendix I to this Prospectus.
2. The amounts represent the unadjusted financial information of the Target Group as at 31 December 2017 (for the purpose of unaudited pro forma consolidated statement of financial position) and for the year ended 31 December 2017 (for the purpose of unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows), which is extracted from the Accountant's Report of the Target Group as set out in Appendix I to the Circular, and is translated to Hong Kong dollars at the exchange rate of RMB0.8341 to HK\$1 prevailing at 31 December 2017 in relation to the statement of financial position and RMB0.8438 to HK\$1 prevailing at 31 December 2017 in relation to the statement of profit or loss and other comprehensive income and statement of cash flows.

The Transactions are considered to be linked and shall be executed as a single package. Accordingly, the Directors determine to apply the principles of reverse acquisition in IFRS 3 by analogy to the unaudited pro forma financial information. The consolidated financial statements prepared following a reverse acquisition represent a continuation of the financial statements of the legal subsidiary (accounting acquirer — the Target Group), the assets and liabilities of which are recognised and measured at their pre-combination carrying amounts. Therefore, there is no adjustment in connection with the fair value of identifiable assets and liabilities of the Target Group included in the unaudited pro forma financial information.

3. The Company proposes that every two issued and unissued shares of HK\$0.00001 each in the capital of the Company be consolidated into one consolidated share of HK\$0.00002 (the “**Share Consolidation**”).
4. The pro forma adjustment is related to the Acquisition.

As described in note 2, the Directors have applied the principles of reverse acquisition in IFRS 3 by analogy to the unaudited pro forma financial information. Accordingly, the Acquisition would be accounted for in the Enlarged Group's financial statements as a continuation of the financial statements of the Target Group, together with a deemed issue of equity, and a re-capitalisation of the equity of the Target Group.

The acquisition-date fair value of the consideration transferred by the accounting acquirer for its interest in the accounting acquiree is based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition.

The Target Group is deemed to issue shares to give the Company's existing shareholders the same percentage of ownership in the Enlarged Group (without considering the impact of the Open Offer), which is calculated to be equivalent to 10% interest in the Target Group. Consequently, the fair value of the shares deemed to have been issued is measured to be HK\$517,881,250, representing purchase consideration for the entire interests in the Target Group pursuant to the Acquisition Agreement multiplied by the percentage of ownership of the Target Group (i.e. 10%) associated with the deemed issue of equity.

The Company is only a non-operating public shell corporation at the date of completion of the Acquisition. Because the Company is not a business as defined under IFRS 3 at the date of completion of the Acquisition, the fair value of the shares deemed to have been issued by the

accounting acquirer (the Target Group) and the fair value of the accounting acquiree's (the Company's) identifiable net assets received should be treated in its entirety as a payment for a stock exchange listing and expensed as it is incurred.

HK\$'000

*Assuming that the Acquisition had been taken place on 31 December 2017*

Fair value of deemed issued equity	51,788
Net liabilities of the Company (without considering the impact of the Consideration Shares, the Placing Shares, the Offer Shares and the Conversion Shares) attributable to owners of the Company as at 31 December 2017	43,307
Estimated listing expenses charged to profit or loss	(95,095)

*Assuming that the Acquisition had been take place on 1 January 2017*

Fair value of deemed issued equity	51,788
Net liabilities of the Company (without considering the impact of the Consideration Shares, the Placing Shares, the Offer Shares and the Conversion Shares) attributable to owners of the Company as at 31 December 2016	38,208
Estimated listing expenses charged to profit or loss	(89,996)

This pro forma adjustment in respect of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income above is not expected to have a continued effect on the Enlarged Group.

5. As if the Acquisition had been taken place on 31 December 2017, the Company shall acquire the entire equity interests in the Target Group. The consideration for the sale and purchase of the sale shares is HK\$517,881,250, of which, upon Acquisition Completion:
  - (a) HK\$388,410,937.50, will be paid to the Vendors in proportion to their respective interest in the Target Company by way of allotment and issue of 3,789,375,000 consideration shares at the issue price of HK\$0.1025 and with par value of HK\$0.00002 per consideration share (the "Consideration Shares"), assuming the issue price of the Consideration Shares at the Acquisition Completion was approximately to its fair value; and
  - (b) HK\$129,470,312.50, will be paid to the Vendors in proportion to their respective interest in the Target Company by way of issue of consideration convertible bonds in the aggregate principal amount of HK\$129,470,312.50 entitling the Vendors (or its nominees) to convert into 1,263,125,000 conversion shares in full based on the initial conversion price of HK\$0.1025 per conversion share (the "Consideration CBs").

For the purpose of preparation of unaudited pro forma consolidated statement of financial position, the principal amount of the Consideration CBs are divided into debt component and equity component according to IAS 32 *Financial Instruments: Presentation* issued by the International Accounting Standards Board ("IASB"), on initial recognition.

The directors of the Company have engaged an independent valuer, Norton Appraisals Limited, to determine the fair value of the Consideration CBs to be recognised, in accordance with IFRS 13 *Fair Value Measurement* issued by the IASB. The fair value of the liability

component amounted to approximately HK\$41,655,000, which is determined by discounted cash flow method. The residual amount of HK\$87,815,000 was assigned to the equity component which will be credited to the equity of the Company.

The fair value of the liability component as at the date of Completion may be different from the value used in the Unaudited Pro Forma Financial Information.

6. The Company (as the vendor) and Mr. Jiang Jianhui (as the Disposal Purchaser) entered into the Disposal Agreement pursuant to which the Company has conditionally agreed to sell and Mr. Jiang has conditionally agreed to purchase the entire issued share capital of Global Milk Singapore for a total consideration of HK\$1.00. As Global Milk Singapore and its subsidiaries have been deconsolidated by the Group in the previous year of 2011, the Enlarged Group would record a gain on the Disposal of HK\$1.00, assuming the Disposal had taken place on 1 January 2017.
7. To record the issue of Placing Shares assuming 757,875,000 Placing Shares have been placed at the placing price of HK\$0.1025, the pro forma adjustments include (i) an increase in share capital of approximately HK\$15,000, representing 757,875,000 shares of the Company at par value of HK\$0.00002 each and (ii) an increase in share premium of approximately HK\$77,667,000.
8. The pro forma adjustment represents the Company issued and allotted of 101,050,000 Offer Shares at HK\$0.1025 with par value of HK\$0.00002 per Offer Share on the basis of 1 Offer Share for every 5 Consolidated Shares held on the Record Date. The estimate net proceeds raised from the Open Offer was approximately HK\$10,358,000.

The pro forma adjustments include (i) an increase in share capital of approximately HK\$2,000, representing 101,050,000 shares of the Company at par value of HK\$0.00002 each and (ii) an increase in share premium of approximately HK\$10,356,000.

9. The pro forma adjustment represents expenditures incurred directly to the Transactions including financial advisor fees, legal fees, printing costs, accountants fees, and other related expenses of approximately HK\$11,500,000 would be charged to the Enlarged Group's consolidated profit or loss accounts for the year ended 31 December 2017, assuming the Transactions had been taken place on 1 January 2017. The adjustment has no continuing effect to the Enlarged Group but will be reflected in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Enlarged Group in the year these expenses actually incurred.
10. As described in note 5(b) above, HK\$129,470,312.50 of the convertible bonds would be issued as part of the consideration to acquire the Target Group. The adjustment represents imputed interests on the Consideration CBs of approximately HK\$13,041,000 for the year ended 31 December 2017, assuming the Acquisition had taken place on 1 January 2017. The imputed interest expense recognised in the statement of profit or loss and other comprehensive income is calculated using the effective interest method.

11. The table below is related to the presentation of the issued capital of the Enlarged Group upon completion of the Transactions.

The share capital is adjusted to reflect the capital of the legal parent (the accounting acquiree — the Company). It is represented by the movements in the share capital of the Company as follows:

	Number of ordinary shares	Par or nominal value <i>HK\$'000</i>
Authorised:		
At 31 December 2017 (shares of HK\$0.00001 each)	<u>38,000,000,000</u>	<u>380</u>
Immediately after the changes to the authorised share capital of the Company (shares of HK\$0.00002 each)	<u>19,000,000,000</u>	<u>380</u>
Issued and fully paid:		
At 31 December 2017	505,250,000	10
Shares to be issued upon completion of the Acquisition Agreement	3,789,375,000	76
Shares to be issued upon completion of the Placing Agreement	757,875,000	15
Shares to be issued upon completion of the Open Offer	<u>101,050,000</u>	<u>2</u>
The pro forma issued share capital of the Enlarged Group	<u>5,153,550,000</u>	<u>103</u>

12. Unaudited pro forma statement of adjusted consolidated net tangible assets of the Enlarged Group

	Unaudited net tangible liabilities of the Company as at 31 December 2017 <i>HK\$'000</i> <i>Note a</i>	Unaudited net tangible liabilities of the Company per Share as at 31 December 2017 <i>HK\$</i> <i>Note b</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group as at 31 December 2017 <i>HK\$'000</i> <i>Note c</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group per Share as at 31 December 2017 <i>HK\$</i> <i>Note d</i>
Consolidated net tangible (liabilities)/ assets	<u>(43,307)</u>	<u>(0.043)</u>	<u>93,055</u>	<u>0.015</u>

*Notes:*

- a) The unaudited net tangible liabilities of the Company as at 31 December 2017 is based on the amount of unaudited net tangible liabilities attributable to the owners of the Company as at 31 December 2017, which is extracted from the Company's annual report 2017.
  - b) The number of shares used for the calculation of the unaudited net tangible liabilities of the Company per share is 1,010,500,000, being the number of shares in issue as at 31 December 2017.
  - c) The unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group are calculated on the basis of the amount of the unaudited pro forma adjusted consolidated net assets of the Enlarged Group as at 31 December 2017, which is extracted from the unaudited pro forma consolidated statement of financial position of the Enlarged Group after excluding (i) intangible assets of approximately HK\$561,000; and (ii) liabilities component of the Consideration CBs of approximately HK\$41,655,000, assuming the Consideration CBs have been fully converted as at 31 December 2017.
  - d) The number of shares used for the calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group attributable to the owners of the Company after completion of the Transactions are based on 6,416,675,000 shares in issue upon completion of the Transactions, which represents:
    - (i) 505,250,000 Consolidated Shares of the Company in issue upon the Share Consolidation has taken place as at 31 December 2017;
    - (ii) 3,789,375,000 Consideration Shares to be issued under the Acquisition as at 31 December 2017;
    - (iii) 1,263,125,000 Conversion Shares to be issued under the Acquisition as at 31 December 2017;
    - (iv) 757,875,000 Placing Shares to be issued at 31 December 2017; and
    - (v) 101,050,000 Offer Shares to be issued at 31 December 2017.
13. No adjustment has been made to the unaudited pro forma financial information to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 31 December 2017 in respect of the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

**B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE ENLARGED GROUP**

The following is the text of a report received from the reporting accountants of the Company, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this Prospectus, in respect of the unaudited pro forma financial information for the purpose in this Prospectus.



國衛會計師事務所有限公司  
**Hodgson Impey Cheng Limited**

31/F, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

8 June 2018

The Board of Directors  
Daqing Dairy Holdings Limited  
Room 2512, 25/F.  
Cosco Tower  
183 Queen's Road Central  
Hong Kong

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN AN  
INVESTMENT CIRCULAR**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Daqing Dairy Holdings Limited (the “**Company**”) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position of the Company as at 31 December 2017, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2017 and related notes as set out on pages II-1 to II-9 issued by the Company dated 8 June 2018 (the “**Prospectus**”). The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information are described in page II-1.

The unaudited pro forma financial information has been compiled by the directors to illustrate the impact of the Share Consolidation, Acquisition, the Disposal, the Share Placing and the Open Offer (as defined in the section headed “Definitions” of the Prospectus, collectively the “**Transactions**”) on the Company's financial position as at 31 December 2017 and the Company's financial performance and cash flows for the year ended 31 December 2017 as if the Transactions had taken place at 31 December 2017. As part of this process, information about the Company's financial position, financial performance



and cash flows has been extracted by the directors of the Company (the “**Directors**”) from the Company’s annual report for the year ended 31 December 2017, on which an audit report has been published.

### **Directors’ responsibility for the unaudited pro forma financial information**

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

### **Our independence and quality control**

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

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

### **Reporting accountants’ responsibilities**

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

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

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

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2017 would have been as presented.

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

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

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

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

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

**Opinion**

In our opinion:

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

Your Faithfully  
**HLB Hodgson Impey Cheng Limited**  
*Certified Public Accountants*  
**Yu Chi Fat**  
Practising Certificate Number: P05467  
Hong Kong

## 1. RESPONSIBILITY STATEMENT

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

## 2. SHARE CAPITAL

The authorised and issued share capital in our Company as at the Latest Practicable Date and immediately following (i) the Share Consolidation having become effective; (ii) the issue of the Consideration Shares and the Conversion Shares upon the conversion of the Consideration CBs in full; (iii) the Share Placing and (iv) the Open Offer will be as follows:

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

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>19,000,000,000</u>	Consolidated Shares of HK\$0.00002 each	<u>380,000.00</u>
<i>Issued and fully paid:</i>		<i>HK\$</i>
<u>505,250,000</u>	Consolidated Shares of HK\$0.00002 each in issue	<u>10,105.00</u>

**(ii) Immediately following (a) the issue of the Consideration Shares; (b) issue of Conversion Shares (assuming all Consideration CBs are fully converted); (c) the Share Placing; and (d) the Open Offer**

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>19,000,000,000</u>	Consolidated Shares of HK\$0.00002 each	<u>380,000.00</u>
<i>Issued and fully paid:</i>		
505,250,000	Consolidated Shares in issue	10,105.00
3,789,375,000	Consolidated Shares to be issued pursuant to the Acquisition Agreement	75,787.50
1,263,125,000	Conversion Shares to be issued upon the full conversion of the Consideration CBs issued pursuant to the Acquisition Agreement at the initial conversion price of HK\$0.1025 per Conversion Share	25,262.50
101,050,000	Offer Shares to be issued under the Open Offer	2,021.00
<u>757,875,000</u>	Placing Shares to be issued pursuant to the Placing Agreement	<u>15,157.50</u>
<u>6,416,675,000</u>	Total	<u>128,333.50</u>

Since 31 December 2017, the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date, no Consolidated Shares have been allotted and issued by the Company or repurchased by the Company. The Company did not buy back any Consolidated Share during the 12 month period immediately preceding the Latest Practicable Date. No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Consolidated Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

When fully paid and allotted, the Consideration Shares, Conversion Shares, the Offer Share and the Placing Shares will rank *pari passu* in all respects among themselves, including all dividends and distributions which may be declared, paid or made by the Company, voting and interest in capital, with the Consolidated Shares in issue as at the respective date of allotment and issue thereof.

As at the Latest Practicable Date, there were no outstanding options, warrants or other conversion rights over any part of the Company's share capital.

As at the Latest Practicable Date, no capital of any member of the Group was under option, or agreed conditionally or unconditionally to put under option. As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

### Status of the Offer Shares

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

There has been no alteration in the share capital of the Company within two years immediately preceding the Latest Practicable Date.

As the excluded companies, being all the subsidiaries of the Company, will be divested pursuant to the Disposal, no information is included in this Prospectus regarding the change, if any, in share capital or registered capital of the excluded companies.

## 3. DISCLOSURE OF INTERESTS

### i Interests of the Directors

As at the Latest Practicable Date, the interests (or long positions) and short positions of Directors and chief executive of the Company in the Consolidated Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO) or (ii) as recorded in the register required to be kept under section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules or required to be disclosed under the Takeovers Code, were as follows:

#### *Long positions in the Consolidated Shares and underlying shares of the Company*

Name of director	Capacity	Number of Consolidated Shares held	Approximate percentage of shareholding
Dr. Choi ( <i>Note</i> )	Interest in controlled corporation	320,838,314	63.50%

*Note:*

The 320,838,314 Consolidated Shares are held by Global Courage Limited (“**Global Courage**”). Global Courage is wholly-owned by Head and Shoulders Direct Investment Limited (“**Head and Shoulders**”), which in turn is wholly-owned by Dr. Choi. Thus, Head and Shoulders and Dr. Choi are deemed to be interested in the 320,838,314 Consolidated Shares held by Global Courage pursuant to the SFO.

Save as disclosed above, no other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated companies were notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO; or were recorded in the register required to be kept under section 352 of the SFO; or was otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## ii. Interests of substantial shareholders

As at the Latest Practicable Date, the following persons (not being Directors and chief executive of the Company) had an interest (or long positions) or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group:

*Long positions in the Consolidated Shares and underlying shares of the Company*

Name	Capacity	Number of Consolidated Shares/ underlying shares held	Approximate percentage of shareholding
Global Courage Limited (Note 1)	Beneficial owner	320,838,314	63.50%
Head and Shoulders Direct Investment Limited (Note 1)	Interest of controlled corporation	320,838,314	63.50%
Mr. Hung (Note 2)	Beneficial owner	4,731,666,250	936.48%
Ms. Hung (Note 3)	Beneficial owner	148,543,500	29.40%
Mr. Ho (Note 4)	Beneficial owner	112,670,750	22.31%
Mr. So (Note 5)	Beneficial owner	59,619,500	11.81%

*Notes:*

1. The 320,838,314 Consolidated Shares are held by Global Courage. Global Courage is wholly-owned by Head and Shoulders, which in turn is wholly-owned by Dr. Choi. Thus, Head and Shoulders and Dr. Choi are deemed to be interested in the 320,838,314 Consolidated Shares held by Global Courage pursuant to the SFO.
2. Under the SFO, the Vendors are deemed to be interested in the Consideration Shares and the Conversion Shares to be allotted and issued to them upon the Acquisition Completion pursuant to the Acquisition Agreement. As such, Mr. Hung is deemed to be interested in the 3,548,749,688 Consideration Shares to be allotted and issued to him upon the Acquisition Completion and the 1,182,916,563 Conversion Shares to be allotted and issued to him upon the full conversion of the Consideration CBs granted to him pursuant to the Acquisition Agreement.
3. Under the SFO, the Vendors are deemed to be interested in the Consideration Shares and the Conversion Shares to be allotted and issued to them upon the Acquisition Completion pursuant to the Acquisition Agreement. As such, Ms. Hung is deemed to be interested in the 111,407,625 Consideration Shares to be allotted and issued to her upon the Acquisition Completion and the 37,135,875 Conversion Shares to be allotted and issued to her upon the full conversion of the Consideration CBs granted to her pursuant to the Acquisition Agreement.
4. Under the SFO, the Vendors are deemed to be interested in the Consideration Shares and the Conversion Shares to be allotted and issued to them upon the Acquisition Completion pursuant to the Acquisition Agreement. As such, Mr. Ho is deemed to be interested in the 84,503,062 Consideration Shares to be allotted and issued to him upon the Acquisition Completion and the 28,167,688 Conversion Shares to be allotted and issued to him upon the full conversion of the Consideration CBs granted to him pursuant to the Acquisition Agreement.
5. Under the SFO, the Vendors are deemed to be interested in the Consideration Shares and the Conversion Shares to be allotted and issued to them upon the Acquisition Completion pursuant to the Acquisition Agreement. As such, Mr. So is deemed to be interested in the 44,714,625 Consideration Shares to be allotted and issued to him upon the Acquisition Completion and the 14,904,875 Conversion Shares to be allotted and issued to him upon the full conversion of the Consideration CBs granted to him pursuant to the Acquisition Agreement.



*Persons who were interested in 10% or more of the issued voting shares of any other member of the Enlarged Group*

<b>Name of the member of the Enlarged Group</b>	<b>Name of Shareholder</b>	<b>Approximate percentage of interest held in the member of the Enlarged Group</b>
合肥輝哥餐飲管理有限公司 (Hefei Huige Catering Management Company Limited*)	合肥蜚翔餐飲服務有限公司 (Hefei Feixiang Catering Services Company Limited*)	30%

As at the Latest Practicable Date, save as disclosed above and in this Prospectus, no person has any interest in 10% or more of the issued voting shares of any member of the Enlarged Group.

Save as disclosed, the Directors and chief executive of the Company are not aware, as at the Latest Practicable Date, of any person (who are not Directors and chief executive of the Company) who had an interest (or long position) or short position in the Consolidated Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group.

#### **4. INTEREST OF DIRECTORS**

As at the Latest Practicable Date:

- (i) Save for Mr. Hung and Mr. So, who are the proposed Directors and are also the Vendors under the Acquisition Agreement, none of the Directors and the proposed Directors had any direct or indirect interest in any assets which have been, since 31 December 2017 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (ii) Save for Mr. Hung and Mr. So, who are the proposed Directors and are also the Vendors under the Acquisition Agreement, none of the Directors and the proposed Directors was materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Group.

## 5. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, each of the Directors has a contract of service with the Company, which (i) (including both continuous and fixed term contracts) have been entered into or amended within six months before the commencement of the Offer Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period:

<b>Name of Director</b>	<b>Term of the contract</b>	<b>Amount of remuneration payable</b>
Dr. Choi	Effective from 29 January 2016 subject to retirement by rotation at least once every years and subject to the Articles of Association and applicable laws	HK\$120,000 per year
Mr. Choi Ka Wai	Effective from 29 January 2016 subject to retirement by rotation at least once every years and subject to the Articles of Association and applicable laws	HK\$120,000 per year
Mr. Ha Kee Choy Eugene	Effective from 29 January 2016 subject to retirement by rotation at least once every years and subject to the Articles of Association and applicable laws	HK\$120,000 per year
Mr. Fok Wai Ming Eddie	Effective from 29 January 2016 subject to retirement by rotation at least once every years and subject to the Articles of Association and applicable laws	HK\$120,000 per year
Mr. Szeto Tat Kwan	Effective from 29 January 2016 subject to retirement by rotation at least once every years and subject to the Articles of Association and applicable laws	HK\$120,000 per year

The Company intends to enter into service contracts with each of the proposed Directors for an initial term of three years, commencing from their respective appointment dates.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of the Enlarged Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

## 6. LEGAL PROCEEDING OF THE ENLARGED GROUP

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation, arbitration or claim that has a material and adverse effect on the Enlarged Group's business, financial conditions or results or operations, no litigation, arbitration or claim of material importance was known to the Directors and the proposed Directors to be pending or threatened against any member of the Enlarged Group.

## 7. SUMMARY OF MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Enlarged Group within the two years preceding the date of this Prospectus and are or may be material:

- (i) the Disposal Agreement;
- (ii) the Acquisition Agreement;
- (iii) the Underwriting Agreement; and
- (iv) the Placing Agreement.

## 8. COMPETING INTERESTS

None of the Directors, the proposed Directors, Mr. Hung, nor any of their respective close associates is a director or a shareholder of any company, firm, corporation, business or enterprise (in whatever form) engaged in a business similar to or in competition with the existing business of the Enlarged Group or any of its subsidiaries, either directly or indirectly, apart from the Enlarged Group itself, in light of their sizes, nature, location and/or targeted customers.

## 9. CONSENTS AND QUALIFICATIONS OF EXPERT

HLB Hodgson Impey Cheng Limited has given and has not withdrawn respective written consents to the issue of this Prospectus with copies of the reports, valuation certificate, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

The qualification of the expert who has given opinions in this Prospectus is as follows:

<b>Name</b>	<b>Qualifications</b>
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

As at the Latest Practicable Date, HLB Hodgson Impey Cheng Limited does not have any shareholding in any members of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable date, HLB Hodgson Impey Cheng Limited did not have any interest, either directly or indirectly in any assets which have been since 31 December 2017 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to member of Group or Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Group or Enlarged Group.

## 10. CORPORATE INFORMATION

<b>Registered office</b>	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Head office and principal place of business</b>	Room 2512, 25/F Cosco Tower 183 Queen's Road Central Hong Kong
<b>Company secretary</b>	Mr. Wong Chun Kit ( <i>HKICS</i> )
<b>Authorised representatives</b>	<i>As at the Latest Practicable Date</i> Dr. Choi Chiu Fai Stanley Mr. Wong Chun Kit Room 2512, 25/F Cosco Tower 183 Queen's Road Central Hong Kong  <i>Upon Resumption</i> Mr. Hung Shui Chak Flat C, 39/F, Block 2, Robinson Place 70 Robinson Road, Mid-Level Hong Kong  Mr. Yuan Mingjie Suite 2801, No. 14, Lane 258 Hongrun International Garden Tiandong Road, Shanghai, 200235 China
<b>Auditors</b>	HLB Hodgson Impey Cheng Limited <i>Certified Public Accountants</i> 31/F., Gloucester Tower The Landmark, 11 Pedder Street Central, Hong Kong

<b>Principal share registrar and transfer office</b>	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Hong Kong branch share registrar and transfer office</b>	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen’s Road East Wanchai Hong Kong
<b>Principal bankers</b>	China Merchants Bank Co., Limited 21/F Bank of America Tower 12 Harcourt Road Central, Hong Kong  The Bank of East Asia, Limited 10 Des Voeux Road Central, Hong Kong  Wing Lung Bank Limited 45 Des Voeux Road Central, Hong Kong

#### 11. PARTIES INVOLVED IN THE OPEN OFFER

<b>Financial adviser to the Company</b>	Veda Capital Limited Room 1106, 11/F., Wing On Centre 111 Connaught Road Central Hong Kong
<b>Underwriter</b>	Enhanced Securities Limited 37/F, Times Tower 393 Jaffe Road Wanchai Hong Kong
<b>Legal adviser to the Company</b>	<i>As to Hong Kong Law:</i> Michael Li & Co. 19/F., Prosperity Tower No. 39 Queen’s Road Central Central Hong Kong

**12. PARTICULARS OF DIRECTORS**

The following are the existing Directors who will resign as Directors upon Resumption except Mr. Ha Kee Choy Eugene:

<b>Name</b>	<b>Address</b>	<b>Nationality</b>
<i>Executive Directors</i>		
Dr. Choi Chiu Fai Stanley (蔡朝暉)	Flat A, 6th Floor The Albany No.1 Albany Road Hong Kong	Chinese
Mr. Choi Ka Wai (蔡嘉偉)	Flat C, 34/F. Mei Hong Court South Horizons Phase 3 Ap Lei Chau Hong Kong	Chinese
<i>Independent Non-executive Directors</i>		
Mr. Ha Kee Choy Eugene (夏其才)	Flat E, 26/F. Hsia Kung Mansion 24 Taikoo Shing Road Hong Kong	Chinese
Mr. Szeto Tat Kwan (司徒達坤)	Flat B, 40/F., Tower 13 Ocean Shores Tseung Kwan O Kowloon Hong Kong	Chinese
Mr. Fok Wai Ming Eddie (霍偉明)	Flat G, 17/F., Block 1 San Po Kong Plaza 33 Shung Ling Street San Po Kong, Kowloon Hong Kong	Chinese

The following are the proposed Directors with effect from Resumption:

<b>Name</b>	<b>Address</b>	<b>Nationality</b>
<i>Executive Directors</i>		
Mr. Hung Shui Chak (洪瑞澤)	Flat C, 39/F, Block 2 Robinson Place 70 Robinson Road Mid-level, Hong Kong	Chinese
Mr. So Kam Chuen (蘇錦存)	Room 329 Wai Sum House Lung Heng Estate Shatin, New Territories Hong Kong	Chinese
Mr. Yuan Mingjie (袁明捷)	Suite 2801, No. 14, Lane 258 Hongrun International Garden Tiandong Road, Shanghai, 200235 China	Chinese
Mr. Chen Jun (陳軍)	Room 1201, No.7 3468 Nong, Hunan Road Mei Lin Residential Quarter Shanghai PRC	Chinese
<i>Independent Non-executive Directors</i>		
Mr. Chan Chun Yiu Thomas (陳浚耀)	Flat D, 2/F, Nga Yuen 66-68 Village Road Happy Valley, Hong Kong	Chinese
Mr. Mai Guangfan (麥廣帆)	Flat A, 10/F, Block 2 Oscar By The Sea Tseung Kwan O, NT Hong Kong	Chinese

**Existing executive Directors**

**Dr. Choi**, aged 49, was appointed as an executive Director in January 2016. He was subsequently appointed as the chairman of the Board, the chief executive officer and the authorised representative of the Company in February 2016. He possesses more than 20 years of experience in financial service and merger and acquisition projects. He is the chairman of Head & Shoulders Financial Group. Apart from working at senior positions for different financial groups in Hong Kong, Dr. Choi has also served as a member of the senior management of several companies which are listed on the Stock Exchange. He is currently the chairman and an executive director of International Entertainment Corporation (stock code: 1009) and an executive director of Target Insurance (Holdings) Limited (stock code: 6161), the shares of which are listed on the Main Board of the Stock Exchange. Dr. Choi was an executive director of Media Asia Group Holdings Limited (stock code: 8075) from October 2011 to September 2015, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange. Dr. Choi was also an independent director of Guanghe Landscape Culture Communication Co., Ltd, Shanxi (山西廣和山水文化傳播股份有限公司) (stock code: 600234) from July 2016 to September 2016, the shares of which are listed on the Shanghai Stock Exchange. Dr. Choi obtained a Bachelor's Degree of Business Administration (Magna Cum Laude) majoring in finance from Wichita State University in 1995 and a Degree of Master of Science in International Finance from University of Illinois at Urbana Champaign in 1996, both of which are in United States of America. He has also obtained a Doctor of Business Administration Degree from City University of Hong Kong in 2013. Dr. Choi is the uncle of Mr. Choi Ka Wai.

**Mr. Choi Ka Wai (蔡嘉偉) ("Mr. Choi")**, aged 29, was appointed as an executive Director in January 2016. He is an assistant manager at Head & Shoulders Securities Limited. He obtained his Bachelor's Degree of Arts majoring in Economics from Hunter College City University of New York in 2012. Since graduation, Mr. Choi has been actively engaged in sales and marketing business in the United States and China. Mr. Choi is the nephew of Dr. Choi.

**Existing independent non-executive Directors**

**Mr. Ha Kee Choy Eugene (夏其才) ("Mr. Ha")**, aged 61, was appointed as an independent non-executive Director in January 2016. He was subsequently appointed as the chairman of the remuneration committee (the "Remuneration Committee") of the Company and a member of each of the audit committee (the "Audit Committee") and the nomination committee (the "Nomination Committee") of the Company in February 2016. He holds a Master's Degree in Business Administration and is a fellow member of the Association of Chartered Certified Accountants. He has over 20 years of experience in the finance and banking industry and acts or/and acted as director of a number of private and listed companies in Hong Kong. Mr. Ha is the director of a certified public accountants corporate practice in Hong Kong. He is currently an independent non-executive director of China Touyun Tech Group Limited (stock code: 1332) and International Entertainment Corporation (stock code: 1009). Mr. Ha was an independent non-executive director of Heritage International Holdings Limited (stock



code: 412) (now known as China Shandong Hi-Speed Financial Group Limited) from October 2005 to April 2015. The shares of these companies are listed on the Main Board of the Stock Exchange.

**Mr. Szeto Tat Kwan Brandon (司徒達坤) (“Mr. Szeto”)**, aged 45, was appointed as an independent non-executive Director in January 2016. He was subsequently appointed as the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee in February 2016. He is currently the General Manager, Head of APAC Wealth Management, of Chubb Life Insurance Company Limited. He has previously held senior positions in other international life insurance companies with offices in Hong Kong. Mr. Szeto is an Associate Member of the Society of Actuaries in USA since 2009 and also a Member of the Actuarial Society of Hong Kong. Mr. Szeto received his Honors degree majoring in Econometrics from Monash University in Australia in 1997.

**Mr. Fok Wai Ming Eddie (霍偉明) (“Mr. Fok”)**, aged 50, was appointed as an independent non-executive Director in January 2016. He was subsequently appointed as the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee in February 2016. He is currently the company secretary and the authorised representative of China Fortune Holdings Limited (stock code: 110), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Fok graduated from the University of Hong Kong with a bachelor’s degree of Science in Engineering and the University of Wolverhampton with a bachelor’s degree in laws and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Fok has years of practical experience in accounting, finance and corporate management of both listed and unlisted companies in Hong Kong. Mr. Fok was also an independent non-executive director of Wanjia Group Holdings Limited (stock code: 401) from March 2017 to February 2018 and the company secretary of South West Eco Development Limited (stock code: 1908) (now known as C&D International Investment Group Limited) from May 2013 to December 2013, the shares of which are listed on the Main Board of the Stock Exchange.

#### **Proposed executive Directors**

**Mr. Hung Shui Chak (洪瑞澤先生) (“Mr. Hung”)** (formerly known as Hung Pan (洪斌)), aged 48, is proposed to be an executive Director of the Enlarged Group which will take effect upon Resumption.

Mr. Hung will be primarily responsible for formulating the overall development strategies and business plan of the Enlarged Group. Mr. Hung has engaged in the investment and operation of trading of raw materials in food and catering and automobile business in Hong Kong prior to 1990. He has vast experiences of investments in various business in the PRC and commenced in investments in the PRC. He has now accumulated over 7 years of experience in the management of food and catering industry in the PRC.

Mr. Hung took the overall business development of the Target Group since 2012 and continues to oversee the management of the operations and business of the Target Group. He has guided the operations and business of the Target Group in adhering to quality and innovation in the operations since he took up the business development of the Target Group in 2009.

**Mr. So Kam Chuen (蘇錦存先生) (“Mr. So”)**, aged 37, is proposed to be an executive Director of the Enlarged Group which, subject to approval by the Shareholders at the EGM, will take effect upon Resumption.

Mr. So will be responsible for overseeing the overall management, day-to-day operation and production of the Enlarged Group. He joined the Target Group in November 2004 and is serving as the Executive Chef and Brand General Manager of *Faigo* (輝哥) and *Xiao Faigo* (小輝哥) and has over 12 years of experience in the catering industry and operations management. He joined the catering business in Hong Kong after finishing school education in Hong Kong in 1997. During his service with the Target Group, Mr. So is responsible for overseeing the operations of all the restaurants of the Target Group, developing new cuisine, controlling the quality of food and services of *Faigo* (輝哥) and *Xiao Faigo* (小輝哥) to ensure the upscale of food and services.

**Mr. Yuan Mingjie (袁明捷先生) (“Mr. Yuan”)**, aged 39, is proposed to be an executive Director of the Enlarged Group which will take effect upon Resumption.

Mr. Yuan will be responsible for overseeing the overall financial management and reporting and corporate finance matters of the Enlarged Group. He has over two years of experience in auditing and accounting in various industries. He was the Vice President and Corporate Secretary of CY Oriental Holdings Ltd., a company listed on the Toronto Stock Exchange (Stock code: CYO:APH), from 2004 to 2008. He also served as an auditor at PricewaterhouseCoopers Zhong Tian CPAs Limited Company from 2001 to 2003. Mr. Yuan is currently the Executive Vice President & Chief Operating Officer of Carsone Car Detailing Service Company Limited\* (上海比鄰美車堂汽車美容有限公司) (“**Carsone**”), a company which was previously controlled by Mr. Hung who disposed of his interest in Carsone to Independent Third Party in 2012 and now only retains approximately 5.4% shareholding in Carsone and remains as a director of Carsone, since 2012. Mr. Yuan was awarded a Bachelor Degree in English Language and Literature from Shanghai International Studies University (上海外國語大學) in 2001 and a Master Degree in Business Administration from Shanghai Jiao Tong University (上海交通大學) in 2012.

**Mr. Chen Jun (陳軍先生) (“Mr. Chen”)**, aged 47, is proposed to be an executive Director of the Enlarged Group which will take effect upon Resumption.

Mr. Chen will be responsible for business development and overseeing the day-to-day the operation and production of *Xiao Faigo* (小輝哥). He joined the Target Group in December 2012 and has been serving as the Brand Manager of *Xiao Faigo* (小輝哥) since then. He has over 15 years of experience in catering industry and operation management. Since 2001, Mr. Chen has served as a management in various catering

business, including Shanghai Min Catering Management Company Limited\* (小南國餐飲管理有限公司) and Shanghai Jinmeng Suzhehui Catering Company Limited\* (上海金萌蘇浙滙餐飲有限公司).

#### **Proposed independent non-executive Directors**

**Mr. Chan Chun Yiu Thomas (陳浚曜) (“Mr. Thomas Chan”)** (formerly known as Chan Chee Choi (陳子才)), aged 54, is proposed to be an independent non-executive Director of the Enlarged Group which will take effect upon Resumption. It is also proposed that he will act as the chairman of the nomination committee and a member of the audit committee and the remuneration committee of the Company.

Mr. Thomas Chan obtained a bachelor of laws degree in 1987 and the postgraduate certificate in laws in 1988, both at the University of Hong Kong. He was admitted as a solicitor in Hong Kong in 1990, and as a solicitor in United Kingdom in 1991. Following his admission as a solicitor in Hong Kong, he spent almost 15 years in private practice in Hong Kong with various local and international law firms, specialising in banking, commercial and real estate areas. He then left private practice and joined the Hong Kong Branch of Société Générale S.A. in March 2005, and left in August 2011 as its legal counsel at director level, specialising in listed and unlisted structured products, retail funds, exchange traded funds and general banking advisory work. Subsequently, he joined CLSA Hong Kong Holdings Limited as its senior legal adviser from August 2011 to April 2015. In February 2017, he joined International Entertainment Corporation (stock code: 1009), a company listed on the Main Board of the Stock Exchange. He is currently employed as the group general counsel of International Entertainment Corporation. He is also a director of various subsidiaries of International Entertainment Corporation incorporated in Hong Kong and British Virgin Islands. He has been appointed as an independent non-executive director of LEAP Holdings Group Limited (stock code: 1499) since November 2017 and has resigned with effective from 30 April 2018.

**Mr. Mai Guangfan (麥廣帆先生) (“Mr. Mai”)**, aged 49, is proposed to be an independent non-executive Director of the Enlarged Group which will take effect upon Resumption. It is also proposed that he will act as the chairman of the remuneration committee and member of the audit committee of the Company.

Mr. Mai has over 22 years experience in the catering industry and management. Since 1994, Mr. Mai founded the Prince Group, including Prince Restaurant, a restaurant in Hong Kong, Shenzhen and Xiamen, PRC focusing on high-end market; Prince Home Cuisine\* (王子私房菜), a restaurant in Zhongshan principally serving homemade style cuisine on high-end market; and Prince Banquet Hotel\* (王子國宴飯店), a restaurant in Shenzhen principally served for wedding banquets.

Currently, Mr. Mai is the Chairman of Catering Business Association of Zhongshan\* (中山飲食商會), a Vice President of International Master Chef Committee of the World Federation of Chinese Catering Industry (世界中餐業聯合會國際中餐名廚專業委員會), an Executive Director and General Manager of Shenzhen Mai Guangfan Catering Planning and Management Company Limited\* (深圳市麥廣帆飲食策劃管理有限公司).

Mr. Mai was a director of Prince Restaurant (Causeway Bay) Company Limited, which was incorporated in Hong Kong with limited liability and was dissolved on a voluntary basis by way of deregistration on 9 July 2009 as it ceased to carry on business. As confirmed by Mr. Mai, it was inactive at the time when it was dissolved and there was no wrongful act on his part leading to the dissolution and he is not aware of any actual or potential claim that has been or will be made against him as a result of such dissolution.

Please refer to the Circular for further details of the proposed Directors.

### **13. TOTAL EXPENSES**

The aggregate fees, together with the Stock Exchange listing fee, SFC transaction levy, legal and other professional fees, printing and other expenses relating to, among other things, the Share Consolidation, the Acquisition, the Disposal, the Open Offer and the Share Placing are estimated to be approximately HK\$31.3 million in aggregate, of which HK\$5.7 million and HK\$25.6 million are payable by the Company and the Target Group respectively.

### **14. LEGAL AND BINDING EFFECT**

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an acceptance or application is made pursuant to any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

### **15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

A copy of the Prospectus Documents, having attached thereto the written consent referred to in the paragraph headed “Expert’s Qualification and Consent” in this appendix, has been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

**16. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9: 00 a.m. to 6: 00 p.m., Monday to Friday (other than public holidays in Hong Kong) at the principal place of business of the Company at Room 2512, 25/F, Cosco Tower, 183 Queen's Road Central, Hong Kong for a period of 14 days from the date of this Prospectus:

1. the Memorandum and the Articles of Association of the Company;
2. the Directors' service contracts referred to in the paragraph headed "Service contracts" in this Appendix;
3. the annual reports of the Company for each of the three years ended 31 December 2017;
4. the report on unaudited pro forma financial information of the Enlarged Group issued by HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix II to this Prospectus;
5. the material contracts referred to in the paragraph headed "Summary of material contracts" in this Appendix III to this Prospectus;
6. the written consents referred to in the paragraph headed "Consents and qualifications of expert" in this Appendix III to this Prospectus;
7. a copy of the Circular; and
8. a copy of this Prospectus.

**17. MISCELLANEOUS**

The English text of this Prospectus shall prevail over the Chinese text.