
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about 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 **Contel Technology Company Limited**, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents, together with the other documents specified in the paragraph headed “(13) Documents delivered to the Registrar of Companies” 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 (WUMP) Ordinance. The Registrar of Companies in Hong Kong, the Hong Kong Exchanges and Clearing Limited, the Stock Exchange and the SFC take no responsibility as to the contents of any of the Prospectus Documents, make no representation as to the accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents. You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the paragraph headed “Warning of the Risks of Dealing in the Shares and the Rights Shares” in the “Letter from the Board” section in this prospectus.

Subject to the granting of listing of, and permission to deal in the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange in their nil-paid and fully paid forms on the Stock Exchange or such other date as may be determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. 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.

The securities described herein have not been registered under the US Securities Act or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the US Securities Act and applicable state laws. There is no intention to register any portion of the Rights Issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.

Distribution of this prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this prospectus comes should inform themselves of and observe any such restrictions. This prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States or to US persons (as defined in Regulation S under the US Securities Act).

Contel Technology Company Limited 康特隆科技有限公司 (Incorporated in the Cayman Islands with limited liability) (Stock Code: 1912)

RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE AT HK\$0.063 PER RIGHTS SHARE ON A NON-UNDERWRITTEN BASIS

Financial adviser to the Company



Alliance Capital Partners Limited
同人融資有限公司

Placing Agent



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this prospectus.

The Latest Time for Acceptance of and payment for the Rights Shares is 4:00 p.m. on Tuesday, 13 December 2022. The procedures for acceptance, application and transfer of Rights Shares are set out in the paragraph headed “Procedures for acceptance, application or transfer” in the “Letter from the Board” section of this prospectus.

The Shares have been dealt in on an ex-rights basis from Friday, 18 November 2022. Dealings in the Nil Paid Rights will take place from Thursday, 1 December 2022 to Thursday, 8 December 2022 (both days inclusive).

The Rights Issue is on a non-underwritten basis. Pursuant to the Company’s constitutional document, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue and the Rights Issue will proceed regardless of the ultimate subscription level. The Rights Issue is subject to fulfilment or (where applicable) waiver of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” in the “Letter from the Board” section of this prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Thursday, 22 December 2022, being the Latest Time for Termination). If the conditions of the Rights Issue are not fulfilled on or prior to the Latest Time for Termination, the Rights Issue will not proceed.

Any dealings in the Shares from the date of this prospectus up to the Latest Time for Termination and any dealings in the Nil Paid Rights from Thursday, 1 December 2022 to Thursday, 8 December 2022 (both days inclusive) are accordingly subject to the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the Nil Paid Rights, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

29 November 2022

NOTICE

The Rights Issue is on a non-underwritten basis. Pursuant to the Company's constitutional document, the Companies (WUMP) Ordinance and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue and the Rights Issue will proceed regardless of the ultimate subscription level. The Rights Issue is subject to fulfilment or (where applicable) waiver of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" in the "Letter from the Board" section of this prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Thursday, 22 December 2022). If the conditions of the Rights Issue are not fulfilled or (where applicable) waived on or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

ANY SHAREHOLDER OR OTHER PERSON CONTEMPLATING TRANSFERRING, SELLING OR PURCHASING SHARES AND/OR RIGHTS SHARES IN THEIR NIL-PAID FORM IS ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES AND/OR NIL-PAID RIGHTS SHARES. ANY PERSON WHO IS IN ANY DOUBT ABOUT HIS/HER/ITS POSITION OR ANY ACTION TO BE TAKEN IS RECOMMENDED TO CONSULT HIS/HER/ITS OWN PROFESSIONAL ADVISER(S).

THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING OFFERED TO SHAREHOLDERS WITH REGISTERED ADDRESSES ANY JURISDICTION OUTSIDE OF HONG KONG.

This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the Prospectus Documents are expected to be registered or filed under the securities laws of any jurisdiction other than Hong Kong and none of the nil-paid Rights Shares, the fully-paid Rights Shares or the Prospectus Documents will qualify for distribution under the relevant securities laws of any jurisdiction outside Hong Kong. Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong. Overseas Shareholders will not be eligible to take part in the Rights Issue. Each person acquiring the Rights Shares in nil-paid and/or fully-paid forms under the Rights Issue will be required to confirm, or be deemed by his or her or its acquisition of the Rights Shares in nil-paid and/or fully-paid forms to confirm, that he or she or it is aware of the restrictions on offers and sales of the Rights Shares in nil-paid and/or fully-paid forms described in this prospectus.

NOTICE

FORWARD-LOOKING STATEMENTS

All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, without limitation, statements in respect of the Group’s business strategies, service offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on the present expectations of the management of the Company about future events. The present expectations of the management of the Company reflect numerous assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

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DEFINITIONS

“Announcement”	the announcement of the Company dated 14 November 2022 in relation to, among other things, the Rights Issue
“associate”	has the meaning ascribed to it under the Listing Rules
“Beneficial Owner”	any beneficial owner of Shares whose Shares are registered in the name of a Registered Owner
“Board”	the board of Directors
“Business Day(s)”	any weekday(s) (other than a Saturday or a day 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 9:00 a.m. and 4:00 p.m.) on which banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participants”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as may be amended and supplemented from time to time

DEFINITIONS

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as may be amended and supplemented from time to time
“Company”	Contel Technology Company Limited, a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1912)
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the paragraph headed “Procedures in respect of Rights Shares not subscribed and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this Prospectus
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IC”	integrated circuit, also referred to as a chip, microchip or a microelectronic circuit

DEFINITIONS

“Independent Third Party(ies)”	third party(ies) who is(are) third party(ies) independent of and not acting in concert or connected with the Company and any its connected persons or any of their respective associates(s) of the Company and not a connected person of the Company
“Intermediary”	in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial Owner’s Shares with a CCASS Participant
“Irrevocable Undertakings”	the irrevocable undertakings dated 14 November 2022 granted by P. Grand and Kingtech in favour of the Company
“Kingtech”	Kingtech (BVI) Ltd., a company incorporated in British Virgin Islands with limited liability and a controlling shareholder of the Company
“Mr. Lam”	Mr. Lam Keung, the Chairman and Chief Executive Officer of the Company and an executive Director of the Company
“Mr. Qing”	Mr. Qing Haodong, an executive Director of the Company
“Last Trading Day”	14 November 2022, being the last full trading day for the Shares before the release of the Announcement
“Latest Acceptance Date”	Tuesday, 13 December 2022, being the last day for acceptance and payment of the Rights Shares, or such other date as the Company may determine
“Latest Practicable Date”	25 November, 2022, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining information contained herein
“Latest Time for Acceptance”	4:00 p.m. on the Latest Acceptance Date

DEFINITIONS

“Latest Time for Termination”	4:00 p.m. on Thursday, 22 December 2022, being the latest time to terminate the Placing Agreement
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules adopted by the Company
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting (a) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements; and (b) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees)
“Nil Paid Rights”	rights to subscribe for Rights Shares (in the form of Rights Shares in nil-paid form) before the Subscription Price is paid
“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the provisional allotment letters or their renounees, or such persons who hold any Nil Paid Rights at the time such Nil Paid Rights are lapsed
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body(ies) or stock exchange in that place(s)

DEFINITIONS

“NQS Unsold Rights Share(s)”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company on the Record Date is/are in a place(s) outside Hong Kong
“P. Grand”	P. Grand (BVI) Ltd., a company incorporated in the BVI with limited liability and a controlling shareholder of the Company
“Placing Agent”	DL Securities (HK) Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the Placing Agent appointed by the Company to place any Unsubscribed Rights Shares and NQS Unsold Rights Shares for the Placing Arrangement
“Placing Agreement”	the placing agreement dated 14 November 2022 entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“Placing Arrangement”	the placing arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares as described in the section headed “Placing Arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares” in the “Letter from the Board” contained in this prospectus
“Posting Date”	Tuesday, 29 November 2022, or such other date as the Company may determine in writing for the despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, which for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Prospectus” or “this prospectus”	the prospectus issued by the Company dated 29 November 2022 in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the Provisional Allotment Letter
“Provisional Allotment Letter(s)” or “PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue in such form as the Company may approve
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Monday, 28 November 2022 being the date by reference to which entitlements of the Shareholders under the Rights Issue were determined
“Registered Owner”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorised custodian or third party which is the registered holder in the register of members of the Company of the Shares in respect of which the Beneficial Owner is beneficially interested
“Registrar”	the branch share registrar and transfer office of the Company, being Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of two (2) Rights Shares for every five (5) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price
“Rights Share(s)”	the new Share(s) proposed to be allotted by the Company pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as may be amended and supplemented from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.063 per Rights Share
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC (as may be amended and supplemented from time to time)
“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders, which do not include any Rights Shares to be provisionally allotted to P. Grand and Kingtech for which subscription of Rights Shares will be subject to the Irrevocable Undertakings as set out in the paragraph headed “Undertakings” in the “Letter from the Board” section of this prospectus
“US person(s)”	any person(s) or entity(ies) deemed to be a US person for the purposes of Regulation S under the US Securities Act, as amended
“US Securities Act”	the US Securities Act of 1933, as amended from time to time
“%”	per cent

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out in below. This timetable is indicative only and has been prepared on the assumption that the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change. Further announcement(s) will be made in the event of any change to the timetable, as and when appropriate.

Event	Date
First day of dealings in nil-paid Rights Shares	Thursday, 1 December 2022
Latest time for splitting of PALs	4:30 p.m. on Monday, 5 December 2022
Last day of dealings in nil-paid Rights Shares	Thursday, 8 December 2022
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain	4:00 p.m. on Tuesday, 13 December 2022
Latest Time for Acceptance (of, and payment for, the Rights Shares)	4:00 p.m. on Tuesday, 13 December 2022
Announcement of the number of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares subject to the Compensatory Arrangements to be posted on the Stock Exchange's website and the Company's website on or before.	Wednesday, 14 December 2022
Commencement of placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent	Thursday, 15 December 2022
Latest time of placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent	6:00 p.m. on Wednesday, 21 December 2022
Latest Time for Termination	4:00 p.m., on Thursday, 22 December 2022

EXPECTED TIMETABLE

Announcement of the results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and the NQS Unsold Rights Shares under the Compensatory Arrangements) to be posted on the Stock Exchange's website and the Company's website on or before Friday, 23 December 2022

Despatch of share certificate for fully-paid Rights Shares and refund cheques if the Rights Issue does not become unconditional to be despatched on or before..... Wednesday, 28 December 2022

Commencement of dealings in fully-paid Rights Shares 9:00 a.m. on Thursday, 29 December 2022

Payment of the Net Gain (if any) to relevant No Action Shareholders and Non-Qualifying Shareholders (if any) Thursday, 19 January 2023

All dates and times in the expected timetable above and in this Prospectus refer to Hong Kong local times and dates.

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

The latest time for acceptance of and payment for Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a "black" rainstorm warning and/or "extreme conditions caused by super typhoons" as announced by the Government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the latest time for acceptance of, and payment for, the Rights Shares will be extended to 5:00 p.m. on the same Business Day; and
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the latest time of acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Tuesday, 13 December 2022, the dates mentioned in the expected time table above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

LETTER FROM THE BOARD

Contel Technology Company Limited

康特隆科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1912)

Executive Directors:

Mr. Lam Keung *(Chairman and Chief Executive Officer)*

Mr. Qing Haodong

Mr. Mai Lu

Ms. Cheng Yu Pik

Registered Office:

Cricket Square

Hutchins Drive

P O Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Independent Non-executive Directors:

Mr. Dan Kun Lei, Raymond

Mr. Chan Ngai Fan

Mr. Lai Man Shun

*Head Office and Principal Place of
Business in Hong Kong*

Unit No. A, 13th Floor, Block 1

Leader Industrial Centre

Nos. 188–202 Texaco Road

Tsuen Wan,

New Territories

Hong Kong

29 November 2022

To: Qualifying Shareholders

(Subject to compliance with relevant local laws, regulations and requirements)

for information purposes only, Non-Qualifying Shareholders

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES
FOR EVERY FIVE (5) EXISTING SHARES HELD ON
THE RECORD DATE AT HK\$0.063 PER RIGHTS SHARE
ON A NON-UNDERWRITTEN BASIS**

INTRODUCTION

Reference is made to the Announcement and in relation to, among other things, the Rights Issue.

LETTER FROM THE BOARD

It was announced that the Company proposed to raise not more than HK\$20.2 million before expenses by way of the Rights Issue to the Shareholders (on the basis that no new Shares are issued and no repurchase of Shares on or before the Record Date). The Rights Issue is not underwritten and involves the issue of 320,000,000 Rights Shares (on the basis that no new Shares are issued and no repurchase of Shares on or before the Record Date) at the Subscription Price of HK\$0.063 per Rights Share on the basis of two (2) Rights Shares for every five (5) existing Shares in issue on the Record Date.

The purpose of this prospectus is to provide you with further information on, among other things, the Rights Issue, including procedures for acceptance, transfer and splitting of provisional allotments of the Rights Shares and certain financial information and other information in respect of the Group.

Rights Issue statistics

Basis of the Rights Issue	:	Two (2) Rights Share for every five (5) existing Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.063 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.060 per Rights Share (assuming no change in the share capital of the Company on or before the Record Date and all the Rights Shares will be taken up by the Qualifying Shareholders)
Number of Shares in issue as at the Record Date	:	800,000,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 320,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Total number of Shares in issue upon completion of the Rights Issue	:	Up to 1,120,000,000 Shares (assuming no change in number of Shares in issue on or before the Record Date and all the Rights Shares will be taken up by the Qualifying Shareholders)

LETTER FROM THE BOARD

Aggregate nominal value of the Rights Shares	:	Up to approximately HK\$3,200,000 (assuming no change in number of Shares in issue on or before the Record Date and all the Rights Shares will be taken up by the Qualifying Shareholders)
Number of Rights Shares undertaken to be taken up	:	P. Grand and Kingtech have undertaken to take up 213,356,000 Rights Shares in aggregate (represented 66.67% of the total Rights Shares proposed to be provisionally allotted by the Company) pursuant to the Company pursuant to the Irrevocable Undertakings
Gross proceeds from the proposed Rights Issue	:	From approximately HK\$13.4 million (assuming nil acceptance by the Qualifying Shareholders other than those to be taken up pursuant to the Irrevocable Undertakings) to approximately HK\$20.2 million (assuming all the Rights Shares will be taken up by the Qualifying Shareholders)
Right of excess application	:	There will be no excess application arrangements in relation to the Rights Issue

As at the Latest Practicable Date, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record date.

Assuming no new Shares are issued and no repurchase of Shares on or before the Record Date, the maximum number of 320,000,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represents 40% of the total number of the existing issued Shares as at the Latest Practicable Date and 28.57% of the total number of the issued Shares as enlarged by the allotment and issue of the Rights Shares immediately upon completion of the Rights Issue.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders, which do not include any Rights Shares to be provisionally

LETTER FROM THE BOARD

allotted to P. Grand and Kingtech for which subscription of Rights Shares will be subject to the Undertaking as set out in the paragraph headed “Undertakings” in the “Letter from the Board” section of this prospectus, and the NQS Unsold Rights Shares will be placed to independent places under the Compensatory Arrangements. Any Unsubscribed Rights Shares and/or NQS Unsold Rights Shares which remain not placed following the completion of the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Qualifying Shareholder who applies to take up all or part of his/her/its entitlement under the Provisional Allotment Letter may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Qualifying Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Qualifying Shareholder (except for HKSCC Nominees) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Qualifying Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules.

The Cayman legal advisers of the Company have confirmed that there are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue.

Undertakings

As at the Latest Practicable Date, P. Grand and Kingtech, the controlling shareholders of the Company, are together interested in 533,390,000 Shares, representing approximately 66.67% of the issued Shares. Pursuant to the Irrevocable Undertakings, P. Grand and Kingtech have irrevocably undertaken to the Company that, among others, they will accept or procure the acceptance of the Rights Shares to be provisionally allotted to it under the Rights Issue of 213,356,000 Rights Shares (being all of the assured entitlement of P. Grand and Kingtech under the Rights Issue based on the existing shareholding structure of the Company, assuming that there will not be any change to the shareholding structure from the Latest Practicable Date up to and including the Record Date).

Save for the Irrevocable Undertakings, the Company has not received any information or irrevocable undertaking from any other Shareholder of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

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Subscription Price

The Subscription Price of HK\$0.063 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue and when a transferee of the Nil Paid Rights subscribes or applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 23.2% to the closing price of HK\$0.082 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 25.0% to the average closing prices of approximately HK\$0.084 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 28.4% to the average closing prices of approximately HK\$0.088 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 18.2% to the theoretical ex-rights price of approximately HK\$0.077 per Share based on the closing price of HK\$0.082 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Note 1 to Rule 7.27B of the Listing Rules) of approximately 7.1%, represented by the theoretical diluted price of approximately HK\$0.078 per Share to the benchmarked price of approximately HK\$0.084 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price of the Last Trading Day of HK\$0.082 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days prior to the Last Trading Day of approximately HK\$0.084 per Share)^(Note); and
- (vi) a discount of approximately 80.9% to the audited consolidated net asset value of the Company of approximately US\$0.043 (equivalent to approximately HK\$0.33 per Share) (based on the latest published audited consolidated net asset value attributable to owners of the Company of approximately US\$34,332,000 as at 31 December 2021 as disclosed in the annual report of the Company for the year ended 31 December 2021 and 800,000,000 Shares in issue as at the Latest Practicable Date).

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Note: Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. The possible maximum dilution to shareholders to those Qualifying Shareholders who do not subscribe to the Rights Issue is approximately 7.1%. The theoretical dilution effect of the Rights Issue of approximately 7.1% is below the 25% and is therefore not restricted pursuant to Rule 7.27B of the Listing Rules.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in connection with the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.060 per Rights Share (assuming no change in the share capital of the Company on or before the Record Date and all the Rights Shares will be taken up by the Qualifying Shareholders).

The Subscription Price was determined with reference to, among others, (i) recent market price of the Shares under prevailing market conditions; (ii) the latest business performance and financial position of the Group; and (iii) the reasons and benefits of Rights Issue as discussed in the paragraph headed “Reasons for and Benefits of the Rights Issue” in the “Letter from the Board” section of this prospectus.

The Directors (including the independent non-executive Directors) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the Nil-Paid Rights in the market; and (ii) the proposed Rights Issue would give Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the recent market price of the Shares; and (iii) the net proceeds from the Rights Issue would be used towards satisfying funding needs of the Group in achieving its business objectives.

Basis of provisional allotment

The basis of the provisional allotment shall be two (2) Rights Shares for every five (5) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

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Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the full amount payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. Any holding (or balance of holdings) of less than five (5) Shares will not entitle the holders to be provisionally allotted a Rights Share. Please refer to the arrangement as set out in the paragraph headed "No fractional entitlements to the Rights Shares" in the "Letter from the Board" section of this prospectus.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Conditions of the Rights Issue

The Rights Issue is conditional on the fulfilment of each of the following conditions:

- (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 (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Posting Date;
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on the Posting Date;
- (iii) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Shares as well as the Rights Shares in nil-paid and fully-paid forms by no later than the Business Day prior to the first day of their dealing; and
- (iv) the Placing Agreement not being terminated.

None of the conditions set out above can be waived. If any of the above conditions is not satisfied at or prior to the respective time stipulated therein, the Rights Issue will not proceed and in which case, a further announcement will be made by the Company at the relevant time.

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Status of the Rights Shares

The Rights Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares in their fully-paid form.

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

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date and not being a Non-Qualifying Shareholder.

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

The Company has despatched the Prospectus Documents to the Qualifying Shareholders on the Posting Date. To the extent reasonably practicable and subject to compliance with relevant local laws, regulations and requirements of Non-Qualifying Shareholders (if any), the Company will also send the Prospectus (but not the PALs) to Non-Qualifying Shareholders (if any) for their information only.

Non-Qualifying Shareholders

Non-Qualifying Shareholders (which are excluded from the Rights Issue) would not have any entitlement under the Rights Issue. However, arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, to be sold as soon as practicable after dealings in the Nil Paid Rights commence, if

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a premium (net of expenses) can be obtained. Please refer to the the section headed “Procedures in respect of the Rights Shares not subscribed and the NQS Unsold Rights Shares and the Compensatory Arrangements” in the “Letter from the Board” section of this Prospectus for further details.

No Overseas Shareholders

As at the Latest Practicable Date, except for P. Grand and Kingtech whose registered addresses are situated in the British Virgin Islands, no other Shareholder has a registered address (as shown on the register of members of the Company) which is outside of Hong Kong. Therefore, there is no Non-Qualifying Shareholders for the purpose of the Rights Issue.

The Company has obtained advice from qualified legal advisers as to British Virgin Islands law that, under the applicable legislations of the British Virgin Islands, there is no regulatory restriction or requirement of any regulatory body or stock exchange with respect to extending the Rights Issue to P. Grand and Kingtech. Accordingly, the Board is of the view that it is expedient to extend the Rights Issue to P. Grand and Kingtech being the only Overseas Shareholders with registered addresses in the British Virgin Islands, Such Overseas Shareholders are therefore considered as Qualifying Shareholders and these were no Non-Qualifying Shareholder as at Record Date.

It is the responsibility of the Shareholders (including the Overseas Shareholders) to observe the local legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Rights Shares.

Distribution of this Prospectus and other Prospectus Documents

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

Distribution of the Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons receiving the Prospectus Documents (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or beneficial owner who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

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Receipt of this prospectus and/or a PAL or the crediting of nil-paid Rights Shares to any stock account (including in CCASS) does not and will not constitute an offer in any jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or other Prospectus Documents must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and other Prospectus Documents or whose stock account in CCASS is credited with nil-paid Rights Shares should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer nil-paid Rights Shares to any person in, into or from, any jurisdiction outside Hong Kong and BVI, unless offer to such jurisdictions could lawfully be made without compliance with any registration or other legal or regulatory requirements or where the offer is made reliance on any exemption or where compliance with the relevant legal or regulatory requirement will not, in the Board's judgement, be unduly burdensome. If a PAL or a credit of nil-paid Rights Shares in CCASS is received by any person in any such territory, or by his/her/its agent custodian, nominee or trustee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL or transfer the nil-paid Rights Shares in CCASS unless the Company, in its absolute discretion, determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this prospectus and/or a PAL in, into or from, any jurisdiction outside Hong Kong, BVI and the PRC (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

Procedures for acceptance, application or transfer

General

Any Qualifying Shareholder (including, without limitation, any agent, custodian, nominee and trustee) wishing to take up the Rights Shares (in nil-paid or fully-paid form) under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

Each subscriber of the Rights Shares will be deemed (by accepting delivery of this prospectus) to have given each of the following representations and warranties to the Company and to any person acting on their behalf, unless the Company waives such requirement in its sole discretion in relation to the relevant representation(s) and/or warranty(ies) given to each of them:

- he/she/it was a Shareholder as at the Record Date, or he/she/it lawfully acquired or may lawfully acquire rights, directly or indirectly, from such a person;

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- he/she/it may lawfully be offered, take up, exercise, obtain, subscribe for and receive the rights and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;
- subject to certain exceptions, he/she/it is not resident or located in, or a citizen of, the United States, and is not a US person;
- subject to certain exceptions, he/she/it is not accepting an offer to acquire, take up or exercise rights or Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of the United States or is a US person at the time the instruction to accept was given;
- he/she/it is not doing so for the account of any person who is located in the United States or is a US person, unless:
 - a. the instruction to purchase or take up the rights or to subscribe for or accept Rights Shares was received from a person outside the United States who is not a US person; and
 - b. the person giving such instruction has confirmed that he/she/it (i) has the authority to give such instruction; and (ii) either (A) has investment discretion over such account; or (B) is an investment manager or investment company that is acquiring the Rights Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act;
- he/she/it is acquiring the rights and/or the Rights Shares in an “offshore transaction” as defined in Regulation S under the US Securities Act;
- he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S under the US Securities Act;
- he/she/it is not acquiring rights or Rights Shares with a view to the offer, sale, transfer, delivery or distribution, directly or indirectly, of such rights or Rights Shares into the United States; and
- he/she/it understands that neither the rights nor the Rights Shares have been or will be registered under the US Securities Act or with any securities regulatory authority of any state, territory, or possession of the United States and the rights or Rights Shares are being distributed and offered outside the United States to persons who are not US persons in reliance on Regulation S under the US Securities Act. Consequently, he/she/it

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understands the rights or Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the United States or to US persons, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the above representations and warranties.

Action to be taken by registered Shareholders

Subscription for all Rights Shares provisionally allotted

For each Qualifying Shareholder, a Provisional Allotment Letter(s) is enclosed with this prospectus which entitles the Qualifying Shareholder to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If Qualifying Shareholder(s) wish(es) to exercise his/her/their rights to subscribe for all the Rights Shares provisionally allotted to him/her/them as specified in the Provisional Allotment Letter(s), he/she/it must lodge the Provisional Allotment Letter(s) in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar by not later than 4:00 p.m. on the Latest Acceptance Date. Apart from P. Grand and Kingtech who has undertaken under the Irrevocable Undertakings to subscribe to their full entitlement to the Rights Shares which they are provisionally allotted by paying the Subscription Price in Hong Kong dollar or in US dollars (at the conversion rate of US\$ to HK\$ at 1:7.85), all other remittances by Qualifying Shareholders must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to **“Contel Technology Company Limited — Provisional Allotment Account”** and crossed **“Account Payee Only”**. Such payment will constitute acceptance of the terms of the Provisional Allotment Letter(s) and this prospectus and subject to the articles of association of the Company. No receipt will be issued for sums received on application. Share certificate(s) for all fully-paid Rights Share in respect of which the application is accepted will be sent to the Qualifying Shareholders, and in the case of joint Qualifying Shareholders, to the first named Qualifying Shareholder, by ordinary post at their own risk to their registered addresses on Wednesday, 28 December 2022.

It should be noted that unless the Provisional Allotment Letter(s), together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on the Latest Acceptance Date, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been

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declined and will be cancelled. The Company may, at its discretion, treat a Provisional Allotment Letter(s) as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

All cheques or banker's cashier orders will be presented for payment immediately following receipt and all interest earned on such monies will be retained for the benefit of the Company. **Completion and return of the Provisional Allotment Letter(s) will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the Provisional Allotment Letter(s) and any acceptance of it have been, or will be, duly complied with.** For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to such warranty and representation. Any Provisional Allotment Letter(s) 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 provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. If any of the conditions mentioned in the section headed "Conditions of the Rights Issue" in the "Letter from the Board" section of this Prospectus is not fulfilled, the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest by means of cheques despatched by ordinary post at the risks of such persons on Wednesday, 28 December 2022.

The Company reserves the right to refuse to accept any application for Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

Transfers and "splitting" of nil-paid Rights Shares

The nil-paid Rights Shares can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares, or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and/or sell the remaining part on the Stock Exchange.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the Provisional Allotment Letter(s) to more than one person, the original Provisional Allotment Letter(s) must be surrendered and lodged for cancellation together with a covering letter stating clearly the number of split Provisional Allotment Letter(s) required and the number of nil paid Rights Shares to be comprised in each split Provisional Allotment Letter(s) (which, in aggregate, should be equal to the number of Rights Shares provisionally allotted to such holder as stated in Box B of the original Provisional Allotment Letter(s), by no later than 4:30 p.m. on Monday, 5 December 2022 to the Registrar, Boardroom Share Registrars (HK) Limited, at

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2103B, 21/F, 148 Electric Road, North Point, Hong Kong, who will then cancel the original Provisional Allotment Letter(s) and issue new Provisional Allotment Letter(s) in the denominations required, which will be available for collection at the address of the Registrar above after 9:00 a.m. on the second Business Day after the surrender of the original Provisional Allotment Letter(s). This process is commonly known as “splitting” the nil-paid Rights Shares. Having “split” the nil-paid Rights Shares and upon collection of new PAL(s), you can transfer the relevant nil-paid Rights Shares to the relevant transferee(s) following the procedures and steps as stated in the below paragraph.

If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under a Provisional Allotment Letter(s) (or a split Provisional Allotment Letter(s), as the case may be) to another person, he/she/it should complete and sign the “Form of transfer and nomination” (Form B) in the Provisional Allotment Letter(s) and hand the Provisional Allotment Letter(s) to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete, sign and stamp “Registration application form” (Form C) in the Provisional Allotment Letter(s) and lodge the Provisional Allotment Letter(s) intact together with a remittance for the full amount payable on acceptance with the Registrar to effect the transfer by no later than 4:00 p.m. on the Latest Acceptance Date. It should be noted that Hong Kong stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares and the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS)

Subscription for Rights Shares provisionally allotted and transfers and “splitting” of nil-paid Rights Shares

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your nil-paid Rights Shares or “split” your nil-paid Rights Shares and accept part of your provisional allotment and sell the remaining part, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested.

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Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the “Expected Timetable for the Rights Issue” in this prospectus and otherwise in accordance with the requirements of the Registered Owner in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS

Subscription for Rights Shares provisionally allotted and transfers and “splitting” of nil-paid Rights Shares

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees, and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your nil-paid Rights Shares or “split” your nil-paid Rights Shares and accept part of your provisional allotment and sell the remaining part, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS.

The procedures for acceptance, transfer and/or “splitting” of Rights Shares provisionally allotted to Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with “Operating Guide for Investor Participants” and any other requirements of CCASS. Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in Rights Shares should be dealt with.

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Procedures in respect of the Rights Shares not subscribed and the NQS Unsold Rights Shares and the Compensatory Arrangements

The Company has made arrangements described in Rule 7.21(1)(b) of the Listing Rule to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

Pursuant to the Placing Agreement, the Company appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis. Any premium over, the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised will be paid to the No Action Shareholders and the Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than 6:00 p.m., on Wednesday, 21 December 2022, placees for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares which remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the Nil Paid Rights are, at the time they lapse, represented by a Provisional Allotment Letter, to the person whose name and address appeared on the Provisional Allotment Letter (unless that person is covered by (iii) below);
- (ii) where the Nil Paid Rights are, at the time they lapse, registered in the name of HKSCC Nominees, to the beneficial holders (via their respective CCASS participants) as the holder of those Nil Paid Rights in CCASS (unless that person is covered by (iii) below); and
- (iii) if the Rights Issue is extended to Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by any Overseas Shareholders, to those Overseas Shareholders.

For Net Gain (if any) to Non-Qualifying Shareholders, please refer to the paragraph headed “Non-Qualifying Shareholders” in the “Letter from the Board” section of this Prospectus.

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It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Non-Qualifying Shareholders may or may not receive any Net Gain.

Placing Arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares

On 14 November 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure independent placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights Shares. Details of the Placing Arrangement are as follows:

Date: 14 November 2022

Placing Agent: DL Securities (HK) Limited, a licensed corporation to carry out, among others, type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, was appointed as a Placing Agent to place or procure placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) are Independent Third Parties.

Placing Period: The period commencing from the second Business Day after the Latest Time for Acceptance, being Thursday, 15 December 2022 and ending at 6:00 p.m. on the sixth Business Day after the Latest Time for Acceptance, being Wednesday, 21 December 2022

Commission and expenses: The Company shall pay to the Placing Agent a placing commission equal to 3.5% of the gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. The Placing Agent shall be authorised to deduct such commission from the payment to be made by the Placing Agent to the Company at completion of the Placing.

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The Company will pay all the out-of-pocket expenses properly and reasonably incurred by the Placing Agent in connection with the Placing, except for fees of legal and other professional advisers incurred by the Placing Agent.

Placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe):

The price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe) under the placing shall be at least equal to the Subscription Price (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable).

The final price determination depends on the demand and market conditions of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the process of placement.

Placees:

The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to placee(s) who, and whose ultimate beneficial owner(s), are Independent Third Party(ies) and not beneficial holder(s) of existing issued Shares.

The Placing will not have any implication under the Takeovers Code and no Shareholder will be under an obligation to make a general offer under the Takeovers Code.

The Company will ensure that it complies with public float requirements under Rule 8.08(1)(a) of the Listing Rules at all material times.

Ranking of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares:

The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

Conditions:

The obligations of the Placing Agent under the Placing Agreement are conditional upon, without limitation, the conditions set out under the paragraph headed “Conditions of the Rights Issue” in the “Letter from the Board” section of this Prospectus.

LETTER FROM THE BOARD

Termination:

The Placing Arrangement shall end on 4:00 p.m. on Thursday, 22 December 2022 or any other date and time by mutual written agreement between the Placing Agent and the Company. The engagement of the Placing Agent may also be terminated by the Placing Agent in its absolute opinion in case of any force majeure event (as defined in the Placing Agreement) resulting in the Company and the Placing Agent being unable to fulfill their respective duties and responsibilities under the engagement.

Besides, the Placing Agent shall be entitled by notice in writing to the Company to elect to treat the following matters or events as releasing and discharging it from its obligations under the Placing Agreement if at or prior to the Latest Time for Termination:

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement;
- (ii) there is any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of any announcement or circular relating to the Rights Issue; or
- (iii) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate, in material respects, if repeated the Placing Agent(s) shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

LETTER FROM THE BOARD

The engagement between the Company and the Placing Agent for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares was determined after arm's length negotiations between the Placing Agent and the Company. The Directors consider the fee charged by the Placing Agent is no less favourable to the Company than the commission in recent placing transactions and therefore the terms of the Placing Arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are on normal commercial terms. The Directors believe the expenses as typical and ordinary in the marketing of securities.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders and the Non-Qualifying Shareholders; and (iii) a compensatory mechanism for No Action Shareholders and the Non-Qualifying Shareholders, and given that the Compensatory Arrangements (including the determination of the placing price) will be managed by an independent licensed placing agent which is subject to stringent code of conduct over, among other things, the pricing and allocation of relevant Shares, the Board considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Wednesday, 28 December 2022, to those entitled thereto by ordinary post, at their own risk, to their registered addresses.

If the Rights Issue does not become unconditional, refund cheques are expected to be posted on or before Wednesday, 28 December 2022, by ordinary post to the applicants, at their own risk, to their registered addresses.

No fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any of these Rights Shares remain not sold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

LETTER FROM THE BOARD

Application for listing of the Rights Shares

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company will be in board lots of 5,000 Rights Shares. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

Stamp duty and other applicable fees

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 5,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights 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 settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

As at the Latest Practicable Date, the Company has 800,000,000 Shares in issue. Set out below is the shareholding structure of the Company, assuming there are no changes in the share capital of the Company on or before completion of the Rights Issue other than the allotment and issue of the Rights Shares pursuant to the Rights Issue, (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue (assuming full acceptance by the Qualifying

LETTER FROM THE BOARD

Shareholders); and (iii) immediately upon completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than those to be taken up pursuant to the Irrevocable Undertakings):

Name of Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders)		Immediately upon completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than those to be taken up under the Irrevocable Undertakings and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent)		Immediately upon completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than those to be taken up under the Irrevocable Undertakings and none of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent)	
	Number of Shares		Number of Shares		Number of Shares		Number of Shares	
	Approximate %	Approximate %	Approximate %	Approximate %	Approximate %	Approximate %	Approximate %	Approximate %
<i>Substantial Shareholder</i>								
P. Grand ^(Note 1)	473,390,000	59.17	662,746,000	59.17	662,746,000	59.17	662,746,000	65.40
Kingtech ^(Note 2)	60,000,000	7.50	84,000,000	7.50	84,000,000	7.50	84,000,000	8.29
	533,390,000	66.67	746,746,000	66.67	746,746,000	66.67	746,746,000	73.69
<i>Others</i>								
Other public shareholders	266,610,000	33.33	373,254,000	33.33	266,610,000	23.80	266,610,000	26.31
Placees	—	—	—	—	106,644,000	9.52	—	—
	266,610,000	33.33	373,254,000	33.33	373,254,000	33.33	266,610,000	26.31
Total	800,000,000	100.00	1,120,000,000	100.00	1,120,000,000	100.00	1,013,356,000	100.00

Notes:

- (1) These Shares are held by P. Grand a company wholly owned and controlled by Mr. Lam as the beneficial owner.
- (2) These Shares are held by Kingtech a company wholly owned and controlled by which Mrs. Feng Tao (spouse of Mr. Qing an executive Director) as the beneficial owner.
- (3) Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE

The Group is engaged in the sourcing and sale of IC products and the provisions of semiconductor or IC application solutions and value-added services to manufacturers of a wide range of consumer electronic products in the PRC in the following five major product categories: (i) mobile devices and smart charging; (ii) motor control; (iii) radio frequency power equipment; (iv) LED lighting; and (v) sensors and automation.

In order to serve our customers, the Group has to purchase ICs from suppliers in the PRC and overseas. As a result of a general global IC shortage resulting from supply chain bottlenecks caused by the COVID-19 pandemic and geopolitical uncertainties, IC suppliers have recently demanded shorter payment period and in some cases, the payment of cash upfront before delivery. Due to such development, our trade and bills payables (including import loans) turnover days have decreased from 70 days in 2021 to 54 days for the six months to 30 June 2022. Consequently, the Board believes that it is necessary for the Group to retain additional capital to fund its operations (in particular, to provide sufficient capital to mitigate disruption of supply of ICs) under such business environment. The Board considers that it would be appropriate to raise the necessary funds by way of Rights Issue for the reasons described below.

Apart from the Rights Issue, the Board have considered various means of fund raising alternatives, such as equity and debt financing such as by way of bank borrowings, the placing of new Shares or an open offer, before determining to proceed with the Rights Issue. The Company has considered the advantages and disadvantages of the different fund-raising options.

In respect of debt financing, the Board had approached various banks and understands that the Group is unlikely to obtain further banking facilities due to their current assessment of the outlook of the PRC's semiconductor industry. In addition, any further debt financing would result in higher interest burden and higher gearing ratio of the Group which is not beneficial to the Group, particularly during higher interest rate environment the Group currently faces.

The Board determined it would not be desirable to proceed with a placing of new Shares as it does not allow Qualifying Shareholders the right to participate in the fund-raising exercise and their respective shareholdings in the Company would be diluted without being offered an opportunity to maintain their proportionate interests in the Company. In comparison, the Rights Issue would allow Qualifying Shareholders to maintain their respective pro rata shareholding through their participation in the Rights Issue, should they so choose to subscribe to the Rights Issue in full. The Rights Issue also enables Qualifying Shareholders (i) to increase their interests in Shares of the Company by acquiring additional rights entitlement in the open market (subject to availability); or (ii) to reduce their interests in the Shares of the Company by disposing of their rights entitlements in the open market (subject to market demand). More importantly, the Board

LETTER FROM THE BOARD

believes that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position for business development. As an open offer does not involve any trading of rights entitlement, rights issue was preferred.

As the Rights Issue will be on a non-underwritten basis, the actual amount of net proceeds that may be raised from the Rights Issue cannot be ascertained as at the date of this announcement. There are no minimum amounts of proceeds that the Company intends to raise. Nevertheless, in the event that there is any shortfall in net proceeds from the Rights Issue, the Company may finance such shortfall for repayment of loans and borrowings by internal resources, working capital and/or other means of financing as and when appropriate. Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

PREVIOUS FUND RAISING OF THE COMPANY

The Company has not carried on any equity fund raising activity in the 12 months immediately preceding the Latest Practicable Date.

PROPOSED USE OF PROCEEDS

Depending on the level of subscription by Qualifying Shareholders, the estimated net proceeds of the Rights Issue (assuming no changes in share capital of the Company on or before the Record Date and after deducting estimated professional fees and other costs and expenses related to the Rights Issue) will range from approximately HK\$12.6 million to approximately HK\$19.2 million, of which (i) approximately 90% of the net proceeds is intended to be utilised to finance payment for the Group's purchases of ICs to support its business; and (ii) approximately 10% of the net proceeds is intended to be used as general working capital. In the event that there is an under-subscription of the Rights Issue, net proceeds of the Rights Issue will be utilized in the same proportion as mentioned above.

The Directors consider that it is appropriate to propose the Rights Issue as a means of fund raising to finance purchases of ICs to support its business under prevailing business environment and for general working capital of the Group and that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable under current market conditions.

The estimated expenses of the Rights Issue (including advisory fees for the professional parties, printing, registration, translation, legal, accounting and documentation charges) are estimated to be approximately HK\$0.8 million and will be payable by the Company. The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares are expected to be approximately HK\$0.060.

LETTER FROM THE BOARD

WARNING OF THE RISKS OF DEALING IN THE SHARES AND RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue may not become unconditional and will not proceed.

Any Shareholder dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other persons contemplating any dealing in the Shares or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares and are recommended to consult their professional advisers.

As the Rights Issue will proceed on a non-underwritten basis, subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its professional adviser(s).

INFORMATION ON P. GRAND AND KINGTECH

P. Grand is an investment holding company incorporated in the BVI with limited liability and is legally and beneficially owned by Mr. Lam, the Chairman of the Company and an executive Director, and was a controlling shareholder of the Company interested in approximately 59.17% of the issued share capital of the Company as at the Latest Practicable Date.

Kingtech is an investment holding company incorporated in the BVI with limited liability and is legally and beneficially owned by Ms. Feng Tao (the spouse of Mr. Qing, an executive Director) and was a controlling shareholder of the Company interested in 7.5% of the issued share capital of the Company as at the Latest Practicable Date.

P. Grand and Kingtech are parties acting in concert for the purpose of the Takeovers Code.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Since (i) the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement or the dealing of shares of which commenced within such 12-month period; and (ii) the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to Shareholders' approval under Rule 7.19A(1) of the Listing Rules.

The Rights Issue would not result in a theoretical dilution effect (as defined under Note 1 to Rule 7.27B of the Listing Rules) of 25% or more, and is therefore not restricted pursuant to Rule 7.27B of the Listing Rules.

PROFESSIONAL TAX ADVICE RECOMMENDED

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this prospectus.

Yours faithfully,
For and on behalf of the Board
Contel Technology Company Limited
LAM KEUNG
Chairman and Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP

Details of audited financial information of the Group, together with the notes thereto, for the three years ended 31 December 2019, 2020 and 2021 were set out in the following pages of the following annual and interim reports of the Company, respectively, which have been published and are available on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and of the Company (<https://www.conteltechnology.com>):

- (i) pages 17 to 40 of the interim report of the Company for the six months ended 30 June 2022 published on 28 September 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0928/2022092800630.pdf>

- (ii) pages 106 to 218 of the annual report of the Company for the year ended 31 December 2021 published on 29 April 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042903725.pdf>

- (iii) pages 88 to 194 of the annual report of the Company for the year ended 31 December 2020 published on 2 May 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0502/2021050200009.pdf>

- (iv) pages 91 to 190 of the annual report of the Company for the year ended 31 December 2019 published on 29 April 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0429/2020042901303.pdf>

2. STATEMENT OF INDEBTEDNESS

At the close of business on 30 September 2022, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this prospectus, the details of the Group's indebtedness are as follows:

	<i>US\$'000</i>
Bills payables (secured)	13,160
Bank borrowings (secured)	1,676
Bank borrowings (unsecured)	1,265
Other borrowings (unsecured)	2,360
Discounted bills with recourse (unsecured)	1,576

As at 30 September 2022, the Group's bills payables and bank borrowings of approximately US\$14.8 million in aggregate, were secured by (i) assignments of right, time and interest over its life insurance policies; and (ii) pledge over bank deposits of the Company. For details of the life insurance policies, please see the paragraphs headed "Financial guarantee and contingent liabilities" below.

Financial guarantee and contingent liabilities

The Group entered into life insurance policies (the "**Policy**") to insure two executive Directors, namely, Mr. Lam and Ms. Cheng Yu Pik. Under the Policy, the beneficiary and policy holder is the Group and the total insured sum was US\$10,537,000 as at 30 September 2022. The Group can terminate the Policy at any time and can receive cash back based on the net nominal account value of the Policy at the date of withdrawal. Interest is earned at interest rates of at least those guaranteed by the insurer. The carrying amount of upfront payments will be adjusted through consolidated profit or loss through the expected life of the Policy to reflect the interest earned and life insurance coverage and other charges during each year of the expected life. As at 30 September 2022, the life insurance policy deposits was pledged to a bank to secure bills payables and bank borrowings granted to the Group.

Save as aforesaid, the Group has no material financial guarantee and contingent liabilities as at 30 September 2022.

Lease liabilities

As at 30 September 2022, the Group had current and non-current lease liabilities of approximately US\$572,000 which represented the outstanding lease liabilities in respect of the leases of our office and warehouses.

Commitments

As at the close of business on 30 September 2022, the Group had no material capital commitments.

Disclaimers

Save as aforesaid or as otherwise mentioned herein, and apart from intra-group liabilities, normal trade and other payables in the Group's ordinary course of business, as at the close of business on 30 September 2022, the Group did not have any borrowings, mortgages, charges, debentures or debt securities issued, outstanding, authorised or otherwise created but unissued, or other similar indebtedness, hire purchase commitment, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities.

To the best knowledge of the Directors, having made all reasonable enquires, (i) there is no material change in indebtedness or contingent liabilities of the Group since 30 September 2022; (ii) there has not been any default on repayment or other undertakings, covenants and obligations in any material respect under any borrowings, lease or other liabilities and commitments described above or otherwise; and (iii) the Group does not have any material external debt financing plans as at the Latest Practicable Date.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there were no material adverse change in the financial or trading position of the Group since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

4. WORKING CAPITAL

The Directors, after due and careful enquiry, taking into account the present financial resources available to the Group (including internally generated funds, available banking and other borrowing facilities and the estimated net proceeds of the Rights Issue), are of the opinion that, in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this prospectus.

5. TRADING AND FINANCIAL PROSPECTS OF THE GROUP

The Group is a well-established fabless semiconductor application solutions provider specialising in:

- (i) the sourcing and sale of IC products, with a focus on fast-growing and emerging markets and applications for consumer and industrial products; and

- (ii) the provision, design and development of IC application solutions (with an emphasis on environmentally-friendly and energy-saving solutions) and value-added services to suit the needs of its customers. While its application solutions can be utilised in a wide range of electronic products, the Group specialises in the following five major product categories: (a) mobile devices and smart charging; (b) motor control; (c) radio frequency power equipment; (d) LED lighting; and (e) sensors and automation.

The business objectives of the Group is to strengthen its market position within the IC application solutions industry by increasing its market share and enhancing the quality of its services. The Directors believe that this will bring sustainable growth to its business and create long-term value in the Company and its Shareholders.

The Directors believe that the IC industry is expected to continue to grow in the future to accommodate the increasing demand of ICs for the application in emerging technologies, such as Artificial Intelligence (AI), autonomous driving, Internet of Things, and 5G.

Furthermore, industrial automation, continuous developments in consumer electronics, and the use of sensors in physical devices, vehicles, home appliances are growing IC applications and demand in practically all industry verticals. An increased emphasis on consumer electronics is a key factor driving market expansion due to the rising use of smartphones and other consumer goods, which leads to higher expenditure on these process equipment.

However, the current business environment remains uncertain following the outbreak of COVID-19 pandemic in the world. As disclosed in the interim report of the Group for the six months ended 30 June 2022, the Group's recorded a decrease in revenue for 39.9%. And excepted for the growth in sales in respect of products from motor control during the six months ended 30 June 2022, the sales from other products categories (i.e. mobile devices and smart charging, sensors and automation, LED lighting and RF Power) had decreased generally.

Further, based on management accounts as at 30 September 2022, unaudited revenue of the Group for the third quarter of 2022 was around USD\$19.34 million, representing a decrease of approximately 68% compared to US\$60.26 million in the same quarter of 2021. When compared to unaudited revenue of US\$23.26 million achieved in the second quarter of 2022, the Group's unaudited revenue in the third quarter 2022 represented a decrease of approximately 17%. The Board believes that such decrease was mainly attributable to a general slowdown of economic and manufacturing activities in the second half of the year. In particular, trading condition was exacerbated by lockdowns of the Group's main subsidiaries in the PRC as a result of COVID-19 cases discovered in such cities. Consequently, the Group's offices and warehouses in the PRC had not been able to operate in a normal manner.

Therefore, the extent of any long term impact remain uncertain and it will depend on the duration and severity of the outbreak and associated containment measures.

The Group is cautiously optimistic that the economic impact due to the COVID-19 epidemic will be mitigated as a result of anti-epidemic measures implemented by the various governments in which the Group operate.

Despite this, the Group will continue to implement its business strategies of promoting its growth in the emerging markets categories with potential growth, enhancing its research and development capabilities and broadening its product offerings, with an overall goal of enhancing its competitiveness and increasing its market share.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

For illustrative purposes, the financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by completion of the Rights Issue as if the Rights Issue had been completed on 30 June 2022. The statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the Group's financial condition on the completion of the Rights Issue.

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

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules is set out to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had been completed on 30 June 2022.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at the date to which it is made up or at any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2022, as extracted from the published interim report of the Company for the six months ended 30 June 2022, with adjustments described below.

	Unaudited consolidated net tangible assets of the Group as at 30 June 2022 <i>US\$'000</i> <i>(Note 1)</i>	Unaudited estimated net proceeds from the Rights Issue <i>US\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2022 <i>US\$'000</i>	Unaudited consolidated net tangible assets of the Group per Share before the completion of the Rights Issue <i>US\$</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share immediately after the completion of the Rights Issue <i>US\$</i> <i>(Note 4)</i>
Based on maximum number of 320,000,000 Rights Shares to be issued	35,092	2,493	37,585	0.0439	0.0336

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

- (1) The unaudited consolidated net tangible assets of the Group as at 30 June 2022 of approximately US\$35,092,000 is based on the unaudited consolidated net assets of the Group as at 30 June 2022 of approximately US\$35,396,000, as adjusted by exclusion of intangible assets and goodwill of approximately US\$18,000 and US\$286,000 respectively as show on unaudited condensed consolidated statement of financial position of the Group as at 30 June 2022 which no audit nor review report has been issued for the interim report of the Company published on 31 August 2022.
- (2) The estimated net proceeds from the Rights Issue is approximately HK\$19,320,000 (approximate to US\$2,493,000) which is based on 320,000,000 Rights Shares to be issued at the Subscription Price of HK\$0.063 per Rights Share and after deducting estimated related expenses, including among others, legal and professional fees, which are directly attributable to the Rights Issue, of approximately HK\$840,000 (approximate to US\$108,000).
- (3) The unaudited consolidated net tangible assets of the Group per Share before the completion of the Rights Issue is determined based on the unaudited consolidated net tangible assets of the Group as at 30 June 2022 of approximately US\$35,092,000 as disclosed in Note 1 above, divided by 800,000,000 Shares in issue as at 30 June 2022.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group immediately after completion of the Rights Issue of approximately US\$37,585,000 as set out in Note 2 above divided by 1,120,000,000 Shares which represents the sum of 800,000,000 Shares in issue and 320,000,000 Rights Shares to be issued.
- (5) For the purpose of this unaudited pro forma adjusted consolidated net tangible assets of the Group per Share, the balance stated in HK\$ is converted into US\$ at exchange rate of US\$1 to HK\$7.75 for illustration purpose only, and such translation does not constitute a representation that any amount has been, could have been, or may otherwise be exchanged or converted at the above rate.
- (6) Save as disclosed above, no other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2022.

B. INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountant, Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group’s unaudited pro forma financial information for the purpose in this Prospectus.



Moore Stephens CPA Limited

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INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF CONTEL TECHNOLOGY COMPANY LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of ConTEL Technology Company Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) consists of the unaudited pro forma statement of consolidated net tangible assets of the Group as at 30 June 2022 and related notes as set out in Part A of Appendix II to the prospectus dated 29 November 2022 (the “**Prospectus**”) issued by the Company in connection with the proposed rights issue on the basis of two rights shares for every five existing shares of the Company (the “**Rights Issue**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Part A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group’s consolidated net tangible assets as at 30 June 2022 as if the Rights Issue had taken place on 30 June 2022. As part of this process, information about the Group’s condensed consolidated financial position as at 30 June 2022 has been extracted by the Directors from interim report of the Company for the six months ended 30 June 2022, dated 31 August 2022, on which no audit nor review report has been issued.

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.

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

Reporting Accountant's 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 accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

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

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 June 2022 would have been as presented.

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

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

Opinion

In our opinion:

- a. the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Moore Stephens CPA Limited

Certified Public Accountants

Ng Ngai Yan

Practising Certificate Number: P07422

Hong Kong, 29 November 2022

(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**(A) Share Capital**

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue (assuming no new Shares are issued (other than the Rights Shares) or repurchased on or before completion of the Rights Issue and all the Shareholders have taken up all the entitled Rights Shares); and (iii) immediately after completion of the Rights Issue (assuming no Shares are issued (other than the Rights Shares) or repurchased on or before completion of the Rights Issue and none of the Shareholders have taken up all the entitled Rights Shares except for P. Grand and Kingtech which will take up the Rights Shares in accordance with the Irrevocable Undertakings) are set out as follow:

(i) As at the Latest Practicable Date

	Number of Shares	Nominal value of Shares HK\$
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each	2,000,000,000	20,000,000
		<i>HK\$</i>
<i>Issued and fully-paid:</i>		
Ordinary shares of HK\$0.01 each	800,000,000	8,000,000

(ii) *Immediately after completion of the Rights Issue (assuming no new Shares are issued (other than the Rights Shares) and no repurchase of Shares on or before completion of the Rights Issue and all the Shareholders have taken up all the entitled Rights Shares)*

	Number of Shares	Nominal value of Shares HK\$
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each	2,000,000,000	20,000,000
		HK\$

Issued and fully-paid:

Ordinary shares of HK\$0.01 each	1,120,000,000	11,200,000
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(iii) *Immediately after completion of the Rights Issue (assuming no new Shares are issued (other than the Rights Shares) and no repurchase of Shares on or before completion of the Rights Issue and none of the Shareholders have taken up all the entitled Rights Shares except for P. Grand and Kingtech which will take up the Rights Shares in accordance with the Irrevocable Undertakings)*

	Number of Shares	Nominal value of Shares HK\$
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each	2,000,000,000	20,000,000
		HK\$

Issued and fully-paid:

Ordinary shares of HK\$0.01 each	1,013,356,000	10,133,560
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The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects, including the rights to dividends, voting and return of capitals with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

No Shares have been issued since 31 December 2021, being the date on which the latest audited financial statements of the Group were made up.

The Company had no other outstanding options, warrants, derivatives or other convertible securities in issue which are convertible or exchangeable into Shares as at the Latest Practicable Date.

(3) DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in underlying Shares

Name	Capacity	Number of shares held ^(Note 1)	Percentage of the issued share capital of the Company
Mr. Lam ^{(Note 2) (Note 3)}	Interest in a controlled corporation/Person acting in concert	533,390,000 (L)	66.67%
Mr. Qing ^{(Note 2) (Note 4)}	Interest in a controlled corporation/Person acting in concert	533,390,000 (L)	66.67%

Notes:

- (1) The letter “L” denotes the person’s long position in such securities. The number of shares are the number of shares held as at the Latest Practicable Date and the percentage of the issued share capital of the Company is calculated on the basis of 800,000,000 shares in issue as at the Latest Practicable Date.
- (2) Pursuant to a confirmatory deed, Mr. Lam, Mr. Qing and Ms. Feng Tao (spouse of Mr. Qing) have acknowledged and confirmed, among other things, that they are acting in concert with each other. Accordingly, each of Mr. Lam Keung, Mr. Qing and Ms. Feng Tao is deemed to be interested in all the Shares in which any of them is interested under the SFO.

- (3) P. Grand is 100% owned by Mr. Lam, and Mr. Lam is deemed to be interested in all the Shares held by P. Grand under the SFO.
- (4) Kingtech is 100% owned by Ms. Feng Tao, and Ms. Feng Tao is deemed to be interested in all the Shares held by Kingtech under the SFO.

Save as disclosed above, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders

As at the Latest Practicable Date, the following persons (other than Directors or the chief executive of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules of the Stock Exchange:

Name	Capacity	Number of shares held ^(Note 1)	Percentage of the issued share capital of the Company
P. Grand ^(Note 2) ^(Note 3)	Beneficial owner	473,390,000 (L)	59.17%
Ms. Feng Tao ^(Note 2) ^(Note 4)	Interest in a controlled corporation/ Person acting in concert	533,390,000 (L)	66.67%
Kingtech	Beneficial owner	60,000,000 (L)	7.50%

Notes:

- (1) The letter "L" denotes the person's long position in such securities. The number of shares are the number of shares held as at the Latest Practicable Date and the percentage of the issued share capital of the Company is calculated on the basis of 800,000,000 shares in issue as at the Latest Practicable Date.
- (2) Pursuant to a confirmatory deed, Mr. Lam, Mr. Qing and Ms. Feng Tao (spouse of Mr. Qing) have acknowledged and confirmed, among other things, that they are acting in concert with each other. Accordingly, each of Mr. Lam, Mr. Qing and Ms. Feng Tao is deemed to be interested in all the Shares in which any of them is interested under the SFO.
- (3) P. Grand is 100% owned by Mr. Lam, and Mr. Lam is deemed to be interested in all the Shares held by P. Grand under the SFO.

- (4) Kingtech is 100% owned by Ms. Feng Tao, and Ms. Feng Tao is deemed to be interested in all the Shares held by Kingtech under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any persons (other than Directors or the chief executive of the Company) who had interests or short positions in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

(4) DIRECTORS' INTERESTS IN TRANSACTIONS, ASSETS, ARRANGEMENTS OR CONTRACTS

(a) Interests in transactions, arrangements or contracts

Save as disclosed under note 31 "Related Party Transactions" to the consolidated financial statements for the year ended 31 December 2021, no transactions, arrangements and contracts of significance (as defined in Appendix 16 to the Listing Rules) to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director, an entity connected with the Director or controlling shareholder of the Company or its subsidiaries (other than members of the Group) had a material interest, whether directly or indirectly, during the year ended 31 December 2021 and up to the Latest Practicable Date.

Save as disclosed above, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Group was a party as at the Latest Practicable Date.

(b) Interests in competing business

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

(c) Interests in assets

As at the Latest Practicable Date, none of the Directors had any material direct or indirect interest in any assets which have been acquired or disposed of by, or leased, or which were proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Group was made up).

(d) Directors' service contracts

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation.

(5) DIRECTORS**a. Name and address**

Name	Address
<i>Executive Directors</i>	
Mr. Lam Keung	RM 8, 39/F, Kam Hing House, Kam Tai Court, Ma On Shan, New Territories, Hong Kong
Mr. Qing Haodong	RM 102, No. 19, Lane 758, Beijing West Road, Jing'an District, Shanghai, PRC
Mr. Mai Lu	RM 101, No. 65, Lane 3536, Yindu Road, Minhang District, Shanghai, PRC
Ms. Cheng Yu Pik	4/F., 34 Hillwood Road, Tsim Sha Tsui, Kowloon, Hong Kong
<i>Independent non-executive Directors</i>	
Mr. Chan Ngai Fan	Flat C, 10/F., Boundary Crest, No. 177 Boundary Street, Kowloon, Hong Kong
Mr. Dan Kun Lei Raymond	Flat D, 10/F, Tower 5, The Waterfront, Tsimshatsui, Kowloon, Hong Kong

Name	Address
Mr. Lai Man Shun	1/F, Rear Portion, 48 Cheung Sha Wan Road, Sham Shui Po, Kowloon, Hong Kong

b. Qualification and position held

Executive Directors

Mr. Lam Keung (“**Mr. Lam**”), aged 50, joined the Group in April 2010 and was appointed as a Director in August 2016. He was re-designated as the executive Director and appointed as the Chairman and the Chief Executive Officer in March 2018. Mr. Lam is responsible for supervising the overall management, making strategic planning of our Group, implementing Board resolutions, as well as providing guidance and directions of our Group. Mr. Lam also conducts overall strategic review of the R&D department of our Group, giving R&D directions in relation to the latest trend of the IC and semiconductor industry.

Mr. Lam has over 25 years of experience in the IC and semiconductor industry. Prior to joining our Group, Mr. Lam worked at Rohm Electronics (H.K.) Company Limited (currently known as Rohm Semiconductor Hong Kong Company Limited) from September 1995 to August 2003 and his last position was assistant sales manager where he was responsible for the sale of IC products. Mr. Lam worked as a senior manager in marketing department at Synergy International Technology Limited from October 2003 to February 2010, where he was responsible for the sales and marketing of semiconductor solutions.

Mr. Lam joined IH Technology Limited (“**IH Technology**”), an indirect wholly-owned subsidiary of the Company, as a general manager in April 2010 and was subsequently promoted to serve as a director of IH Technology in November 2010. Mr. Lam has also been serving as a director of Flying Electronics Limited, an indirect wholly-owned subsidiary of the Company, since January 2011. Mr. Lam served as an independent non-executive director of EFT Solutions Holdings Limited, a company whose shares are listed on the GEM of the Stock Exchange (stock code: 8062), from 23 November 2016 to 26 March 2019, which is principally engaged in sourcing of electronic fund transfer at point-of-sale terminals and peripheral devices, and provision of electronic fund transfer at point-of-sale system support services and software solution services.

Mr. Lam obtained a bachelor’s degree in electrical engineering from the University of Tennessee, the United States in December 1993.

Mr. Qing Haodong (“**Mr. Qing**”), aged 58, joined the Group in December 2016 and was appointed as a Director in December 2017. He was re-designated as the executive Director in March 2018. Mr. Qing is responsible for the overall marketing activities of our Group. He is also responsible for liaising with electronics manufacturers and promoting the latest electronic products to customers.

Mr. Qing has over 20 years of experience in the IC and semiconductor industry. Prior to joining our Group, Mr. Qing was an automation engineer at Sichuan Food Fermentation Industry Research and Design Institute* (四川省食品發酵工業研究設計院) from September 1985 to November 2000, where he was responsible for the electrical design for automation control equipment. Mr. Qing joined Chengdu Flying Electronics Co., Ltd.* (成都飛環電子有限公司) (“**Chengdu Flying**”), an indirect wholly-owned subsidiary of the Company, as a sales manager in November 2000. Mr. Qing has been serving as the supervisor at Chengdu Flying, Shenzhen IH Technology Co., Ltd.* (深圳市英浩控制技術有限公司) (“**Shenzhen IH**”) and Shanghai IH Microelectronics Technology Co., Ltd.* (上海英浩微電子技術有限公司) (“**Shanghai IH**”), all of which are indirect wholly-owned subsidiaries of the Company, since February 2006, May 2005 and August 2009, respectively.

Mr. Qing obtained his professional certificate in industrial electronics and enterprise (工企電專業) from Harbin Jixie Industry School* (哈爾濱機械工業學校), the PRC, in August 1985.

Mr. Mai Lu (“**Mr. Mai**”), aged 47, joined the Group in January 2017 and was appointed as the executive Director of the Company in March 2018. Mr. Mai oversees the design and R&D functions of our Group and is responsible for the overall daily management of the design and R&D team.

Mr. Mai has over 19 years of experience in providing technical solutions of semiconductors. Mr. Mai worked as an assistant engineer at the Chinese People’s Liberation Army from July 1996 to July 2001, and his last rank at the Chinese People’s Liberation Army was Professional Technology Lieutenant (專業技術中尉). Mr. Mai worked as a sales engineer at Rohm Semiconductor (Shenzhen) Co. Ltd. from July 2001 to February 2003, where he was responsible for sales and providing technical supports to the customers, and worked as a manager at the R&D department of Shanghai Huanwei Electronics Company Limited* (上海環微電子有限公司) from March 2003 to August 2010, where he was responsible for overseeing the R&D department of the company.

Mr. Mai joined Shanghai IH as head of the R&D department in September 2010. Mr. Mai obtained his bachelor’s degree in electronics and information system (電子學與信息系統學位) from National University of Defense Technology (中國人民解放軍國防科學技術大學, currently known as 中國人民解放軍國防科技大學), the PRC, in July 1996.

Ms. Cheng Yu Pik (“Ms. Cheng”), aged 41, joined the Group in July 2009 and was appointed as the executive Director of the Company in March 2020. Ms. Cheng has over 17 years of experience in the semiconductor industry. Ms. Cheng is responsible for overseeing the business and administrative functions of the Group, including collaborating with other members of the senior management and staff members to formulate and implement policies and procedures; interfacing cross-functionally at all levels within the Group as well as with external resources (such as logistic companies, governmental agencies); and providing routine reports to the Board regarding operations, business performance and human resources.

Ms. Cheng joined IH Technology in July 2009. Prior to joining the Group, she worked at Synergy International Technology Limited from August 2003 to June 2009 and her last position was senior customer service coordinator where she was responsible for coordinating with suppliers and handling enquiries. Ms. Cheng worked as a general clerk at Kingdan Development Limited from September 2000 to July 2003, where she was responsible for dealing with suppliers, clients and customs declarations.

Ms. Cheng obtained her matriculation certificate from Caritas Bianchi College of Careers, Hong Kong, in October 2000.

Independent non-executive Directors

Mr Chan Ngai Fan (“Mr Chan”), aged 42, obtained a bachelor’s degree in Arts in Accountancy and a master’s degree in Corporate Governance from the Hong Kong Polytechnic University in December 2007 and October 2013, respectively. He is a member of the Hong Kong Institute of Certified Public Accountants (Practising), and an associate member of the Hong Kong Institute of Chartered Secretaries since February 2011 and November 2019, respectively.

Mr. Chan has approximately 15 years of experience in auditing, accounting and financial management. In the early stage of his career, Mr. Chan worked successively in JBPB & Company (formerly known as Grant Thornton and later merged with BDO Limited), with his last position as an assistant manager in assurance from August 2007 to February 2011. From March 2011 to April 2015, he served as the chief financial officer of a PRC-based mining company. Mr. Chan then acted as the financial controller of KPa-BM Holdings Limited (stock code: 2663) from May 2015 to April 2018. Mr. Chan was the financial controller and company secretary of Heysea Yachts Holdings Company Limited from May 2019 to April 2020.

Mr. Chan was an independent non-executive director and a company secretary of Sino Vision Worldwide Holdings Limited (stock code: 8086), a company listed on GEM of the Stock Exchange, from August 2017 to September 2018 and from January 2019 to May 2019 respectively. Mr. Chan had several positions from September 2016 to March 2019 in Shenzhen Mingwah Aohan

High Technology Corporation Limited (“**Mingwah**”) (stock code: 8301), a company previously listed on GEM of the Stock Exchange, including non-executive director, executive director and chief financial officer. He last served as a non-executive director of Mingwah until March 2019.

Mr. Chan has been appointed as an independent non-executive director of Capital Finance Holdings Limited (stock code: 8239), a company listed on GEM of the Stock Exchange since January 2022. He is currently an independent non-executive director of Leader Education Limited (stock code: 1449) and Sanxun Holdings Group Limited (stock code: 6611) since July 2020 and September 2019 respectively, both companies listed on the Main Board of the Stock Exchange. He is also the joint company secretary of Centenary United Holdings Limited (stock code: 1959) since January 2019, a company listed on the Main Board of the Stock Exchange.

Mr. Dan Kun Lei Raymond (“Mr. Dan”), aged 51, was appointed as an INED of the Company in June 2019.

Mr. Dan has over 21 years of experience in the information technology industry. Mr. Dan has worked as a solution consultant at China Mobile Hong Kong Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 941), since March 2020, where he was mainly responsible for providing technical and professional consultancy services to its customers. Mr. Dan worked as senior systems consultant at Automated Systems (H.K.) Limited from April 2017 to March 2020, where he was mainly responsible for providing technical and professional consultancy services to its customers. Prior to joining Automated Systems (H.K.) Limited, he was a senior bid manager at CITIC Telecom International CPC Limited from December 2015 to April 2017, where he was responsible for managing bidding projects in relation to information technology products. Prior to joining CITIC Telecom International CPC Limited, he was an account manager at Huawei Tech. Investment Co., Limited from June 2013 to November 2015, where he was responsible for providing technical services to the customers during the process of sales. Mr. Dan worked as a business consulting officer at Hewlett-Packard HK SAR Limited from June 2010 to May 2013, where he was responsible for providing pre-sale support, performing technology assessment and maintaining customer relationship. Prior to that, he also gained experience from different information technology or telecommunication companies including Shen Milsom & Wilke Limited, PCCW Limited a company whose shares are listed on the Stock Exchange (stock code: 0008) and Unisys China/Hong Kong Limited from May 1999 to June 2010 in various positions.

Mr. Lai Man Shun (“Mr. Lai”), aged 49, was appointed as an INED of the Company in June 2019.

Mr. Lai has over 20 years of experience in information technology and telecommunication industry. He has been a general manager of EFT Payments (Asia) Limited since July 2016, mainly responsible for the business relationship management, development planning and overall supervision of different departments of the company. Immediately before that, Mr. Lai worked at EFT Solution Limited as the head of business development from March 2016 to June 2016. Before that, he was a chief executive officer and founder of Paxex International Limited from 2010 to 2016, mainly responsible for the overall business of the company. He was also a sales director and co-founder of RICC Limited, mainly responsible for the management of the business developments from 2001 to 2010.

Mr. Lai obtained his bachelor's degree in science from La Trobe University, Australia, in May 1997.

(6) SENIOR MANAGEMENT

Mr. Wang Kai (“**Mr. Wang**”), aged 42, joined the Group in December 2016 and was appointed as the head of sales of the Group in March 2018.

Mr. Wang has over 19 years of experience in the sales and marketing of semiconductors, ICs and electronic component products. Mr. Wang oversees the sales business of our Group. He is also responsible for the overall management of the sales teams of the Group. Mr. Wang worked as a sales representative for Chengdu Flying in September 2001. He was subsequently promoted to a sales manager in July 2005, where he was responsible for regional sales operations in the PRC, covering south-western and south-eastern areas of the PRC. Mr. Wang has been serving as a director of Shanghai IH since August 2009, and assumed the position of sales manager of Shanghai IH subsequent to his appointment as a director of Shanghai IH. Apart from overseeing the daily management of Shanghai IH, Mr. Wang is also responsible for the overall sales operations of our Group. He has also been serving as a director of Shenzhen IH since May 2015.

Mr. Wang obtained his high diploma certificate in mathematics education from Zigong Shifan High Diploma Professional School* (自貢師範高等專科學校), the PRC, in June 2001.

Ms. Au Ka Man Silkie (“**Ms. Au**”), aged 38, joined the Group in October 2016 and was appointed as the chief financial officer and company secretary of the Company in March 2018.

Ms. Au has over 15 years of experience in business administration and management. Ms. Au is responsible for overseeing the financial operations of the Group, as well as supervising accounting and finance departments. She is also responsible for company secretarial matters of our Group.

Prior to joining the Company, Ms. Au was the chief executive officer of Pro Max CPA Limited from June 2014 to September 2016, where she was responsible for the overall management, strategy planning and daily operations of the company. She worked at CPA firm from April 2008 to March 2014 and her last positions were senior unit manager and practising director, where she was responsible for the overall management of the accounting departments and human resources. She also worked as an assistant accountant at Accounting firm from June 2006 to March 2008, where she was responsible for preparing full set of accounts.

Ms. Au obtained a bachelor's degree in business administration from Lingnan University, Hong Kong, in November 2006. She became a member of Hong Kong Institute of Certified Public Accountants in January 2011.

Ms. Feng Ying (“Ms. Feng”), aged 54, joined the Group in January 2017 and was appointed as the head of PRC operations of the Group in March 2018. Ms. Feng is the sister of Mrs. Qing and the sister-in-law of Mr. Qing.

Ms. Feng has over 20 years of experience in the management of the Group. Ms. Feng is responsible for overseeing the business and administrative function of the PRC entities of the Group.

Prior to joining the Group, Ms. Feng worked as an analyst in Sichuan Yinshan Sugar Manufacturing Factory* (四川省銀山糖廠) from September 1987 to 2000, responsible for quality inspection. Ms. Feng joined Chengdu Flying as supervisor in November 2000 and was responsible for supervising and inspecting the daily management, operation, financial situation and the work of directors and senior managers of Chengdu Flying. Ms. Feng has been serving as the legal representative, the director and the general manager of Chengdu Flying since June 2003, responsible for administration and the daily operations of Chengdu Flying.

Ms. Feng obtained her graduate certificate majored in paper making from the Neijiang Light Chemical Technician Training School* (內江市輕化技工學校), the PRC, in 1987.

(7) MATERIAL CONTRACTS

Other than the Placing Agreement, there has been no contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by members of the Group, entered into by members of the Group after the date falling two years immediately preceding the date of the Announcement and up to the Latest Practicable Date.

(8) LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

(9) EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given an opinion or advice contained in this prospectus:

Name	Qualification	Nature of report	Date of report
Moore Stephens CPA Limited	Certified Public Accountants	Accountant's report on the unaudited pro forma financial information of the Group (Appendix II to this Prospectus)	29 November 2022

As at the Latest Practicable Date, Moore Stephens CPA Limited was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up.

Moore Stephens CPA Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or references to its name in the form and context in which they are included.

(10) GENERAL

- (a) The business address of the senior management of the Company is Unit No. A, 13th Floor, Block 1, Leader Industrial Centre, Nos. 188–202 Texaco Road, Tsuen Wan, New Territories, Hong Kong.
- (b) The company secretary of the Company is Ms. Au Ka Man Silkie, a member of the Hong Kong Institute of Certified Public Accountants.

- (c) The registered office of the Company is Cricket Square, Hutchins Drive, P O Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (d) The head office and principal place of business of the Company in Hong Kong is Unit No. A, 13th Floor, Block 1, Leader Industrial Centre, Nos. 188–202 Texaco Road, Tsuen Wan, New Territories, Hong Kong.
- (e) The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P O Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (f) The Hong Kong branch share registrar and transfer office of the Company is Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (g) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside of Hong Kong.
- (h) In the event of inconsistency, the English text of this prospectus and the PAL shall prevail over the Chinese text.

(11) EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, printing, registration, translation, legal, accounting and documentation charges are estimated to be approximately HK\$0.8 million, which are payable by the Company.

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

Registered office of the Company	Hutchins Drive P O Box 2681 Grand Cayman KY1-1111 Cayman Islands
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Company secretary	Ms. Au Ka Man Silkie
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Authorised representatives	Mr. Lam Keung RM 8, 39/F, Kam Hing House, Kam Tai Court, Ma On Shan, New Territories, Hong Kong Ms. Au Ka Man Silkie Flat E2, 9/F., National Court, 242 Nathan Road, Jordan, Kowloon, Hong Kong
Auditor	Moore Stephens CPA Limited 801-806, Silvercord, Tower 1, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong
Principal share registrar and transfer office in the Cayman islands	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P O Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Boardroom Share Registrars (HK) Limited 2103B, 21/F, 148 Electric Road, North Point, Hong Kong

Principal banks	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong
	Citibank N.A., Hong Kong Branch 50/F., Champion Tower, 3 Garden Road, Central, Hong Kong
Legal adviser to the Company as to Hong Kong law in connection with the Rights Issue	Charltons 12 th Floor, Dominion Centre 43–59 Queen's Road East Hong Kong
Placing Agent	DL Securities (HK) Limited 29/F Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong

(13) DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of this prospectus, together with copies of the Provisional Allotment Letter(s) and the written consent referred to in the paragraph headed “(9) Expert's Qualification and Consent” in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of the Companies (WUMP) Ordinance.

(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 application is made in pursuance of the Prospectus 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 (WUMP) Ordinance, so far as applicable.

(15) DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available on the websites of the Company (www.conteltechnology.com) and the Stock Exchange (www.hkexnews.hk), for a period of 14 days from the date of this prospectus:

- (a) the amended and restated memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the three years ended 31 December 2019, 2020 and 2021;
- (c) the interim report of the Company for the six months ended 30 June 2022;
- (d) the letter from the Board to the Shareholders, the text of which is set out on pages 10 to 35 of this prospectus;
- (e) the letter from Moore Stephens CPA Limited dated 29 November 2022 in respect of the unaudited pro forma financial information on the Group, the text of which is set out in Appendix II to this prospectus;
- (f) the material contracts referred to in the paragraph headed “(7) Material Contracts” in this Appendix III to this prospectus;
- (g) the written consent referred to in the paragraph headed “(9) Expert’s Qualification and Consent” in this appendix;
- (h) the Irrevocable Undertakings; and
- (i) the Prospectus Documents.