



Zhongshen Jianye Holding Limited

中深建業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2503)

Executive Directors:

Mr. Sang Xianfeng (*Chairman*)
Mr. Xian Yurong

Independent non-executive Directors:

Ms. Liu Zhihong
Mr. Zeng Qingli
Mr. Xie Huagang

Registered office:

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of business in PRC:*

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*Principal place of business
in Hong Kong:*

Room 1204, 12/F
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2 June 2026

To the Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE
RECORD DATE ON A NON-UNDERWRITTEN BASIS**

INTRODUCTION

Reference is made to the Announcement and the Circular in relation to, among other things, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

At the EGM, the resolutions for approving, among other things, the Rights Issue and the transactions contemplated thereunder, were duly passed by the Independent Shareholders by way of poll. Please refer to the announcement of the Company dated 18 May 2026 in relation to, among others, the poll results of the EGM.

The purpose of this Prospectus is to provide you with, among other things, (i) further details of the Rights Issue, including information on dealing in, transfer and acceptance of the Rights Shares; (ii) the

financial information of the Group; (iii) unaudited pro forma financial information of the Group; and (iv) other general information of the Group.

PROPOSED RIGHTS ISSUE

The Board proposes to allot and issue 2,288,567,396 Rights Shares on the basis of two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.15 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be available to Non-Qualifying Shareholders. There will be no excess application arrangements in relation to the Rights Issue.

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 acceptance of the provisionally allotted Rights Shares.

Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue:	Two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$0.15 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	1,144,283,698 Shares
Maximum number of Rights Shares:	Up to 2,288,567,396 Rights Shares
Maximum aggregate nominal value of the Right Shares:	HK\$22,885,673.96
Maximum total number of Shares in issue upon completion of the Rights Issue:	3,432,851,094 Shares (assuming no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue:	Up to approximately HK\$343.3 million before expenses (assuming all Rights Shares are taken up by the Qualifying Shareholders)
Net proceeds from the Rights Issue:	Up to approximately HK\$341.3 million (assuming all Rights Shares are taken up by the Qualifying Shareholders)
Net Subscription Price per Rights Issue:	Approximately HK\$0.149 (assuming all Rights Shares are taken up by the Qualifying Shareholders)

The 2,288,567,396 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 200% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) 66.7% of the total issued share capital of the Company as enlarged by the allotment and issuance of the Rights Shares immediately upon Completion.

As at the Latest Practicable Date, the Company had no outstanding convertible securities, options or warrants in issue, which confer any right to subscribe for, convert or exchange into Shares.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Overseas Letter together with the Prospectus, for information only, to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, the Shareholders must: (i) be registered on the registers of members of the Company at the close of business on the Record Date; and (ii) not be the Non-Qualifying Shareholders.

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

In order to be registered as members of the Company at the close of Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on Thursday, 21 May 2026.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company.

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

Closure of register of members

The register of members of the Company was closed from Friday, 22 May 2026 to Friday, 29 May 2026 (both days inclusive) to determine the entitlements to the Rights Issue, during which period no transfer of Shares was registered.

Subscription Price

The Subscription Price of HK\$0.15 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 30.23% to the closing price of HK\$0.215 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (ii) a discount of approximately 31.51% to the closing price of HK\$0.219 per Share as quoted on the Stock Exchange as at the Last Trading Day;
- (iii) a discount of approximately 33.98% to the average closing price of HK\$0.227 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

- (iv) a discount of approximately 36.95% to the average closing price of HK\$0.238 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 13.29% to the theoretical ex-rights price of approximately HK\$0.173 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.219 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 72.22% to the consolidated net asset value per Share as at 31 December 2025 of approximately RMB0.49 or equivalent to approximately HK\$0.54 (based on the audited consolidated net asset value attributable to the owners of the Company as at 31 December 2025 of approximately RMB555.8 million as disclosed in the annual results announcement of the Company for the year ended 31 December 2025 and 1,144,283,698 Shares in issue as at the date of the Announcement); and
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 23.45%, represented by a discount of the theoretical diluted price of approximately HK\$0.177 per Share to the benchmarked price of approximately HK\$0.231 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange as at date of the Announcement of HK\$0.219 per Share; and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days preceding the date of the Announcement of approximately HK\$0.231 per Share).

The Subscription Price was arrived at after an arm's length negotiation, based on, among other things, the prevailing market price of the Shares, the Group's financial conditions and the reasons for and benefits of the Rights Issue as discussed in the section headed "Reasons for and benefits of the Rights Issue and the use of proceeds" in this Prospectus.

The Directors consider that it is fair and reasonable to set the Subscription Price at a discount to the prevailing market price and the consolidated net asset value per Share as illustrated above, taking into consideration the recent decreasing trend of the market price per Share. During the six months period prior to and including the Last Trading Day, the highest closing price per Share was HK\$0.79 on 17 and 18 November 2025 and showed a general downward trend to HK\$0.219 on the Last Trading Day, representing a decrease of approximately 72.3%. The Board believes that setting the Subscription Price at or close to the prevailing market level would be less likely to attract sufficient subscriptions from existing Shareholders to raise the intended proceeds.

In addition, during the six months prior to and including the Last Trading Day, the Company's average daily trading volume (i.e., 5,724,700 Shares, calculated based on the total trading volume divided by the total number of days during the six months prior to and including the Last Trading Day) represented merely approximately 0.5% of the total issued share capital of the Company, which implied thin trading liquidity of the Shares in market.

Under the prevailing market circumstances and economic sentiment and with reference to (i) the recent market performance of the Shares and the Company's average daily trading volume during the six months prior to and including the Last Trading Day as illustrated above, which indicated a lack of liquidity and demand for the Shares; (ii) the recent business performance and financial position of the Group, especially the Group's loss-making position for the year ended 31 December 2025 as compared to the profit for the year ended 31 December 2024; and (iii) the theoretical dilution effect of the Rights Issue does not result in a theoretical dilution effect of 25% or more, the Directors consider that it would be commercially reasonable to set a subscription price lower than the prevailing market price and the consolidated net asset value per Share as illustrated above in order to increase the attractiveness of the Rights Issue and motivate the Qualifying Shareholders and investors to engage in the Rights Issue.

Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors consider that the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares (when allotted, issued, and fully paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the 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 fully paid Rights Shares.

Basis of provisional allotments

The basis of the provisional allotment shall be two (2) Rights Shares (in nil-paid form) for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Qualifying Shareholders may apply for all or any part of their respective provisional allotment by lodging a duly completed PAL(s) and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details as to how to split the PALs will be set out in the Prospectus.

Rights of the Overseas Shareholders (if any)

The Prospectus Documents are not intended to be, have not been, and will not be registered or filed with under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Directors will make enquiries regarding the legal restrictions under the laws of the relevant place(s) and the requirements of the relevant regulatory body(ies) or stock exchange(s). If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholder on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholder. In such circumstances, the Rights Issue will not be extended to any such Non-Qualifying Shareholder.

According to the register of members of the Company as of the Latest Practicable Date, there are 5 Overseas Shareholders with registered addresses located in the PRC, holding in aggregate 59,996,000 Shares (representing approximately 5.24% of issued Shares), and 5 Overseas Shareholders with registered address located in the BVI, holding in aggregate 758,184,498 Shares (representing approximately 66.26% of issued Shares). The Company has sought legal opinion regarding the legal restrictions under the applicable securities legislation of such jurisdictions and the requirements of the relevant regulatory body or stock exchange with respect to the Rights Issue in relation to the Overseas Shareholders and has been advised that there is no restrictions under relevant securities law or other similar laws which would prevent the Company from including the Overseas Shareholder(s) with registered address(es) located in the BVI and the PRC in the Rights Issue. Based upon such advice, the Overseas Shareholders having registered address in the BVI and the PRC will not be excluded from the Rights Issue and shall therefore be the Qualifying Shareholders. Accordingly, the Rights Issue will be extended to such Overseas Shareholders having registered address in the BVI and the PRC.

It is the responsibility of the Shareholders, including the Overseas Shareholders, wishing to make an application for the Rights Shares, to satisfy himself/herself/itself before taking up his/her/its provisional allotments under the Rights Issue, as to the observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents and to pay any taxes and duties required to be paid in such jurisdiction in connection with the taking up and onward sale of the Rights Shares.

The Company reserves the right to treat as invalid any acceptance of or application for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on a pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will, if possible, be placed by the Placing Agent under the Compensatory Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Party(ies).

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

No fractional entitlement

On the basis of the entitlement to subscribe two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise from the Rights Issue. No odd lot matching services in relation to the Rights Issue will be provided.

Application for listing

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 their nil-paid and fully paid forms to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Dealing in the Rights Shares in both their nil-paid and fully paid forms will be in the board lots of 4,000 Rights Shares.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their 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 respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC 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.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of (i) stamp duty, (ii) the Stock Exchange trading fee, (iii) SFC transaction levy, and (iv) any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Share certificates and refund cheques for Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Friday, 3 July 2026.

If the Rights Issue does not become unconditional, refund cheques are expected to be despatched by ordinary post on or before Friday, 3 July 2026 at the respective Shareholders' own risk.

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 will be placed to independent places under the Compensatory Arrangements on a best effort basis. Any Unsubscribed Rights Shares that remain not placed under 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.

The Cayman legal adviser of the Company has confirmed that there are no applicable statutory requirements under the Companies Act regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlements under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) 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 Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5) of the Listing Rules.

Procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein.

If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. on Tuesday, 16 June 2026 (or, under bad weather and/or extreme conditions, such later date and/or time as mentioned in the section headed “Expected Timetable — Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares” on the Latest Time of Acceptance in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “**ZHONGSHEN JIANYE HOLDING LIMITED**” and crossed “**ACCOUNT PAYEE ONLY**”. Such payment will constitute acceptance of the provisional allotment of Rights Shares on the terms of the Prospectus Documents and subject to the memorandum and articles of association of the Company. Any payments for the Rights Shares should be rounded up to nearest cent.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. on Tuesday, 16 June 2026 (or, under bad weather and/or extreme conditions, such later date and/or time as mentioned in the section headed “Expected Timetable — Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares” on the Latest Time of Acceptance in this Prospectus), whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled.

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer all or part of their rights to more than one person (not as joint holders), the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Monday, 8 June 2026 to the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company is not obliged to but may (at its sole and absolute discretion) treat PAL(s) as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete such incomplete PAL(s) at a later stage.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

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.

All cheques or cashier's orders accompanying completed PALs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order in payment for the Rights Shares whether by a Qualifying Shareholder or any nominated transferee, will constitute a warranty by such person that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation, and in that event the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. Qualifying Shareholders must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected. In the event of an overpaid application, a refund cheque, without interest, will be made out to such applicant only if the overpaid amount is HK\$100 or above.

No receipt will be given in respect of any PAL and/or relevant application monies received. If any of the conditions of the Rights Issue as set out in the section headed "Letter from the Board — The Rights Issue — Conditions of the Rights Issue" is not fulfilled at or before 5:00 p.m. on Thursday, 2 July 2026 (or such later date as the Company may determine), the Rights Issue will not proceed. Under such circumstances, the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person, without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, on or before Friday, 3 July 2026.

Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company must make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

On 26 March 2026, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares to independent placees on a best effort basis. Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Thursday, 25 June 2026, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares. Any Unsubscribed Rights Shares that are not placed 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) to the No Action Shareholders and Non-Qualifying Shareholders as set out below on a pro-rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Non-Qualifying Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such

amount will be paid to the relevant No Action Shareholder(s) and Non-Qualifying Shareholders in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

The Placing Agreement

The principal terms of the Placing Agreement are summarised below:

Date:	26 March 2026 (after trading hours)
Issuer:	The Company
Placing Agent:	Beta International Securities Limited
	The Placing Agent is a licensed corporation to carry out business in type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owner(s) are not interested in any Shares and are Independent Third Parties.
Placing Commission:	Subject to completion of the Placing, the Company shall pay a placing commission of 0.5% of the amount which is equal to the placing price multiplied by the total number of the Unsubscribed Rights Shares successfully placed by the Placing Agent.
Placing Price:	Not less than HK\$0.15 per Unsubscribed Rights Share
Placing Period:	A period commencing from the first (1st) Business Day immediately after the date of announcement of the number of Unsubscribed Rights Shares (which is expected to be Thursday, 18 June 2026) and ending on 4:00 p.m. on Thursday, 25 June 2026 (both days inclusive), or such other date as the Company and the Placing Agent may agree in writing.
Placees:	The placees shall be institutional, professional and other investors. The Placing Agent shall ensure that the placees (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties and not acting in concert with the Placing Agent and its concert parties. For the avoidance of doubt, no placee will become a substantial Shareholder.
Ranking of the placed Unsubscribed Rights Shares:	The placed Unsubscribed Rights Shares (when allotted, issued and fully-paid, if any) shall rank <i>pari passu</i> in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.
Conditions of the Placing Agreement:	The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled: (i) the Rights Issue having become unconditional;

- (ii) the Company's warranties, representation and undertakings contained in the Placing Agreement remaining true and accurate and not misleading in all material respects at all times prior to the date of completion of the Placing;
- (iii) the Listing Committee granting the listing of, and permission to deal in, the Unsubscribed Rights Shares and such approval and permission not subsequently revoked prior to the completion of the Placing;
- (iv) none of the Placees becoming a substantial shareholder of the Company as a result of the Placing;
- (v) the Company obtaining all necessary consents and approvals (if any) from the relevant authorities in respect of the transactions contemplated under the Placing Agreement, if applicable; and
- (vi) the passing of all necessary resolutions at the EGM to consider and approve, among others, the Rights Issue and the transactions contemplated thereunder.

Save for condition (ii) above which can be waived by the Placing Agent, none of the above conditions can be waived. In the event that the above conditions precedent have not been satisfied or waived by the Placing Agent on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties under the Placing Agreement shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination).

Termination: The Placing Agent may terminate the Placing Agreement by notice in writing to the Company with immediate effect at any time between the date of the Placing Agreement and at any time prior to the Latest Time for Termination upon the occurrence of the following events:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the sole and absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company;
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the sole and absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing of the Unsubscribed Rights Shares to potential investor(s) or otherwise makes it

inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing;

- (iii) any material change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the completion of the placing of the Unsubscribed Rights Shares to potential investor(s)) or otherwise in the sole and absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing;
- (iv) any suspension of dealings in the Shares on the Stock Exchange for any period of seven consecutive trading days or more (other than as a result of announcing the Placing Agreement);
- (v) any litigation or claim of any third party being threatened or instigated against any member of the Group which is material in the context of the Placing;
- (vi) an order is made or a petition is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group;
- (vii) any demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity or any event, act or omission which gives rise to or is likely to give rise to any material liability of the Company;
- (viii) any change, or any development involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and/or liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Group (other than those already disclosed to the public on or before the date of the Placing Agreement) which in the sole and absolute opinion of the Placing Agent is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith;
- (ix) the Company commits any material breach of (or where the material breach is capable of being remedied, that breach has not been remedied within a reasonable time) or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (x) 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 in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its absolute opinion 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 Company or will otherwise likely to have a material prejudicial effect on the Placing.

The terms of the Placing Agreement were determined after arm's length negotiation between the Placing Agent and the Company with reference to (i) the prevailing market rate for rights issues, including the placing commissions of recent 14 rights issue transactions the Company has identified involving compensatory arrangement only and no excess application which were announced by the companies listed on the Stock Exchange within three months preceding the Last Trading Day, which are ranged from approximately 1.0% to 3.0% with an average and a median of approximately 1.8% and 2.0%, respectively; (ii) the existing financial position of the Group, including the Group's loss-making performance and net cash used in operating activities for the year ended 31 December 2025; (iii) the size of the Rights Issue, which may involve the placing of up to 805,277,012 Rights Shares (representing approximately 70.4% of the existing issued share capital of the Company as at the Latest Practicable Date); and (iv) the general downward trend in the daily closing price of the Shares during the six months period prior to and including the Last Trading Day, as noted by the decrease in closing price of the Shares from the highest of HK\$0.79 per Share on 17 and 18 November 2025 to HK\$0.219 on the Last Trading Day, representing a decrease of approximately 72.3%. Taking into account the above, in particular, the placing commission of 0.5% pursuant to the Placing Agreement is lower than the average and the median of the recent rights issue transactions, the Directors consider that the placing commission rate charged by the Placing Agent is no less favourable to the Company and the terms of the Placing Agreement are fair and reasonable and on normal commercial terms.

The Placing Agent confirms that it is an Independent Third Party. The Placing Agent will, on a best efforts basis during the Placing Period, seek to procure subscribers who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties to subscribe for all (or as many as possible) of the Unsubscribed Rights Shares.

If all or any of the Unsubscribed Rights Shares are successfully placed, any Net Gain will be distributed to the relevant No Action Shareholders and Non-Qualifying Shareholders. Any Unsubscribed Rights Shares that are not placed by the Placing Agent will not be issued by the Company. As at the Latest Practicable Date, the Placing Agent has not identified any placee(s). In any case, any placees shall be independent among themselves and should be independent of and not acting at the direction of or having any significant relationships with any connected person of the Company. As such, the Company considers that the Compensatory Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As the Company has put in place the above Compensatory Arrangements as required by Rule 7.21(1)(b) of the Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

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. There are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue. In the event of an under-subscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions:

- (a) the Increase in Authorised Share Capital having become effective;
- (b) the Rights Issue having been approved by the Independent Shareholders at the EGM;
- (c) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong, respectively, one duly certified copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having being 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 (Winding-Up and Miscellaneous Provisions) Ordinance not later than the Posting Date;

- (d) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders (and where applicable, the posting of the Prospectus to the Non- Qualifying Shareholders, if any, for information purposes only) and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Posting Date;
- (e) the Listing Committee of 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 Rights Shares (in their nil-paid and fully paid forms) by no later than the first day of their dealings;
- (f) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect; and
- (g) all other necessary waivers, consents, and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transactions contemplated thereunder having been obtained and fulfilled.

As at the Latest Practicable Date, conditions (a) and (b) above had been fulfilled. None of the above conditions precedent can be waived. If any of the conditions referred to above are not fulfilled at or before 5:00 p.m. on Thursday, 2 July 2026 (or such later date as the Company may determine), the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the fulfillment of the above conditions, it may or may not proceed.

The Irrevocable Undertaking

As the Latest Practicable Date, (i) Zhongshen Hengtai, which is 100% beneficially owned by Mr. Sang, holds 284,172,240 Shares, representing approximately 24.83% of the total issued share capital of the Company as at the Latest Practicable Date; (ii) Zhongshen Chitai, which is 100% beneficially owned by Mr. Xian, holds 71,040,560 Shares, representing approximately 6.21% of the total issued share capital of the Company as at the Latest Practicable Date; (iii) Huajian Investment, which is 100% beneficially owned by Mr. Wang Yan, holds 270,502,674 Shares, representing approximately 23.64% of the total issued share capital of the Company as at the Latest Practicable Date; and (iv) Huajian Advisory, which is 100% beneficially owned by Mr. Sang Haifeng, holds 115,929,718 Shares, representing approximately 10.13% of the total issued share capital of the Company as at the Latest Practicable Date.

In accordance with the terms of the Irrevocable Undertakings executed on 26 March 2026, Zhongshen Hengtai, Zhongshen Chitai, Huajian Investment and Huajian Advisory have provided irrevocable and unconditional undertakings to the Company that:

- (a) Zhongshen Hengtai, Zhongshen Chitai, Huajian Investment and Huajian Advisory will either subscribe for or procure subscriptions of 568,344,480 Rights Shares, 142,081,120 Rights Shares, 541,005,348 Rights Shares, and 231,859,436 Rights Shares, respectively, which represents their respective full entitlements to the provisional allotment under the Rights Issue;
- (b) Zhongshen Hengtai, Zhongshen Chitai, Huajian Investment and Huajian Advisory agree not to dispose of, or make arrangements to dispose of, any of the Shares held by them as at the date of the Irrevocable Undertakings before the Record Date; and

- (c) Zhongshen Hengtai, Zhongshen Chitai, Huajian Investment and Huajian Advisory will submit or ensure the submission of applications for 568,344,480 Rights Shares, 142,081,120 Rights Shares, 541,005,348 Rights Shares, and 231,859,436 Rights Shares, which represent the number of Rights Shares provisionally allotted (on a nil-paid basis) to them under the Rights Issue, to the Registrar.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group is principally engaged in the provision of construction services in the PRC. The Group is a comprehensive general contracting construction enterprise with first-grade qualifications in building construction general contracting, municipal and public construction general construction, foundation construction specialised contracting, building electrical and mechanical installation and engineering specialised contracting, and building renovation and decoration construction specialised contracting. The Group serves customers including government departments, SOEs, and listed and private enterprises on a project-by-project basis. The Group intends to further strengthen its market position in construction industry in the PRC including but not limited to strengthening the financial position by the Rights Issue, which will enable the Company to expand its capital base so that it is able to undertake more sizeable projects.

As disclosed in the annual report (the “**2025 Annual Report**”) of the Company for the year ended 31 December 2025 (“**FY2025**”), the revenue of the Group decreased by approximately 43.3% from approximately RMB750.6 million for the year ended 31 December 2024 (“**FY2024**”) to approximately RMB425.3 million for FY2025. Such decrease was mainly attributable to (i) the decrease in number of construction projects in FY2025 as compared to that in FY2024; and (ii) the decrease in revenue recognised from certain projects which were

completed or approaching the later stage of development in FY2025. The Group’s gross profit also decreased by approximately 60.9% from approximately RMB41.3 million for FY2024 to approximately RMB16.2 million for FY2025, primarily due to the revenue adjustments on certain projects following final settlement, additional raw material costs incurred on a project and the commencement of certain new projects during the year, which had comparatively lower gross profit margins of approximately 4.5% during the year. Such decrease in revenue and gross profit led to the Group’s turnaround from a profit of approximately RMB1.9 million for FY2024 to a loss of approximately RMB36.5 million for FY2025.

As a result of the dynamic nature of the Group’s underlying business and the Group’s loss-making performance, the Group recorded net cash used in operating activities of approximately RMB152.9 million and RMB164.2 million for FY2024 and FY2025, respectively. As at 31 December 2025, the Group had trade and other payables of approximately RMB944.7 million and bank borrowings of approximately RMB69.6 million as current liabilities. Included in the trade payables, approximately RMB123 million are with aging within one year. They mainly comprised payables to subcontractors and material vendors of currently ongoing projects. In order to ensure the projects could be carried on in progress, the Group would need to settle the relevant payments in a timely manner, which would cause additional pressure on its overall operating cash flow. Although the Group had cash and bank balances of approximately RMB58.6 million as at 31 December 2025, the aforesaid cash balance is required to fund its existing ongoing projects and represent unutilised proceeds from previous fundraising activities. As at the Latest Practicable Date, the Group has 146 ongoing contract, of which five major projects (as detailed below) would require additional funding of approximate RMB200.0 million to support their cash flows within the next six months. Therefore, the Group has an immediate need for financial resources to settle the liabilities. The proceeds from the Rights Issue can reduce the cash flow pressure. The Group would utilize operating cash inflow or obtain additional bank borrowings to satisfy the needs in addition to the proceeds from the Rights Issue.

For the Group’s projects which are in their initial/early stage as at the Latest Practicable Date, five of which require external capital funding from the Rights Issue. These five existing projects have contract sum of approximately RMB504.1 million in aggregate. For these projects, the advance payments (if any) are not sufficient to cover the upfront cost to be incurred within the early stage which are normally first three to six months from the respective commencement dates of the projects, depending on the expected duration of those projects. The details of these projects are as follows:

Project type	Location	Type of construction projects	Total contract value <i>RMB million</i>	Expected/Actual commencement date	Expected completion date
1. Residential buildings (和源府項目總承包工程)	Huaibei, Anhui Province	Construction engineering	350.0	April 2026	November 2028
2. Landscaping (中心南片區重大產業配套工程)	Shenzhen, Guangdong Province	Municipal and public construction	59.4	April 2026	December 2026
3. Infrastructure and public facilities (公明排洪渠道域排水管網整治完善工程)	Shenzhen, Guangdong Province	Municipal and public construction	46.8	June 2026	April 2027
4. Infrastructure and public facilities (龍華區公共機構(建築)供水設施)	Shenzhen, Guangdong Province	Municipal and public construction	31.5	October 2025	May 2027
5. Landscaping (深圳羅湖區湖貝項目)	Shenzhen, Guangdong Province	Municipal and public construction	16.4	October 2025	June 2026

In view of the upfront cost which is project-related expenses, such as cost of materials and subcontracting charges, the Directors consider to rely only on future cash flows from other existing or completed projects to finance such upfront costs will hinder the Group's business growth as the Group's internal resources are limited. Such upfront costs are expected to continue even after the first work-in-progress payment is made by the customers. As a result, the Group may experience temporary net cash outflows in the ordinary course of our business operation. For instance, the Group recorded net cash used in operating activities of approximately RMB152.9 million and RMB164.2 million for FY2024 and FY2025, respectively. Therefore, in view of the above and other factors such as the number of sizeable projects the Group is going to take up is expected to increase along with the Group's expansion plan and additional time may inevitably be required for the customers to certify a larger scale of works, the Directors consider that there is no assurance that the Group can generate enough cash flows to support the business operation and growth at any point in time.

As a large amount of costs needs to be paid at the commencement of the projects to ensure effective project execution which is under normal business operation and the industry norm, the Directors are of the view that the Rights Issue is fair and reasonable as it represents an opportunity for the Company to raise additional funding for the business operations of the Group without any interest burden and strengthen the Group's financial position.

Further, the Group must maintain sufficient cash reserves for essential expenditures to support ongoing operations and meet compliance obligations. These expenditures include, but are not limited to, legal and professional fees, Directors' remuneration, and staff costs. With reference to the 2025 Annual Report, the Group recorded administrative expenses of approximately RMB40.0 million and RMB42.4 million for FY2024 and FY2025, respectively. Consequently, the Group seeks to raise additional capital to address its immediate financial commitments and working capital needs.

The gross proceeds from the Rights Issue are expected to be approximately HK\$343.3 million. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$341.3 million. The Company intends to apply the net proceeds from the Rights Issue as follows:

- (i) approximately HK\$225.3 million, representing approximately 66.0% of the net proceeds, for the capital needs and cash flow of certain projects that have been awarded to the Group recently. The Group expects to fully utilise the net proceeds in this regard by the end of 2027;
- (ii) approximately HK\$68.2 million, representing approximately 20.0% of the net proceeds, for settlement of debts including trade and other payables and accruals. The Group expects to fully utilise the net proceeds in this regard by the end of 2026; and
- (iii) approximately HK\$47.8 million, representing approximately 14.0% of the net proceeds, for general working capital of the Group including staff cost, rental expenses, legal and professional fees and other operating expenses. The Group expects to fully utilise the net proceeds in this regard by the end of 2027.

In the event that there is an under-subscription of the Rights Issue and the Placing (as the case may be), the net proceeds of the Rights Issue and the Placing (as the case may be) will be allocated and utilised in proportion to the above uses.

Fundraising alternatives

The Board has considered various fundraising alternatives before resolving to the Rights Issue, including debt financing and equity financing alternatives such as open offer and placing of new shares.

The Board is of the view that while debt financing will increase the gearing ratio of the Group and having considered the prevailing interest rate environment, debt financing will increase the ongoing interest expenses of the Group which may in turn affect the profitability of the Group.

With respect to equity financing alternatives, the Board considers that placing of new Shares would be a sub-optimal fundraising means as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market.

The Board is of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing the overall working capital to fulfill the development plan of the Group without further increase the interest burden to the Group. The Rights Issue also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid shareholding dilution for those Shareholders who take up their entitlement under the Rights Issue in full.

Having considered the above, the Board considers that the terms of the Rights Issue are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fundraising activities in the past twelve months immediately prior to Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds	Intended use of proceeds	Actual use of proceeds
2 July 2025 and 3 July 2025	Subscription of 123,552,000 new Shares at the subscription price of HK\$0.61 under general mandate	Approximately HK\$75.1 million	(i) Approximately HK\$52.7 million for the capital needs and cash flow of certain projects; and (ii) approximately HK\$22.4 million for general working capital	Fully utilised as intended

Save as disclosed above, the Company has not conducted any equity fundraising activities in the past twelve months immediately prior to the Latest Practicable Date.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company, which are for illustration purposes only, (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming all Shareholders have taken up their entitled Rights Shares in full; (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than those pursuant to the Irrevocable Undertakings) have taken up any of their entitlement to Rights Shares with all the Placing Shares placed to Independent Third Parties under the Placing; and (iv) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than those pursuant to the Irrevocable Undertakings) have taken up any of their entitlement to Rights Shares and none of the Unsubscribed Rights Shares are placed to the independent places:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders		Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than those pursuant to the Irrevocable Undertakings) have taken up any entitlements of the Rights Shares and all the Unsubscribed Rights Shares are placed to the independent places		Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than those pursuant to the Irrevocable Undertakings) have taken up any entitlements of the Rights Shares and none of the Unsubscribed Rights Shares are placed to the independent places	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Zhongshen Hengtai (Notes 1 & 6)	284,172,240	24.83%	852,516,720	24.83%	852,516,720	24.83%	462,830,559	28.75%
Zhongshen Chitai (Notes 2 & 6)	71,040,560	6.21%	213,121,680	6.21%	213,121,680	6.21%	115,703,568	7.18%
Huajian Investment (Notes 3 & 6)	270,502,674	23.64%	811,508,022	23.64%	811,508,022	23.64%	440,566,973	27.35%

Huajian Advisory (Notes 4 & 6)	115,929,718	10.13%	347,789,154	10.13%	347,789,154	10.13%	188,814,418	11.72%
Huajian Technology Limited (Note 5)	16,539,306	1.45%	49,617,918	1.45%	16,539,306	0.48%	16,539,306	1.03%
Existing public Shareholders	386,099,200	33.74%	1,158,297,600	33.74%	386,099,200	11.25%	386,099,200	23.97%
The places	—	—	—	—	805,277,012	23.46%	—	—
Total	1,144,283,698	100%	3,432,851,094	100%	3,432,851,094	100%	1,610,554,024	100%

1. As at the Latest Practicable Date, Zhongshen Hengtai is 100% beneficially owned by Mr. Sang, the Chairman of the Company and an executive Director.
2. As at the Latest Practicable Date, Zhongshen Chitai is 100% beneficially owned by Mr. Xian, an executive Director.
3. As at the Latest Practicable Date, Huajian Investment is 100% beneficially owned by Mr. Wang Yan.
4. As at the Latest Practicable Date, Huajian Advisory is 100% beneficially owned by Mr. Sang Haifeng.
5. As at the Latest Practicable Date, Huajian Technology Limited is 100% beneficially owned by Mr. Wu Haibin.
6. The total number of Rights Shares to be subscribed by Zhongshen Hengtai, Zhongshen Chitai, Huajian Investment and Huajian Advisory will be scaled down to a level which (i) will not trigger a general offer obligation under the Takeovers Code; and (ii) will not cause the Company's public float to decrease to below 25%, as a result of the Rights Issue.

LISTING RULES IMPLICATIONS

As the Rights Issue will increase the total issued share capital of the Company by more than 50% within the 12-month period immediately preceding the Latest Practicable Date, the Rights Issue is conditional on Independent Shareholders' approval at the EGM in accordance with the requirements of Rule 7.19A of the Listing Rules.

Pursuant to Rule 7.27A(1) of the Listing Rules, where Shareholders' approval is required for a rights issue under Rule 7.19A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of the EGM, the Company does not have any controlling Shareholder as defined under the Listing Rules. However, Mr. Sang and Mr. Xian, both an executive Director, are interested in 284,172,240 and 71,040,560 Shares held by Zhongshen Hengtai and Zhongshen Chitai, respectively (representing approximately 24.83% and 6.21% of the total issued share capital of the Company as at the date of the EGM, respectively). Accordingly, Mr. Sang, Mr. Xian and their associates abstained from voting in favour of the resolution(s) to approve the Rights Issue and the transactions contemplated thereunder at the EGM. Save for the above, no Shareholders or Directors were required to abstain from voting in favour of the resolution(s) approving the Rights Issue and the transactions contemplated thereunder. At the EGM, the necessary resolution approving, among other things, the Rights Issue and the transactions contemplated thereunder was duly passed by the Shareholders by way of poll.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own, and there is no cumulative theoretical dilution effect. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

As of the Latest Practicable Date, the Company has no treasury shares.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Conditions of the Rights Issue" in this Prospectus.

Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not satisfied, the Rights Issue will not proceed. Any dealings in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders 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.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.

ADDITIONAL INFORMATION

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

MISCELLANEOUS

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

Yours faithfully,
For and on behalf of the Board
Zhongshen Jianye Holding Limited

Sang Xianfeng
Chairman

