
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **HANVEY GROUP HOLDINGS LIMITED**, you should at once hand this 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 the transferee(s).

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

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “14. Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Dealings in the Shares and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

HANVEY GROUP HOLDINGS LIMITED

恆偉集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8219)

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

The Rights Issue is on a non-underwritten basis. Pursuant to the Company’s constitutional documents, the applicable laws in Hong Kong and the Cayman Islands and the GEM Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfillment of the conditions of the Rights Issue as set out in the section headed “Letter from the Board – Conditions of the Rights Issue” in 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 Monday, 28 February 2022). If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Capitalised terms used in this cover page have the same meanings as defined in this Prospectus.

Dealings in the Rights Shares in the nil-paid form will take place from Monday, 31 January 2022 to Thursday, 10 February 2022 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Monday, 31 January 2022 to Thursday, 10 February 2022 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

The latest time for acceptance of and payment for the Rights Shares and for application is 4:00 p.m. on Tuesday, 15 February 2022. The procedure for acceptance and payment or transfer is set out on pages 15 to 16 of this Prospectus.

27 January 2022

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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EXPECTED TIMETABLE

Set out below is the expected timetable for the proposed Rights Issue which 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 changes to the timetable as and when appropriate.

Expected Timetable

2022

First day of dealing in nil-paid Rights Shares Monday, 31 January

Latest time for splitting of the PAL 4:30 p.m. on Monday,
7 February

Last day of dealing in nil-paid Rights Shares Thursday, 10 February

Latest Time for Acceptance of and payment for

the Rights Shares 4:00 p.m. on Tuesday,
15 February

Announcement of the number of Unsubscribed
Rights Shares and NQS Unsold Rights Shares
subject to the Compensatory Arrangements Tuesday, 22 February

Commencement of placing of Unsubscribed
Rights Shares and NQS Unsold Rights Shares
by the Placing Agent Wednesday, 23 February

Latest time of placing of Unsubscribed
Rights Shares and NQS Unsold Rights Shares
by the Placing Agent 4:00 p.m. on Friday,
25 February

Latest Time for Termination 4:00 p.m. on Monday,
28 February

Announcement of results of the Rights Issue
(including results of the placing of Unsubscribed
Rights Shares and NQS Unsold Rights Shares and
the amount of the Net Gain per Unsubscribed
Rights Share and NQS Unsold Rights Share
under the Compensatory Arrangements) Friday, 4 March

Despatch of refund cheques, if any, if Rights Issue is terminated
on or before Monday, 7 March

EXPECTED TIMETABLE

Expected Timetable

2022

Despatch of share certificates for fully-paid Rights Shares. Monday, 7 March

Expected first day of dealings in fully-paid

Rights Shares 9:00 a.m. on Tuesday,
8 March

Payment of Net Gain to relevant No Action

Shareholders (if any) Monday, 4 April

All time and dates in this Prospectus are references to Hong Kong local time and dates. Dates or deadlines stated in this Prospectus for events in the timetable are indicative only and may be extended or varied. Any further changes to the expected timetable for the Rights Issue will be announced by the Company as and when appropriate.

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 the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoons:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 15 February 2022. 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; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 15 February 2022. Instead the latest time for 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 in Hong Kong 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, 15 February 2022, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 24 December 2021 in relation to, among other things, the Rights Issue and the Placing
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“business day(s)”	any day (other than a Saturday or Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above or “black” rainstorm warning signal is hoisted or remains hoisted or “extreme conditions” caused by super typhoons in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	HANVEY GROUP HOLDINGS LIMITED, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 10.31(1) (b) of the GEM Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this Prospectus
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“COVID-19”	novel coronavirus pandemic (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
“Irrevocable Undertaking”	the irrevocable undertaking dated 24 December 2021 under which Million Easy has undertaken, among other things, to subscribe in full the Rights Shares to be provisionally allotted to it under the Rights Issue
“Last Trading Day”	24 December 2021, being the last trading day of the Shares on the Stock Exchange prior to the publication of the Announcement
“Latest Practicable Date”	21 January 2022, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information referred to in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 15 February 2022 or such later time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents

DEFINITIONS

“Latest Time for Termination”	4:00 p.m. on the first Business Day after the latest time for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent, being the latest time to terminate the Placing Agreement
“Million Easy”	Million Easy Enterprises Ltd., a company incorporated in the British Virgin Islands with limited liability, which is owned as by Mr. Cheuk and Mrs. Cheuk in equal shares, being the legal and beneficial owner of 62,000,000 Shares as at the Latest Practicable Date
“Mr. Cheuk”	Mr. Cheuk Sin Cheong, Clement, the chairman of the Board, the chief executive officer of the Company and an executive Director, the spouse of Mrs. Cheuk
“Mrs. Cheuk”	Ms. Au Corona Ching Mei M.H., an executive Director and the spouse of Mr. Cheuk
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting 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 Placing Agreement) under the Compensatory Arrangements
“No Action Shareholder(s)”	Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees who hold any nil-paid rights at the time such nil-paid rights are lapsed, and/or the Non-Qualifying Shareholders (if any)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiry as required under the GEM Listing Rules, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders (if any) in nil-paid form that have not been sold by the Company

DEFINITIONS

“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to the independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Gransing Securities Co., Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 24 December 2021 (as supplemented by the supplemental letter dated 19 January 2022) and 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 Period”	the period commencing from the sixth Business Day after the Latest Time for Acceptance and ending on 4:00 p.m. on the eighth Business day after the Latest Time for Acceptance
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the proposed Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Thursday, 27 January 2022, or such other day as may be determined by the Company for the despatch of the Prospectus Documents

DEFINITIONS

“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Wednesday, 19 January 2022 or such other date as may be determined by the Company for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	new Shares to be allotted and issued under the proposed Rights Issue on the basis of one (1) Rights Share for every two (2) Shares in issue on the Record Date, being 50,000,000 Shares based on the Company’s issued share capital as at Latest Practicable Date
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in issued share capital of the Company
“Share Consolidation”	the consolidation of every ten (10) issued and unissued ordinary share(s) of HK\$0.01 each into one (1) ordinary share(s) of HK\$0.10 each, details of which were set out in the circular of the Company dated 1 November 2021
“Shareholder(s)”	holder(s) of issued share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.22 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights
“%”	per cent.

LETTER FROM THE BOARD

HANVEY GROUP HOLDINGS LIMITED

恆偉集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8219)

Executive Directors:

Mr. Cheuk Sin Cheong Clement (*Chairman*)

Ms. Au Corona Ching Mei M.H.

Registered office:

Cricket Square, Hutchins Drive

PO Box 2681, Grand Cayman

KY1-1111, Cayman Islands

Independent non-executive Directors:

Mr. Yu Sau Ning Homer M.H.

Mr. Zhao Zhipeng

Ms. Yee Wai Fong Wendy

Dr. Liu Ngai Wing

Principal place of business in Hong Kong:

Units 3, 5 and 6, 15th Floor

Tower One, Ever Gain Plaza

No. 88 Container Port Road

Kwai Chung

New Territories

Hong Kong

27 January 2022

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference are made to the Announcement and the announcement of the Company dated 19 January 2022 in relation to, among other things, the Rights Issue. On 24 December 2021 (after trading hours), the Board proposed to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.22 per Rights Share to raise HK\$11.0 million by issuing 50,000,000 Rights Shares to the Qualifying Shareholders. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any).

The purpose of this Prospectus is to provide you, among other things, details of the Rights Issue, financial information and other general information of the Group.

LETTER FROM THE BOARD

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	:	One (1) Rights Share for every two (2) Shares held on the Record Date
Subscription Price	:	HK\$0.22 per Rights Share
Number of Shares in issue at the Latest Practicable Date	:	100,000,000 Shares
Number of Rights Shares	:	Up to 50,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to HK\$5,000,000 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Shares as enlarged by the allotment and issue of the Rights Shares	:	Up to 150,000,000 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

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

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 50,000,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 50% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid rights together with the NQS Unsold Rights Shares (if any) will be placed to independent places on a best effort basis under the Compensatory Arrangements. Any

LETTER FROM THE BOARD

Unsubscribed Rights Shares and NQS Unsold Rights Shares (if any) which are 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 are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement 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 10.26(2) of the GEM Listing Rules.

As at the Latest Practicable Date, save for Million Easy, the Board has not received any information from any Shareholders of their intention to take up their entitlement under the Rights Issue nor any undertaking from any Shareholders that they will undertake to subscribe for the Rights Shares.

Despite the Rights Issue is conducted on a non-underwritten basis, any Rights Shares not subscribed by the Qualifying Shareholders (i.e. the Unsubscribed Rights Shares), including the NQS Unsold Rights Shares (if any) will be placed by the Placing Agent on the market to independent placees on a best effort basis. The Company considers that such placing arrangement at a placing price of not less than the Subscription Price is attractive to encourage independent placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (if any). Based on the above, the Company is optimistic that the Qualifying Shareholders and the independent placees (if any) will subscribe for the Rights Shares and raise the necessary proceeds for the Company.

Subscription Price

The Subscription Price is HK\$0.22 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 22.81% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 22.81% to the average closing price of approximately HK\$0.285 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (iii) a discount of approximately 16.35% to the theoretical ex-rights price of approximately HK\$0.263 per Share, based on the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 7.60%, represented by the theoretical diluted price of approximately HK\$0.263 per Share to the benchmarked price of approximately HK\$0.285 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.285 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK\$0.285 per Share); and
- (v) a discount of approximately 31.25% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Note: Reference are made to the circular of the Company dated 1 November 2021 (the “Circular”) and the poll results announcement of the Company dated 17 November 2021 in relation to the Share Consolidation. Following the approval of the Share Consolidation by the Shareholders on 17 November 2021, the Share Consolidation became effective on 19 November 2021. To facilitate the trading of the Shares under the Share Consolidation, a parallel trading arrangement is in place during the period from 9:00 am on 3 December 2021 to 4:10 pm on 23 December 2021. During the parallel trading period, the Shares of the Company are traded on the Stock Exchange in two different stock codes, namely in the stock code of 8219 in the board lots of 10,000 Shares and in the stock code of 8597 in the board lots of 1,000 Shares. Please refer to the Circular for further details on the Share Consolidation. For the purpose of determining the discount to the Subscription Price, only the higher closing price of the Shares in the stock code of 8219 or 8597 was taken into account. Please refer to the table below for the closing price of the Share in the stock codes of 8219 and 8597, respectively.

Trading days	Stock Code:	Stock Code:
	8219	8597
	Closing price	Closing price
	HK\$	HK\$
17 December 2021	0.285	0.255
20 December 2021	0.285	0.255
21 December 2021	0.285	0.255
22 December 2021	0.285	0.255
23 December 2021	0.285	0.255
24 December 2021	0.285	–

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.20.

LETTER FROM THE BOARD

The Subscription Price was determined after by the Company with reference to, among others, (i) the market price of the Shares under the prevailing market conditions, (ii) the latest business performance and financial position of the Group; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and intended use of proceeds” in this Prospectus.

It is a common market practice that, in order to enhance the attractiveness of rights issue to existing shareholders, the subscription price would be set at a discount to the prevailing market prices of the relevant shares. The Company considers that the Subscription Price provides a more attractive opportunity to encourage the Qualifying Shareholders to participate in the Rights Issue and to maintain their respective shareholding interests in the Company and is therefore fair and reasonable.

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 proposed Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the 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; (ii) the proposed Rights issue allows the 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 historical market price of the Shares and discount to the recent closing prices of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Non-Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date.

In order to be registered as members of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong by 4:30 p.m. on Wednesday, 12 January 2022. The last day of dealing in the Shares on cum-rights basis is Monday, 10 January 2022.

As at the Latest Practicable Date, Million Easy is beneficially interested in an aggregate of 62,000,000 Shares, representing approximately 62% of the issued share capital of the Company, has undertaken, among other matters, that: (i) it will not sell, transfer or otherwise dispose of the Shares owned by it up to and including the Record Date; and (ii) it will subscribe in full the Rights Shares to be provisionally allotted to it under the Rights Issue.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Board has not received any information from any other Shareholders of its intention to take up the Rights Shares to be provisionally allotted to them.

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.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered 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 the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If, after making such enquiries, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholder(s). The Company will send the Prospectus (without the PAL) to the Non-Qualifying Shareholders for their information only.

Based on the register of members of the Company as at the Latest Practicable Date, there was one Overseas Shareholder with registered address in the PRC. Pursuant to the GEM Listing Rules, the Board has made enquiries as to whether there is any legal restriction under the applicable legislation of the relevant jurisdiction or requirement of any relevant regulatory body or stock exchange with respect to the offer of Rights Shares to such Overseas Shareholder.

The Directors, after making enquiries, are of the view that the Rights Issue will be extended to the Overseas Shareholder with registered address in the PRC as no local legal or regulatory compliance is required to be made in this jurisdiction;

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) Shares in issue and held by the Qualifying Shareholders 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.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL 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. There will be no excess application arrangements in relation to the Rights Issue.

LETTER FROM THE BOARD

Fractional entitlements to the Rights Shares

No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company.

Application for the Rights Shares

The PALs relating to the Rights Shares are enclosed with this Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein by completing such form(s) and lodging the same with separate remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:00 p.m. on Tuesday, 15 February 2022. 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 **"HANVEY GROUP HOLDINGS LIMITED — RIGHTS ISSUE ACCOUNT" and crossed "ACCOUNT PAYEE ONLY"**. It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Tuesday, 15 February 2022, 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 declined and will be cancelled. The Company may, at its sole discretion, treat a PAL 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 such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Monday, 7 February 2022 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

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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. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant 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 cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" below are not fulfilled, the monies 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 their 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 to their registered addresses by the Registrar on or before Monday, 7 March 2022. No receipt will be issued in respect of any application monies received.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects 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.

Share certificates for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 7 March 2022.

Irrevocable Undertaking

As at the Latest Practicable Date, Million Easy is beneficially interested in an aggregate of 62,000,000 Shares, representing approximately 62% of the issued share capital of the Company, has undertaken, among other things, that: (i) it will not sell, transfer or otherwise dispose of the Shares owned by it up to and including the Record Date; and (ii) it will subscribe in full the Rights Shares to be provisionally allotted to it under the Rights Issue.

As at the Latest Practicable Date, the Board has not received any information from any other Shareholders of its intention to take up the Rights Shares to be provisionally allotted to them.

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

According to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make arrangements 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 the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 24 December 2021 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold 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 and the NQS Unsold 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 on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Friday, 25 February 2022, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements 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 as set out below on 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 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) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

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

Details of the Placing Agreement are summarised as follows:

Date : 24 December 2021 (as supplemented on 19 January 2022)

Issuer : The Company

Placing Agent : Gransing Securities Co., Limited was appointed as the Placing Agent to procure, on a best efforts basis, places to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the Placing Period.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; and (ii) they are Independent Third Parties.

Placing Period : The period commencing from the sixth Business Day after the Latest Time for Acceptance and ending on 4:00 p.m. on the eighth Business Day after the Latest Time for Acceptance.

Commission and expenses : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 3.5% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

Placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares shall be not less than the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the process of placement.

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Placees : The Unsubscribed Rights Shares and NQS Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).

For the avoidance of doubt, no placee shall become a substantial shareholder of the Company.

Ranking of the placed Unsubscribed Rights Shares and NQS Unsold Rights Shares : The placed Unsubscribed Rights Shares and NQS Unsold Rights Shares (when allotted, issued and fully paid, if any) 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 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 GEM Listing Committee having granted the listing of, and permission to deal in, the Rights Shares;
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

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In the event that the above condition precedents have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing 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 thereof).

The engagement between the Company and the Placing Agent of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Directors consider that the terms of Placing Agreement in respect of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) are on normal commercial terms.

As explained above, the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Board is of the view that the above Compensatory Arrangements are fair and reasonable and are in the best interests of the Shareholders as a whole:

- (i) the arrangements are in compliance with the requirements under Rule 10.31(1)(b) of the GEM Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by an independent licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the placing Shares. The Placing Agent and its ultimate beneficial owner(s) (a) are not Shareholder; and (b) are Independent Third Parties; and

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- (iii) the Compensatory Arrangements will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company.

Application for listing of the Rights Shares

The Company has applied to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

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 commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

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

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 10,000 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.

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.

Taxation

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 in both their nil-paid and fully-paid forms.

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Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the delivery to the Stock Exchange for authorization and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents not later than the Prospectus Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date;
- (c) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and the permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) by no later than the business day prior to the first day of their dealings; and
- (d) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed.

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CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purposes only, set out below is the shareholding structure of the Company as at the Latest Practicable Date, and the effect on the shareholding structure of the Company upon completion of the Rights Issue:

Shareholders	At the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder (other than Million Easy) and no Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent		Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder (other than Million Easy) and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent	
	Approximate		Approximate		Approximate		Approximate	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Million Easy (Note 1)	62,000,000	62.00	93,000,000	70.99	93,000,000	62.00	93,000,000	62.00
Independent placees	-	-	-	-	-	-	19,000,000	12.67
Public Shareholders	38,000,000	38.00	38,000,000	29.01	57,000,000	38.00	38,000,000	25.33
Total	100,000,000	100.00%	131,000,000	100.00%	150,000,000	100.00%	150,000,000	100.00%

Note:

- The shares of the Company are registered in the name of Million Easy, the entire issued share capital of which are legally and beneficially owned by Mr. Cheuk and Mrs. Cheuk in equal shares. Under the SFO, both Mr. Cheuk and Mrs. Cheuk are deemed to be interested in all the shares of the Company held by Million Easy.

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

The Group is principally engaged in design and development, manufacturing and distribution of watch products on original design manufacturing basis for watch manufacturers, brand owners and watch importers across the globe.

The Company intends to raise funds by way of the Rights Issue. The maximum net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK\$10 million. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.20. The Company intends to use the net proceeds from the Rights Issue as to (i) approximately 70%

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of the net proceeds for repayment of bank loans and borrowings of the Group; and (ii) approximately 30% of the net proceeds for the for general working capital of the Group. If the Rights Issue is undersubscribed, the above use of proceeds will be adjusted by the Company accordingly and the net proceeds from the Rights Issue will be applied by the Company in the following order of priority: (i) for repayment of the bank loans and borrowings of the Group; and (ii) for the general working capital of the Group. As at the Latest Practicable Date, the Group's bank trade loan of approximately HK\$7 million will be matured by May 2022. It is expected that the net proceeds from the Rights Issue will be utilised by December 2022.

The Company had considered other fund-raising alternatives available to the Group, including debt financing. The Company is of the view that debt financing will result in interest burden and will increase the gearing ratio of the Group. The Board considers that it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity which will not increase the Group's finance costs. In addition, the Board believes that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position by improving the gearing position of the Group and for future strategic investments as and when such opportunities arise.

Since the Rights Issue will allow the Qualifying Shareholders to maintain their proportional shareholdings in the Company, the Board considers that raising capital through the Rights Issue is in the best interest of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders (if any) should note that their shareholdings in the Company will be diluted.

FUND RAISING EXERCISE IN THE PAST 12 MONTHS

The Company had not conducted any equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group's control. The Directors believe the significant risks relating to the business are as follows:

Risks relating to our industry we operate in a highly competitive environment and we cannot assure you that we will be able to grow or sustain our competitiveness

Watch manufacturing in the PRC is highly competitive and fragmented with over 1,000 players. The pricing of and demand for our watches are significantly affected by the intensity of competition we face. Our competitors may have substantially greater financial and technological resources, design and manufacturing capacities and stronger customer and supplier relationships than we do. As a result, we cannot assure you that we may be able to compete effectively with

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these competitors and the competitive pressures could adversely affect our business and financial condition and results of operations.

Changes in existing laws and regulations and the imposition of new laws, regulations, restrictions and any other entry barriers in relation to our industry may increase our costs

We are subject to compliance with various laws and regulations relating to the production and sales of watches in the jurisdictions in which we operate. Failure to comply with these laws and regulations may result in imposition of conditions on or the suspension of sale or seizure of our products, or significant penalties or claims. In the event that the countries in which we operate increase the stringency of such laws and regulations, our operating costs may increase and we may not be able to pass these additional costs onto our customers. Further, in the event that any jurisdiction in which we operate or plan to operate impose any new laws, regulations, restrictions or other barriers to entry, our ability to expand may be limited and our growth and development may be adversely affected.

Risks relating to conducting business in the PRC

We operate our production facility in the PRC. A substantial part of parts and components are sourced from various suppliers who are mostly Hong Kong companies with production facilities in the PRC. Accordingly, the business, results of operations and financial condition as well as prospects of our Group are subject, to a significant degree, to the economic, political and legal developments in the PRC.

Political and economic policies of the PRC Government may affect our business and results of operations and may result in our inability to sustain our growth and expansion strategies

The PRC economy has largely been a centrally planned economy, which differs from other developed economies of the world in many respects, including:

- the degree of the PRC Government's involvement;
- the growth rate and degree of development;
- the uniformity in implementation and enforcement of laws;
- the content of and control over capital investment;
- the control of foreign exchange; and
- the allocation of resources.

The PRC economy has been transitioning from a centrally planned economy to a more market-oriented economy. For approximately three decades, the PRC Government has implemented economic reform measures to utilise market forces in the development of the PRC

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economy. The PRC economy has grown significantly in recent decades, though we cannot assure you that this growth will continue or continue at the same pace.

In addition, the PRC Government continues to play a significant role in regulating industries and the economy through policy measures. As such, we cannot assure you that we will not be adversely affected by the measures that are under continuous adjustments. Also, the PRC Government has implemented various measures to guide the allocation of resources. Some of these measures may benefit the overall economy of the PRC, but may also have a negative impact on the watch industry or on us. For example, our financial results may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us.

Economic and political risks

The business operations of the Group are primarily based in the PRC and, any significant change in the general economic and political developments in the PRC and Hong Kong may adversely affect the Group's operations and financial position.

Financial risks relating to the Group

The risks associated with the Group's major financial instruments include trade and other receivables, bank balances, bank borrowings and trade and other payables.

Foreign exchange risk

The Group's purchases are denominated in Hong Kong Dollars. The sales of the Group are predominantly in US Dollars, Renminbi and Hong Kong Dollars. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk primarily with respect to translation of assets or liabilities denominated in currencies other than the entity's functional currency.

Credit risk

The Group's exposure to credit risk would be due to failure to discharge an obligation by the counterparties on the carrying amounts of the respective financial assets.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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Risks relating to the share price

The price and trading volume of the Shares are determined by demand and supply of investors for the Shares in the public market price and may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, changes in or challenges to the Group's operation, acquisitions or disposals, the depth and liquidity of the market for the Shares, investors' perceptions of the Group and general political, economic, social and market conditions could cause the market price of the Shares to change substantially.

Risks relating to 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. If there is an under-subscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Rights Issue may not become unconditional or may not proceed. Should the Rights Issue proceed as intended, the shareholding interest of the existing Shareholders in the Company will be diluted if they do not or cannot subscribe for the Rights Shares which they are entitled to.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the fulfilment of conditions precedent (a summary of which is set out in the paragraph headed "Conditions of the Rights Issue" above). Accordingly, the Rights Issue may or may not proceed.

The Shares have been dealt with on an ex-rights basis from Tuesday, 11 January 2022. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 31 January 2022 to Thursday, 10 February 2022 (both days inclusive). Any Shareholder or other person dealing in Shares or in the nil-paid Rights Shares up to the date on which the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/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.

Any party 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).

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus. In case of any inconsistency between the English and Chinese versions of this Prospectus, the English version will prevail.

By order of the Board

HANVEY GROUP HOLDINGS LIMITED

CHEUK Sin Cheong Clement

Chairman, Chief Executive Officer and Executive Director

1. FINANCIAL SUMMARY OF THE GROUP

Details of the audited consolidated financial statements of the Group for the three years ended 31 December 2018, 2019 and 2020, including the notes thereto, are disclosed in the annual reports of the Company for the three years ended 31 December 2018, 2019 and 2020, which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://www.hanveygroup.com.hk>). Set out below are links to the relevant annual reports of the Company:

- (i) The annual report of the Company for the year ended 31 December 2020 published on 29 March 2021 (pages 74 to 179):

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0329/2021032901934.pdf>

- (ii) The annual report of the Company for the year ended 31 December 2019 published on 3 May 2020 (pages 72 to 187):

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0503/2020050300043.pdf>

- (iii) The annual report of the Company for the year ended 31 December 2018 published on 24 March 2019 (pages 70 to 183):

<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0324/gln20190324015.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 November 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the indebtedness of the Group was as follows:

(a) Borrowings

The Group had aggregate outstanding borrowings of approximately HK\$109.53 million bank borrowings were guaranteed and were secured by the Group's certain property, plant and equipment, properties, bank deposits and guaranteed by Mr. Cheuk and Mrs. Cheuk.

(b) Lease liabilities

The Group had lease liabilities of approximately HK\$1.33 million in respect of finance leases for certain motor vehicles, office equipment and leasehold building in respect of an operating lease under HKFRS 16 Lease. The Group's lease liabilities are secured by the lessor's charge over the motor vehicles.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, as at the close of the business on 30 November 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this Prospectus, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts or liabilities under acceptances or acceptance credits or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

The Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 November 2021 up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors, after due and careful enquiry and taking into account the present internal financial resources available to the Group, the estimated net proceeds from the Rights issue and the Group's internally generated funds, are of the opinion that the Group has sufficient working capital to satisfy its present requirements, that is for at least the next twelve months from the date of this Prospectus in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT

The Group is principally engaged in the design and development, manufacturing and distribution of watch products on original design manufacturing ("ODM") basis for watch manufacturers, brand owners and watch importers across the globe. The Group derives revenue mainly from the sale of: (i) finished watches, (ii) semi-knocked-down kit, and (iii) watch parts.

For the year ended 31 December 2020, the Group's revenue amounted to approximately HK\$139.34 million, decreased by approximately 29.64% when compared with that for the corresponding period of 2019. The decrease was primarily due to, among other things, the imposition of quarantine, lockdown and travel restrictions as a result of the outbreak of the COVID-19 in January 2020. The pandemic resulted in weak demand and decrease in sale of our products in our major markets. Nevertheless, with the availability of vaccines in January 2021, the number of infections in Asian countries has fallen. Hence, the demand for our products has gradually increased.

As a result of the decrease in revenue, our gross profit decreased by approximately HK\$17.17 million or approximately 34.13% from approximately HK\$50.31 million for the year ended 31 December 2019 to approximately HK\$33.14 million for the year ended 31 December 2020.

We recorded an increase in a loss before taxation of approximately HK\$26.19 million for the year ended 31 December 2020 as compared to the loss before taxation of approximately HK\$13.87 million for the year ended 31 December 2019.

As a result of the foregoing, we recorded a loss for the year of approximately HK\$26.21 million for the year ended 31 December 2020 as compared to approximately HK\$14.55 million for the year ended 31 December 2019.

For the nine months ended 30 September 2021, the Group's revenue amounted to approximately HK\$149.41 million, increased by approximately 67.03% when compared with that for the corresponding period of 2020. For the nine months ended 30 September 2021, the Group recorded a gross profit of approximately HK\$43.64 million, represents an increase of approximately 89.33% when compared with that for the same period in 2020, mainly due to the availability of vaccines in January 2021, and the decrease in the number of infections in some Asian countries. Hence, the demand for our products has gradually increased.

Following its weakest performance since the global financial crisis, the world economy is poised for a modest rebound in 2021. Market sentiment has been boosted by tentative signs: intermittent favourable news on the US-PRC trade negotiations and central banks' shifting toward accommodative monetary policy.

The outbreak of the novel coronavirus (COVID-19) pandemic is casting an adverse impact to the world with social and economic activities mostly halted in the seriously affected countries and territories. Although most international trade fairs have been cancelled or postponed due to the COVID-19 pandemic, we can continue reaching out to overseas buyers via online fairs and platforms.

It must be emphasized that the growth will be gradual and will depend to a large extent on how the global economy performs and whether the COVID-19 situation is under control. Given the improved growth outlook for key external economies, as well as a further easing of global and domestic public health measures with the availability of vaccines, the watch market is expected to return to growth in 2021.

We intend to continue to focus on the core business, take efforts in strengthening our product design and developing capability to maximise the long term returns of the shareholders of the Company.

The following is the text of a report received from the Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of inclusion in this Prospectus.

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

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with Rule 7.31 of the GEM Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had taken place on 30 June 2021.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only and based on the judgements, estimates and assumptions of the Directors, and because of the hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at the date to which it is made up or at any future date.

The Unaudited Pro Forma Financial Information of the Group as at 30 June 2021 is prepared by the Directors based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2021, extracted from the published interim report of the Company for the six months ended 30 June 2021, with adjustments described below.

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2021 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after completion of the Rights Issue <i>HK\$'000</i>	Unaudited consolidated net tangible assets of the Group per share attributable to owners of the Company as at 30 June 2021 <i>HK\$</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company after completion of the Rights Issue <i>HK\$</i> <i>(Note 4)</i>
Based on 50,000,000 Rights Shares to be issued at Subscription Price of HK\$0.22 per Rights Share	40,376	10,000	50,376	0.40	0.34

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2021 is based on the unaudited consolidated net assets attributable to owners as at 30 June 2021 of HK\$40,376,000 as extracted from the published interim report of the Company for the six months ended 30 June 2021.
2. The estimated net proceeds from the Rights Issue are based on 50,000,000 Rights Shares to be issued at the Subscription Price of HK\$0.22 each per Rights Share, after deduction of the related expenses including, among others, professional fees, and without taking into account of any additional Shares to be issued, if any, upon the exercise of any Vested Share Options. The estimated net proceeds are approximately HK\$10,000,000.
3. The unaudited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 30 June 2021 was HK\$0.40 which was based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2021 of approximately HK\$40,376,000, divided by 100,000,000 Shares in issue as at 30 June 2021 (after taking the effect of share consolidation completed on 19 November 2021).
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 30 June 2021 immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of Rights Issue of approximately HK\$50,376,000, divided by 150,000,000 Shares deemed to be in issue, being the total of 100,000,000 Shares in issue as at 30 June 2021 (after taking the effect of share consolidation completed on 19 November 2021) and 50,000,000 Rights Shares have been issued under the Rights Issue assuming the Rights Issue has been completed on 30 June 2021 (after taking the effect of share consolidation completed on 19 November 2021) but takes no account of any Shares to be issued, if any, upon the exercise of Vested Share Options.
5. No adjustment has been made to the unaudited pro forma statement of adjusted consolidated net tangible assets to reflect any operating results or other transactions of the Group entered into subsequent to 30 June 2021.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountant, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

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

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF HANVEY GROUP HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hanvey Group Holdings Limited (the “**Company**”) by the directors of the Company (the “**Directors**”) for illustrative purpose only. 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 2021, and related notes as set out in Section A of Appendix II of the Company’s prospectus dated 27 January 2022 (the “**Prospectus**”) in connection with the proposed rights issue on the basis of one rights share for every two 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 Section A of Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Company’s condensed consolidated financial position as at 30 June 2021 as if the Rights Issue had taken place as at 30 June 2021. As part of this process, information about the Company’s unaudited condensed consolidated financial position has been extracted by the Directors from the Company’s financial information for the six months ended 30 June 2021, on which no audit or review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

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

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

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the unaudited pro forma financial information and to report our opinion solely to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM 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 a 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 Rights Issue as at 30 June 2021 would have been as presented.

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

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

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, 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 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 7.31(7) of the GEM Rules.

Yours faithfully

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Wong Sze Wai, Basilia

Practicing Certificate Number: P05806

Hong Kong, 27 January 2022

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital in the Company as at the Latest Practicable Date and immediately following completion of the Rights Shares (assuming the Rights Issue becoming unconditional) was and will be as follows:

(i) As at the Latest Practicable Date:

Authorised:		<i>HK\$</i>
<u>1,000,000,000</u> Shares		<u>100,000,000</u>
Issued and fully paid or credited as fully paid:		
<u>100,000,000</u> Shares		<u>10,000,000</u>

(ii) Immediately following completion of the Rights Issue:

Authorised:		<i>HK\$</i>
<u>1,000,000,000</u> Shares		<u>100,000,000</u>
Issued and fully paid or credited as fully paid:		
100,000,000 Shares		10,000,000
<u>50,000,000</u> Rights Shares to be issued		<u>5,000,000</u>
<u>150,000,000</u> Shares in total upon completion of the Rights Issue		<u>15,000,000</u>

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and return of capital. The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with each other and the Shares then in issue as at the date of allotment and issue of the Right Shares, including, in particular, as to dividends, voting rights and return of capital. Holders of the Rights Shares in their fully paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

The Rights Shares to be issued will be listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

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

As at the Latest Practicable Date, there was no arrangement under which future dividend were waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Interest of Directors

As at the Latest Practicable Date, the interests or short positions of Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have taken under such provisions of the SFO) or (ii) which were recorded in the register required to be kept under Section 352 of the SFO, or (iii) which were otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

Long position in the Shares and underlying Shares

Name of Director	Nature of Interest	Number of Shares held	Approximate percentage of the total issued share capital of the Company
Mr. Cheuk	Interest in controlled corporation <i>(Note 1)</i>	62,000,000	62%
Mrs. Cheuk	Interest in controlled corporation <i>(Note 1)</i>	62,000,000	62%

Note:

- The shares of the Company are registered in the name of Million Easy, the entire issued share capital of which are legally and beneficially owned by Mr. Cheuk and Mrs. Cheuk in equal shares. Under the SFO, both Mr. Cheuk and Mrs. Cheuk are deemed to be interested in all the share of the Company held by Million Easy.

Long position in the ordinary shares of associated corporation:

Name of Director	Name of associated corporation	Capacity/ Nature of Interest	Long position	
			Number of ordinary shares	Percentage of total number of shares
Mr. Cheuk	Million Easy	Beneficial Interest	1	50%
Mrs. Cheuk	Million Easy	Beneficial Interest	1	50%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following parties (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares or debentures of the Company which were required 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 pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long position in the Shares and underlying Shares

Name	Nature of Interest	Number of Shares held	Approximate percentage of interest
Million Easy <i>(Note 1)</i>	Beneficial owner	62,000,000	62%

Note:

- (1) The shares of the Company are registered in the name of Million Easy, the entire issued share capital of which are legally and beneficially owned by Mr. Cheuk and Mrs. Cheuk in equal shares. Under the SFO, both Mr. Cheuk and Mrs. Cheuk are deemed to be interested in all the share of the Company held by Million Easy.

Save as disclosed above and as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying Shares or debentures of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under Section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

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

5. EXPERT AND CONSENT

The following sets out the qualifications of the expert who has been named in this Prospectus or has given opinions, letters or advices included in this Prospectus:

Name	Qualifications
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letters or its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, either directly or indirectly, in any assets which have been since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by, or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

7. MATERIAL CONTRACTS

Save as disclosed below, there had 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 within the two years immediately preceding and including the Latest Practicable Date:

- (a) the Placing Agreement.

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholders or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, or have or may have any other conflicts of interest with the Group.

9. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, save as the related party transactions and connected transactions disclosed in note to the consolidated financial statements of the Group for the year ended 31 December 2020, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, save as the related party transactions and connected transactions disclosed in note to the consolidated financial statements of the Group for the year ended 31 December 2020, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2020 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. EXPENSES

The expenses in connection with the Rights Issue, including placing commission (if any), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$1 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

Registered office

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

Headquarter and principal place of business in Hong Kong	Units 3, 5 and 6, 15th Floor Tower One, Ever Gain Plaza No. 88 Container Port Road Kwai Chung, New Territories Hong Kong
Company secretary	Mr. Xie Xing (<i>CPA</i>)
Compliance officer	Ms. Au Corona Ching Mei M.H.
Authorised representatives	Ms. Au Corona Ching Mei M.H. Mr. Xie Xing (<i>CPA</i>)
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
Branch share registrar and transfer office in Hong Kong	Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal banks	Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Central Hong Kong Hang Seng Bank 83 Des Voeux Road Central Hong Kong
Auditors and reporting accountants	HLB Hodgson Impey Cheng Limited 31/F, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong

Legal advisers to the Company as to Hong Kong laws in relation to the Rights Issue	TC & Co. Units 2201–3, Tai Tung Building 8 Fleming Road Wanchai Hong Kong
Placing Agent	Gransing Securities Co., Limited Unit 2508, 25/F., Cosco Tower 183 Queen’s Road Central Hong Kong

12. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Cheuk Sin Cheong Clement (卓善章), aged 63, is the chairman of our Board, our founder, our Executive Director, one of our Controlling Shareholders and our Chief Executive Officer. He is also the chairperson of our Nomination Committee. He is a director of each of the operating subsidiaries of our Group. Mr. Cheuk is primarily responsible for formulating our Group’s overall strategy planning, overseeing sales and marketing, product development, and overall management of our Group’s business.

Mr. Cheuk has more than 33 years of experience in the watch industry, particularly in product design development, sales and marketing. He was the vice chairman of the 17th session of and chairman of the 18th session of The Federation of Hong Kong Watch Trades & Industries Limited and an advisor of The Federation of Hong Kong Watch Trades & Industries Limited since 2000. He was also a member of Watches and Clocks Advisory Committee of the Hong Kong Trade Development Council from 1996 to 2007.

Mr. Cheuk obtained a Master’s Degree of Business Administration (executive) from the City University of Hong Kong in November 2001. He was admitted as an honorary fellow of the Professional Validation Centre of Hong Kong Business Sector in June 2015. He was also awarded the Young Industrialist Awards for the year 1998/1999 by the Hong Kong Young Industrialists Council and an awardee member of the Hong Kong Young Industrialists Council in November 1998. Mr. Cheuk was also a director of the 32nd board of directors of Yan Oi Tong.

He is the spouse of Ms. Au Corona Ching Mei M.H., father of Ms. Cheuk Heide Oil-gei and brother-in-law of Ms. Au Hung Wai Didy.

Ms. Au Corona Ching Mei M.H. (“Mrs. Cheuk”) (歐靜美), aged 61, is our Executive Director, one of our Controlling Shareholders and the legal representative of Shenzhen 3 Wells Watch Company Limited. She is a member of our Remuneration Committee. She is also a director of each of the operating subsidiaries of our Group. She is primarily responsible for overseeing our Group’s administrative, human resources and financial management, and assisting in the management of our Group’s business.

Mrs. Cheuk has more than 32 years of experience in the watch industry. Prior to joining our Group, she worked in the Finance Department in China Resources Textiles Company Limited from July 1978 to January 1985 and worked as a deputy financial manager in China Resources Silk Co., Ltd from January 1985 to November 1987.

Mrs. Cheuk was awarded the China’s Hundred Outstanding Women Entrepreneurs* (中國百名傑出女企業家) by the China Association of Woman Entrepreneurs* (中國女企業家協會) in October 2006 and was awarded the Medal of Honour (MH) by the Government of the HKSAR in July 2010. She was a director, the vice chairlady and the chairlady of Yan Oi Tong from 2004 to 2006, 2006 to 2009 and 2009 to 2010 respectively. She was a committee member of the tenth Hubei Municipal Committee of the Chinese People’s Political Consultative Conference* (中國人民政治協商會議湖北省第十屆委員會委員). She is currently a permanent honorary committee member of The Chinese General Chamber of Commerce, Hong Kong and a director of Po Leung Kuk.

Mrs. Cheuk obtained a Diploma of Graduate Gemologist from the Gemological Institute of America in March 2003. Mrs. Cheuk is the spouse of Mr. Cheuk Sin Cheong Clement, mother of Ms. Cheuk Heide Oil-gei and sister of Ms. Au Hung Wai Didy.

Independent Non-executive Directors

Mr. YU Sau Ning Homer M.H. (余壽寧), aged 69, is our Independent Non-executive Director, the chairperson of our Audit Committee, and a member of our Remuneration Committee and Nomination Committee. Mr. Yu is responsible for supervising and providing independent judgment to our Board, the Remuneration Committee, the Audit Committee and the Nomination Committee.

Mr. Yu has 43 years of experience in the wholesale and retail markets of wine and spirit, skincare and household products. He has been the chief executive officer of Cheong Hing Store Ltd., Cheong Hing (1917) Limited, Youthful Technology International Ltd. and Youthful Wonder Limited since 1981, 1981, 1989 and 2014 respectively. In June 2016, he founded and became the director of One Belt One Road Eurasia Centre (HK) Limited.

Mr. Yu was awarded the Chevalier de l’ordre national du Merite by the Government of France in June 1996 and was awarded the medal of honour by the Government of the HKSAR in 1999. He was appointed as a member of the eleventh and twelfth National People’s Congress HKSAR Representative Elective Committee and was appointed as a committee member of the first Chinese People’s Political Consultative Conference of

Huangpu, Guangzhou in August 2015. He was also appointed as a member by the Consumer Council for the period between 2003 and 2008. In December 2008, he received the honorary decoration award from the Chamber of Beauty Culture & Cosmetics of All-China Federation of Industry & Commerce. He is currently a member of the Customer Consultative Group of CLP Power Hong Kong Limited, and an elected member of the retailer category of Quality Tourism Services Association Governing Council (QTSA) and the chairman of the Better Business Environment Committee of QTSA. He has been the chairman of the seventh Professional's Committee of Kowloon Federation of Association since June 2015. He has been an honorary life president of the Cosmetic & Perfumery Association of Hong Kong Ltd. since 1996.

Mr. Yu obtained a Degree of Master of Science from the National University of Ireland in April 2003. He was admitted as honorary senior fellow by the Professional Validation Centre of Hong Kong Business Sector (PVCBS) in November 2005, and was the president of the 6th session of the executive committee of PVCBS.

Mr. ZHAO Zhipeng (趙志鵬), aged 38, is our Independent Non-executive Director, the chairperson of our Remuneration Committee, and a member of our Audit Committee. Mr. Zhao is responsible for supervising and providing independent judgment to our Board, the Audit Committee and the Remuneration Committee.

Mr. Zhao has more than seven years of experience in the legal industry. Prior to joining our Group, he worked as a trainee solicitor at Patrick Mak & Tse from July 2011 to December 2013 and as an assistant solicitor in the same firm from December 2013 to March 2016. He became a partner of the said firm since 2016. He has been an independent non-executive director of Kin Pang Holdings Limited (stock code: 1722), a company listed on the Main Board of the Stock Exchange, since November 2017.

Mr. Zhao obtained a Degree of Bachelor of Laws from The East China University of Political Science and Law in July 2006, a Degree of Master of Laws from The Chinese University of Hong Kong in December 2007, a Juris Doctor Degree from the City University of Hong Kong in October 2009 and a Postgraduate Certificate in Laws from the City University of Hong Kong in July 2011. He was admitted to practice law as a solicitor in Hong Kong in December 2013.

Ms. YEE Wai Fong Wendy (余惠芳), aged 56, is our Independent Non-executive Director and a member of our Audit Committee and Nomination Committee. She is responsible for supervising and providing independent judgment to our Board, the Audit Committee and the Nomination Committee.

Ms. Yee has more than 28 years of experience in finance and accounting areas in the Asia Pacific. Prior to joining our Group, she was a senior auditor of Deloitte Touche Tohmatsu from July 1988 to April 1993. From July 1993 to November 2006 she has served a number of positions in the Motorola Asia Pacific Limited, a multinational telecommunications company listed in the United States, with her last position as a

controller for Hong Kong, the Philippines and the business development team of its networks and enterprise business. From December 2006 to April 2010 she has served a number of position in Ecolab Limited, a subsidiary of Ecolab Inc., a company listed in the United States, with her last position as Asia control director. From May 2010 to July 2012 she served as a vice president of finance in Active-Semi International, Inc. From July 2012 to June 2013, she worked as a senior director of finance and accounting, Asia, at Mikli Asia Limited. She then served as a director of finance from April 2014 to June 2017 at Targus Asia Pacific Limited.

Ms. Yee obtained a Degree of Bachelor of Social Sciences from the University of Hong Kong in November 1988 and a Degree of Bachelor of Science from the University of London in August 2002. She further obtained a Degree of Master of Business Administration from the University of Dubuque in December 2002. She has been admitted as a member of the Institute of Chartered Accountants in England and Wales in February 2006, and as an associate of the Hong Kong Institute of Certified Public Accountants since April 1992.

Dr. Liu Ngai Wing (廖毅榮), aged 71, is our Independent Non-executive Director. He is a member of our Remuneration Committee. He is responsible for supervising and providing independent judgement to our Board. Dr. Liu was awarded a Master Degree of Business Administration Degree from The Open University of Hong Kong in December 1999. He then obtained a Master of Science degree in Hotel and Tourism Management in The Hong Kong Polytechnic University in November 2001. He further obtained a Master of Science Degree in Global Business from The Chinese University of Hong Kong in December 2002, a PhD Degree from the Hotel and Tourism Management School of The Hong Kong Polytechnic University in October 2008, a Master of Arts Degree in China Studies from Hong Kong University of Science and Technology in November 2011, a Master of Arts Degree in Asia and International Studies from The City University of Hong Kong in February 2013, a Doctor of Business Administration Degree from Curtin University of Technology in January 2013, a Master of Arts Degree in Practical Philosophy from Lingnan University in November 2015, Master of Arts Degree in Chinese Studies from Chu Hai College of Higher Education in October 2017, and a Bachelor of Arts Degree in Chinese Humanities from The Open University of Hong Kong in August 2018.

Dr. Liu is an associate of The Hong Kong Institute of Company Secretaries, an associate of The Institute of Chartered Secretaries and Administrators, an associate of The Hong Kong Institute of Certified Public Accountants and a fellow of The Chartered Association of Certified Accountants.

Dr. Liu worked as a chief executive officer and a chairman at Yoshiya International Corporation, Limited (currently known as Capital Estate Limited, Stock Code 193), a company of which shares are listed on the Main Board of the Stock Exchange, from October 1996 to April 2002. He was an executive director of eSun Holdings Limited (Stock Code 571), a company of which shares are listed on the Main Board of the Stock Exchange, from November 1998 to May 2008. He was an independent non-executive director and the

chairman of the audit committee of Hang Fung Gold Technology Limited (currently known as 3D-GOLD Jewellery Holdings Limited (“**3D-GOLD**”)), a company of which shares were listed on the Main Board of the Stock Exchange but were subsequently delisted on 9 July 2012, from March 2000 to December 2008. Shares in 3D-GOLD were suspended from trading since 29 September 2008 and it was announced on the same day that Dr. Lam Sai Wing (“**Dr. Lam**”), the then chairman of 3D-GOLD had passed away and that technical breaches of certain loan facilities may arise as a result of Dr. Lam ceasing to be chairman of 3D-GOLD. On 14 October 2008 it was announced that certain wholesale trade receivables of 3D-GOLD might not be recoverable, and a winding-up petition for 3D-GOLD was filed by The Hongkong and Shanghai Banking Corporation Limited on 17 October 2008. The winding-up petition was subsequently adjourned to 13 July 2011 based on the available announcement of 3D-GOLD. The shares of 3D-GOLD were delisted with effect from 9 July 2011 by the Stock Exchange. Since Dr. Liu’s resignation from the board of directors of 3D-GOLD on 5 December 2008, he has been unaware of any further developments in the affairs of 3D-GOLD.

Dr. Liu also acted as the executive director and chief executive officer of Singapore Hong Kong Properties Investment Limited (currently known as China Minsheng Financial Holding Corporation Limited, Stock Code 245), a company of which shares are listed on the Main Board of the Stock Exchange, from September 2000 to December 2001. He was an independent non-executive director of Daiwa Associate Holdings Limited (currently known as Maxnerva Technology Services Limited, Stock Code 1037), a company of which shares are listed on the Main Board of the Stock Exchange, from September 2004 to December 2015. He was an independent non-executive director of Dorsett Hospitality International Limited (“**Dorsett Hospitality**”), a company of which shares were listed on the Main Board of the Stock Exchange but which were delisted on 16 October 2015, from September 2010 to October 2015. After Dorsett Hospitality was delisted, Dr. Liu continued to be its director until March 2016. He currently holds the position as an executive director at Miranda Company Limited.

Senior management

Mr. XIE Xing (謝星), aged 41, is our chief financial officer and company secretary. He is responsible for overseeing our financial reporting, financial planning, treasury, financial control and company secretarial matters.

Mr. Xie has more than 14 years of experience in the accounting and financial field. Prior to joining our Group, he worked at KPMG from July 2006 to February 2008, with his last position as an accountant. Subsequently, he worked as a financial and planning manager at Garona (HK) Limited from February 2008 to November 2008, as an accountant at Mapletree Logistics Management (HK) Limited from May 2009 to June 2010, as a business and finance manager at Vantage Sourced Limited from June 2010 to December 2012 and as a senior financial analyst at 3 Wells Watch Industries Limited from December 2011 to January 2014. In July 2014, he co-founded and became a director of Makeup Gallery Limited. From July 2015 to April 2017, he worked as a financial analyst at Metito

China Holdings Limited. He rejoined 3 Wells Watch Industries Limited as the chief financial officer in May 2017.

He obtained a Degree of Bachelor of Science with honour in Applied Physics from the Hong Kong Baptist University in December 2003, a Degree of Master of Philosophy in Physics from The Hong Kong University of Science and Technology in November 2005 and a Degree of Master of Economics from The University of Hong Kong in November 2019. He has been a member of the Hong Kong Institute of Certified Public Accountants since May 2011.

Mr. LAU Yue Man (劉禹文), aged 52, is our general manager and a director of Shenzhen 3 Wells Watch Company Limited. He is responsible for overseeing daily operation of our PRC production plant, and resolving production and products issues.

Mr. Lau has over 26 years of experience in management. Prior to joining our Group, he worked as a general manager in Golden Island Watch Industrial (Shenzhen) Limited* (金島錶業(深圳)有限公司) from June 1994 to December 1996, as a general manager in Han Lin Metal Products Manufactory Limited* (漢霖金屬製品廠有限公司) from January 1997 to April 2002, and as a technical director in Sutec (H.K.) Limited from August 2002 to January 2014.

Ms. AU Hung Wai Didy (歐紅慧), aged 55, is our vice general manager. She is responsible for overseeing research and development and procurement department.

Ms. Au has more than 33 years of experience in the watch industry. She joined 3 Wells Watch Industries Limited in October 1986 as a quality controller and was promoted to purchase clerk in September 1988. She left 3 Wells Watch Industries Limited in June 1996 and rejoined 3 Wells Watch Industries Limited in January 1997 as a purchase and research and development manager, and she is currently the vice general manager (China operation).

She is the sister of Mrs. Cheuk, sister-in-law of Mr. Cheuk Sin Cheong Clement and aunt of Ms. Cheuk Heide Oil-gei.

Ms. CHEUK Heide Oil-gei (卓凱璣), aged 33, is our in-house legal counsel. She is currently responsible for overseeing the sales and marketing and business development, management of our Group's business, and advising on legal matters.

Ms. Cheuk has 8 years of experience in the watch industry. Prior to joining our Group, she worked as a legal intern and paralegal at Vidler & Co. Solicitors from August 2010 to May 2011 and as a solar campaign associate at Environment California from August 2012 to October 2012.

Ms. Cheuk obtained a Degree of Bachelor of Laws from the University of Durham in July 2010 and a Degree of Master of Laws from the Duke University in May 2012. She was admitted to practice as an attorney and counsellor at law in all courts of the State of New York in June 2017.

Ms. Cheuk is the daughter of Mr. Cheuk Sin Cheong Clement and Mrs. Cheuk and the niece of Ms. Au Hung Wai Didy.

Business address of the Directors

The business address of the Directors is the same as the Company's head office and principal place of business in Hong Kong at Units 3, 5 and 6, 15th Floor, Tower One, Ever Gain Plaza, No. 88 Container Port Road, Kwai Chung, New Territories, Hong Kong.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Yu Sau Ning Homer M.H., Mr. Zhao Zhipeng and Ms. Yee Wai Fong Wendy. The Audit Committee is mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

13. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed "5. Expert and Consent" in this Appendix, have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

15. DOCUMENTS ON DISPLAY

The following documents will be made available for display on the websites of the Stock Exchange and the Company (www.hanveygroup.com.hk) during the period of 14 days from the date of this Prospectus:

- (i) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group as set out in Appendix II to this Prospectus;
- (ii) the written consent referred to in the paragraph headed “5. Expert and Consent” in this Appendix; and
- (iii) the material contracts referred to in the paragraph headed “7. Material Contracts” in this Appendix.

16. MISCELLANEOUS

This Prospectus and the accompanying PAL have been prepared in both English and Chinese. In the case of any discrepancies, the English version shall prevail over their respective Chinese version.

As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.