
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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Zioncom Holdings Limited**, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

A copy of each of the Prospectus Documents, together with the other document(s) specified in the paragraph headed "16. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (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 as to the contents of any of the Prospectus Documents or any other document(s) referred to above.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed "Warning of the Risks of Dealing in the Shares and nil-paid Rights Shares" in the "Letter from the Board" of this Prospectus.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibilities for the contents of the Prospectus Documents, make no representations as to their 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.



ZIONCOM HOLDINGS LIMITED

百家淘客股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8287)

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

Placing Agent and Underwriter to the Company

Suncorp
Securities Limited

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

The Rights Issue will proceed on a non-fully underwritten basis. Save for the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right in its absolute discretion to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. Such events are set out in the section headed "Termination of the Underwriting Agreement" of this Prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled.

Dealings in the Shares had been on an ex-rights basis from Friday, 12 August 2022. Dealings in the Rights Shares in their nil-paid form will take place from Tuesday, 6 September 2022 to Wednesday, 14 September 2022 (both dates inclusive).

The latest time for acceptance and payment for the Rights Shares is 4:00 p.m. on Monday, 19 September 2022. The procedures for acceptance and transfer of the Rights Shares are set out in the section headed "Procedures for acceptance and payment or transfer" in the "Letter from the Board" of this Prospectus.

2 September 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following expressions have the following meaning:

“Announcements”	the announcements of the Company dated 28 February 2022 and 8 August 2022 in relation to, among other things, the Rights Issue
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Zioncom Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8287)
“Company (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 10.26(2) of the GEM Listing Rules
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Director(s)”	the director(s) of the Company
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning as defined in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and connected persons of the Company
“Latest Practicable Date”	25 August 2022, being the latest practicable date before the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Placing Date”	28 September 2022 or such later date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares

DEFINITIONS

“Latest Placing Time”	4:00 p.m. on the Latest Placing Date
“Latest Time for Acceptance”	4:00 p.m. on Monday, 19 September 2022, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Compensatory Arrangements”	4:00 p.m. on Wednesday, 28 September 2022, being the latest time for the Placing Agent to determine the list of Placees and to notify the Company and the Underwriter of the results of the Placing
“Latest Time for Termination”	5:00 p.m. on the first Business Day immediately after the Latest Time for Acceptance, or such later time as may be agreed between the Company and the Underwriter
“Last Trading Day”	28 February 2022, being the last trading day of the Shares on the Stock Exchange before the release of the announcement of the Company dated 28 February 2022
“Long Stop Date”	30 September 2022 or such later date as may be agreed between the Placing Agent and the Company in writing
“Net Gain”	any premiums paid by the placees over the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements
“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Overseas Letter”	a letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is(are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue

DEFINITIONS

“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares 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 Placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Suncorp Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 10.26(2) of the GEM Listing Rules
“Placing Agreement”	the placing agreement dated 28 February 2022 and entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Placee(s) on a best effort basis (as amended and supplemented by a supplemental placing agreement dated 19 August 2022)
“Placing Arrangement”	the placing arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares as described in the section headed “The Placing Agreement” in this Prospectus

DEFINITIONS

“Placing Period”	a period commencing from the Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares, which is expected to be Thursday, 22 September 2022, and ending at the Latest Placing Time
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	this prospectus dated Friday, 2 September 2022 to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and PAL
“Prospectus Posting Date”	Friday, 2 September 2022 or such other date as the Company may determine, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Monday, 22 August 2022 or such other date as may be determined by the Company, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	the branch share registrar of the Company in Hong Kong, being Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents

DEFINITIONS

“Rights Share(s)”	up to 330,000,000 new Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders for subscription pursuant to the Rights Issue, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 18 December 2017
“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.07 per Rights Share
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Suncorp Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter on 8 August 2022 in relation to the underwriting arrangement in respect of the Rights Issue (as amended and supplemented by a supplemental underwriting agreement dated 19 August 2022)
“Underwritten Shares”	140,000,000 Rights Shares, being the maximum number of Rights Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement

DEFINITIONS

“Unsubscribed Rights Shares” the Rights Shares that are not subscribed by the Qualifying Shareholders

“%” per cent

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Event	Date (2022)
First day of dealings in nil-paid Rights Shares	Tuesday, 6 September
Latest time for splitting of PALs	4:30 p.m. on Thursday, 8 September
Latest time of dealings in nil-paid Rights Shares	4:00 p.m. on Wednesday, 14 September
Latest time for lodging transfer of nil-paid Rights Shares in order to qualify for payment of Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholders (if any)	4:00 p.m. on Monday, 19 September
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 19 September
Latest Time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Tuesday, 20 September
Announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares subject to the Compensatory Arrangements	Wednesday, 21 September
Commencement of placing of Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent	Thursday, 22 September
Latest time of placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent	Wednesday, 28 September
Latest time for the Rights Issue and placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to become unconditional	4:00 p.m. on Wednesday, 28 September

EXPECTED TIMETABLE

Event	Date (2022)
Announcement of results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and per ES Unsold Rights Share under the Compensatory Arrangements)	Thursday, 29 September
Refund cheques, if any, to be despatched (if the Rights Issue does not proceed)	Friday, 30 September
Certificates for fully paid Rights Shares to be despatched	On or before Friday, 30 September
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Monday, 3 October
Payment of Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholders (if any)	Monday, 24 October

All times and dates in this announcement refer to Hong Kong local times and dates.

The expected timetable is subject to change, and any such change will be further announced by the Company as and when appropriate.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS 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:

1. typhoon signal No. 8 (or above);
2. “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or
3. a “black” rainstorm warning
 - (a) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or

EXPECTED TIMETABLE

- (b) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance 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 does not take place on the currently scheduled date of the events subsequent to the Latest Time for Acceptance, the dates mentioned in this section may be affected. Announcement will be made by the Company in such event as soon as possible.

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination:

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company or is materially adverse in the context of the Rights Issue; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
 - (iii) the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (b) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) there is any change in the circumstances of the Company which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of the Company or the destruction of any material asset of the Company; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (e) any other material adverse change in the business or the financial or trading position or prospects of the Company whether or not ejusdem generis with any of the foregoing; or
- (f) the Prospectus Documents in connection with the Rights Issue when published contain information (either as to business prospects or the financial condition of the Company or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Company as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a reasonably prudent investor not to apply for its assured entitlements of Rights Shares under the Rights Issue; or
- (g) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcements or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

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

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

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises its rights to terminate the Underwriting Agreement, the Rights Issue will not proceed.

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

The Rights Issue will proceed on a non-fully underwritten basis. Save for the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

TERMINATION OF THE UNDERWRITING AGREEMENT

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “THE UNDERWRITING AGREEMENT” in this Prospectus).

Accordingly, the Rights Issue may or may not proceed. The Shares had been dealt in on an ex-rights basis from Friday, 12 August 2022. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 6 September 2022 to Wednesday, 14 September 2022 (both days inclusive). 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). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

LETTER FROM THE BOARD



ZIONCOM HOLDINGS LIMITED

百家淘客股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8287)

Executive Directors:

Mr. Kim Jun Yeob (*Chairman*)
Mr. Koo Ja Chun
Mr. Xiao Jingen
Mr. Cheng Kwan Yu

Independent non-executive Directors:

Ms. Sin Pui Ying
Mr. Tsang Chung Yu

Registered office:

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Office A, 9/F., Kings Wing Plaza 2
No.1 On Kwan Street, Shatin
New Territories, Hong Kong

2 September 2022

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

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Announcement in relation to, among other matters, the Rights Issue. On 28 February 2022, the Company proposed to raise up to approximately HK\$23.1 million on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date by issuing 330,000,000 Rights Shares at the Subscription Price of HK\$0.07 per Rights Share (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company

LETTER FROM THE BOARD

on or before the Record Date). The Subscription Price is payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders.

The purpose of this Prospectus is to provide you with, among others, further details on the Rights Issue, certain financial information and other general information on the Group.

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\$0.07 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	660,000,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 330,000,000 Rights Shares with an aggregate nominal value of approximately HK\$3.3 million but not fewer than 140,000,000 Rights Shares with an aggregate nominal value of approximately HK\$1.4 million
Number of issued shares of the Company upon completion of the Rights Issue	:	Up to 990,000,000 Shares but not fewer than 800,000,000 Shares assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before the completion of the Rights Issue
Amount to be raised	:	Up to approximately HK\$23.1 million but not less than approximately HK\$9.8 million before expenses

As at the Latest Practicable Date, the Group had no outstanding derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

LETTER FROM THE BOARD

The nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 50.0% of the Company's issued share capital as at the Latest Practicable Date and approximately 33.3% of the Company's issued share capital as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue assuming no further issue of new Share(s) other than the Rights Shares, no repurchase of Share(s) on or before completion of the Rights Issue and the Rights Issue is fully subscribed.

Non-fully underwritten basis

The Rights Issue will proceed on a non-fully underwritten basis. Save for the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

As stated in the Announcement dated 28 February 2022, the Company was initially intended to conduct the Rights Issue on a non-underwritten basis. Prior to entering into the Placing Agreement, the Company had preliminarily consulted five brokerage companies (including the Placing Agent) for underwriting the Rights Issue but has not received any favourable feedback due to the then current market sentiment prior to the Last Trading Day. Among the five brokerage companies, none of them had shown any interest in acting as an underwriter to the Rights Issue, of which (i) three of the brokerage companies had shown interests to act as a placing agent to the Rights Issue and intended to charge a commission fee of 3.0%–3.5% of the amount which is equal to the Placing Price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by such brokerage company; (ii) the Placing Agent had also shown interested in acting as an placing agent to the Rights Issue and intended to charge a commission of 2.5% of the amount which is equal to the Placing Price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent; and (iii) the last brokerage company turned down the offer to act as a placing agent or underwriter for the Rights Issue. Having considered all the feedback from the five brokerage companies, the Board was of the view that the terms of the Placing Agreement including the commission rate proposed by the Placing Agent was the most reasonable and favorable to the Company. Taking into account that (i) the placing obligation of the placing agent are more or less similar to an underwriter of the Rights Issue (except that the placing agent is on best effort basis) and therefore adopting the Placing Arrangement simultaneously would help to maximise the funds to be raised; (ii) the Company was not able to secure any other underwriter who was willing to underwrite the Rights Shares as at the Last Trading Day; and (iii) the precedent rights issue transactions conducted by companies listed on the Stock Exchange whereby the unsubscribed rights shares have been more or less fully placed by the placing agents, the Board had decided to conduct the Rights Issue in a non-underwritten basis and believed that the terms of the Rights Issue was reasonable.

LETTER FROM THE BOARD

To further alleviate the concern and possibility that any Qualifying Shareholder who take up its entitlement might trigger a general offer obligation, as disclosed in the announcement of the Company dated 8 August 2022, the Company further negotiated the terms of the Rights Issue with Suncorp Securities Limited (being the Underwriter), which the Underwriter agreed to subscribe or procure subscription for a maximum of 140,000,000 Rights Shares shall there be any Unsubscribed Rights Shares and ES Unsold Rights Shares which have not been successfully placed out by the Placing Agent under the Compensatory Arrangements. As such, no shareholders will have any obligation to make a general offer under the Takeovers Code in any scenario. Therefore, the Company has proceeded to conduct the Rights Issue on a non-fully underwritten basis.

As the Rights Issue will proceed on a non-fully underwritten basis, the 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.

In the event that at the Latest Time for Compensatory Arrangements, there shall be any Unsubscribed Rights Shares and ES Unsold Rights Shares which have not been successfully placed out by the Placing Agent under the Compensatory Arrangements, the Underwriter shall subscribe or procure subscription for a maximum of 140,000,000 Rights Shares pursuant to the Underwriting Agreement. For the avoidance of doubt, the Underwriter shall have no obligation to underwrite further Rights Shares in the event that the Rights Shares taken up by the Qualifying Shareholders (other than Absolute Skill) together with Unsubscribed Rights Shares and ES Unsold Rights Shares to be placed by the Placing Agent together is more than 140,000,000 Rights Shares. As the results, immediately upon the completion of the Rights Issue, the Shares of Absolute Skill will not be passively increasing by more than 2% and incur an obligation to make a general offer for the Shares under the Takeovers Code.

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.07 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a premium of approximately 6.06% to the closing price of HK\$0.066 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

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- (b) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 1.49%, represented by the theoretical diluted price of approximately HK\$0.066 per Share to the benchmarked price of HK\$0.067 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Latest Practicable Date of HK\$0.066 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 Latest Practicable Date of approximately HK\$0.067 per Share);
- (c) a premium of approximately 48.9% to the closing price of HK\$0.047 per Share as quoted on the Stock Exchange on the date of the Underwriting Agreement;
- (d) a discount of approximately 16.7% to the closing price of HK\$0.084 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (e) a discount of approximately 14.2% to the average of the closing prices of approximately HK\$0.082 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (f) a discount of approximately 15.6% to the average of the closing prices of approximately HK\$0.083 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (g) a discount of approximately 69.8% to the net asset value of the Company of approximately HK\$0.232 per Share based on the unaudited net asset value attributable to owners of the Company of approximately HK\$153,157,000 as at 30 June 2021; and
- (h) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 5.6%, represented by the theoretical diluted price of approximately HK\$0.079 per Share to the benchmarked price of HK\$0.084 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\$0.084 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 Last Trading Day of approximately HK\$0.081 per Share).

The Subscription Price was determined by the Company with reference to, among other things, the prevailing market price of the Shares up to the Last Trading Day, the prevailing market conditions of the capital market in Hong Kong (i.e. the current adverse market environment due to COVID-19 pandemic and the overall downturn of the Hang Seng Index since February 2021), the amount of funds and capital needs and the reasons for the Rights Issue as discussed in the section headed “**REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**” in this Prospectus. All Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date so as to maintain their proportionate interests in the Company and participate in the future growth of the Group.

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The Company also reviewed the relevant details of the rights issue exercises announced by the companies listed on the Stock Exchange within six months prior to the Last Trading Day (“**Comparables**”), and noted the discount of the subscription prices of the Comparables ranged from a discount of approximately 0.5% to a discount of approximately 60.0%, with an average of a discount of approximately 22.7% and a median of a discount of approximately 21.5%. The discount of the Subscription Price of the Rights Issue was within the range of, and lower than the average discount and median discount of, the relevant discount ratios represented by the subscription prices of the Comparables. The Board is of the view that the Comparables, which represent an exhaustive list, can fairly represent the prevailing market trend in relation to rights issue of other listed companies prior to the Last Trading Day and consider that a period of approximately six months being a reasonable period to provide an overview of the precedent rights issue transactions which are reflective of the latest market conditions and sentiments.

The Directors consider that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil paid rights in the market; (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; and (iii) the 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 prevailing market price of the Shares.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. The possible maximum dilution effect to shareholdings of those Qualifying Shareholders who do not subscribe to the Rights Issue is approximately 33.3% (the “**Possible Maximum Dilution Effect**”). While the maximum dilution effect of the Comparables ranged from approximately 4.5% to approximately 75.0% with an average dilution effect of approximately 36.6%. The Board considered that the Possible Maximum Dilution Effect is comparable with the average dilution effect of the Comparables and that the dilution on the shareholding of those Qualifying Shareholders who do not take up in full their provisional allotments under the rights issue is inevitable. The dilution magnitude of any rights issue depends mainly on the extent of the basis of entitlement under such exercise since the higher offering ratio of new shares to existing shares is, the greater the dilution on the shareholding would be.

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Having considered (i) the dilution effect is not prejudicial as all Qualifying Shareholders are offered an equal opportunity to participate in the enlargement of the capital base of the Company and Independent Shareholders' interests in the Company will not be diluted if they elect to exercise their full provisional allotments under the Rights Issue; (ii) the Qualifying Shareholders have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market, subject to availability; and (iii) shareholding dilution is inherent in rights issue in general, the Board is of the view that the potential dilution effect on the shareholding, which may only happen to the Qualifying Shareholders who decide not to subscribe for their pro-rata Rights Shares, is justifiable.

The theoretical dilution effect of the Rights Issue is approximately 5.6% which is below 25% as required under Rule 10.44A of the GEM Listing Rules.

The Directors are of the view that the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders, and that all Qualifying Shareholders are treated equally. The net price per Rights Share (i.e. the Subscription Price less cost and expenses incurred in the Rights Issue) is estimated to be approximately HK\$0.065, if fully subscribed.

Status of Rights Shares

The Rights Shares, when allotted and fully paid, will 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, on or after the record date of which is after the date of allotment of the Rights Shares in their fully-paid form. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be an Excluded Shareholder.

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

As at the Latest Practicable Date, the Company has not received any undertaking from any substantial shareholders of the Company of any intention as to whether such Shareholder will take up his/her entitlements under the Rights Issue.

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Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares held by a Qualifying Shareholder as at the close of business on the Record Date.

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.

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 Shareholders may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Board will make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholders.

As at the Latest Practicable Date, there is no Shareholder with registered address (as shown on the register of member of the Company) which is outside Hong Kong.

The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only, but will not send any PAL to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in the market in their nil-paid form during the period from 9 a.m. on Tuesday, 6 September 2022 to 4:00 p.m. on Wednesday, 14 September 2022 if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Excluded Shareholders.

In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

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Any unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing Arrangement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the nil-paid Rights Shares that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

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

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

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 the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by not later than 4:00 p.m. on Monday, 19 September 2022 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed “Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares” in “Expected Timetable” in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “TRICOR TRUST (HONG KONG) LIMITED – A/C NO. 19” 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 Monday, 19 September 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 absolute 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 the relevant person(s) to complete the incomplete PAL at a later stage. Qualifying Shareholder(s) must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected. No receipt will be issued in respect of any PAL and/or relevant remittance received.

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If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:00 p.m. on Thursday, 8 September 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the next Business Day following the surrender of the original PAL. This process is commonly referred to as “splitting” of nil-paid Rights Shares. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

The PAL contains the full information regarding the procedures to be followed for Qualifying Shareholders who wish to: (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Qualifying Shareholders are advised to study the procedures set out in the PAL carefully.

The Registrar will determine the eligibility for the cash compensation as derived from the lapsed PALs after the completion of the re-registration for all re-registration request received by the Registrar on or before the latest time for acceptance of and payment for Rights Shares and by all means before the announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares subject to the Compensatory Arrangements is posted on the Stock Exchange’s website and the Company’s website.

If any of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” in this “Letter from the Board” of this Prospectus is not fulfilled at or before 4:00 p.m. on Tuesday, 20 September 2022 or such later date as may be considered by the Company, the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for the Rights Shares will be returned to the relevant applicants or, in the case of joint applicants, 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 Friday, 30 September 2022.

Cheques and banker’s cashier orders

All cheques and banker’s cashier orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of a PAL together with a cheque or banker’s cashier order in payment of the Rights Shares applied for will constitute a warranty that the cheque or banker’s cashier order will be honoured upon first presentation. If any cheque or banker’s cashier order is not honoured upon first presentation, the PAL (as the case may be) is liable to be rejected and/or

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deemed invalid by the Company in its absolute discretion, and in the case of an acceptance of a Qualifying Shareholder's assured entitlement all such assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

Beneficial owners' instructions to their Intermediary

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their nil-paid Rights Shares or "split" their nil-paid Rights Shares by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their Intermediary and provide their Intermediary with instructions or make arrangements with their Intermediary in relation to the acceptance, transfer and/or "splitting" of the rights to subscribe for the Rights Shares which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the "Expected Timetable" in this Prospectus and otherwise in accordance with the requirements of their Intermediary in order to allow their Intermediary sufficient time to ensure that their instructions are given effect. The procedures for acceptance, transfer and/or "splitting" in these cases shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other applicable requirements of CCASS.

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

Pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, the Company must make arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance 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 the No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 5:00 p.m., on Wednesday, 28 September 2022, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares at a price not less than the Subscription Price. Subject to the terms set out in the Underwriting Agreement, if and to the extent that at the Latest Time for Compensatory Arrangements, there shall be any Unsubscribed Rights Shares and ES Unsold Rights Shares which have not been successfully placed out by the Placing Agent under the Compensatory Arrangements, then the Underwriter shall subscribe or

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procure subscription for a maximum of 140,000,000 Rights Shares pursuant to the allocations under the terms set out in the Underwriting Agreement and on the terms as set out in the Prospectus Documents.

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

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

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

The excess application arrangement is considered as a passive arrangement to facilitate additional participation of the Qualifying Shareholders (i.e. only existing shareholders shall be entitled to apply for excess Rights Shares). Taking into account the low liquidity of the Shares before the Last Trading Day, the Board considers that it would be more desirable for the Company to adopt a more active measure by way of the Compensatory Arrangements (i.e. placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to potential shareholders by the Placing Agent in accordance to the Placing Agreement) to mitigate the uncertainty of the fund raising exercise. The Company also reviewed the relevant details of the rights issue exercises announced by the Comparables, and noted that 10 out of 33 Comparables did not offer excess application to their shareholders. Furthermore, 16 out of 33 Comparables were conducted on non-underwritten basis, among which 8 of them did not offer excess application to their shareholders. Therefore, the Board considers that the absence of excess application arrangement is not an uncommon market practice.

Although the absence of excess application arrangement might not be desirable for those Qualifying Shareholders who wish to take up additional Rights Shares in excess of their assured entitlements, after having considered the facts that (i) the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding

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interests in the Company; (ii) the Qualifying Shareholders who accept their respective entitlements under the Rights Issue in full can maintain their respective existing shareholdings in the Company after completion of the Rights Issue; and (iii) the absence of excess application arrangement is not an uncommon market practice, the Board are of the view that the application of Compensatory Arrangements instead of the excess application arrangement is reasonable and fair.

THE PLACING AGREEMENT

On 28 February 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement (as amended and supplemented by a supplemental placing agreement dated 19 August 2022), pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date : 28 February 2022 (after trading hours)

Issuer : the Company

Placing Agent : Suncorp Securities Limited was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares.

The Placing Agent confirmed that it is independent of and not connected with the Company and its connected persons or any of their respective associates.

Placing price of the Unsubscribed Rights Shares and/or and the ES Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares shall be not less than the Subscription Price.

The final price determination is depended on the demand and market conditions of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares during the process of placement.

Commission : 2.5% of the amount which is equal to the Placing Price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement

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The commission is not payable by the Company to the Placing Agent if the Placing Agreement has not become unconditional or is otherwise terminated in accordance with its terms.

- Placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case maybe) : The placing price of each of the Unsubscribed Rights Shares and/or the ES Unsold Rights Share (as the case maybe) shall be at least equal to the Subscription Price.
- The final price determination is depended on the demand and market conditions of the Unsubscribed Rights Shares and the ES Unsold Rights Shares during the process of placement.
- Placees : The Unsubscribed Rights Shares and the ES Unsold Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies).
- Ranking of Unsubscribed Rights Shares and the ES Unsold Rights Shares : Unsubscribed Rights Shares and the ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.
- Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):
- (i) the GEM Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;

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- (ii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof. The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the conditions precedent to the Placing Agreement (other than those set out in paragraph (i) above) by notice in writing to the Company.

Termination : The Placing Arrangement shall end on 30 September 2022 or any other date by mutual written agreement between the Placing Agent and the Company.

The engagement of the Placing Agent may also be terminated by Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill its duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

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Placing Completion : Completion is expected to take place within six Business Days after publication of an announcement by the Company of the number of the Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements and upon fulfilment or waiver (as the case may be) of the conditions precedent to the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing.

The Company shall use its best endeavours to procure the fulfilment of such conditions precedent to the Placing Agreement by the Long Stop Date. If any of the conditions precedent to the Placing Agreement have not been fulfilled by the Long Stop Date or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfilment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

The Placing Agent confirmed that it is independent of and not connected with the Company and its connected person and not a connected person of the Company. The engagement between the Company and the Placing Agent for the Unsubscribed Rights Shares (including the commission payable) was determined after arm's length negotiation between the Company and the Placing Agent 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 condition. The Directors consider that the terms of Placing Agreement for the Unsubscribed Rights Shares (including the commission payable) are on normal commercial terms.

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Pursuant to the Placing Agreement, the Company shall pay the Placing Agent a placing commission of 2.5% of the amount which is equal to the Placing Price multiplied by the Unsubscribed Rights Shares or ES Unsold Rights Shares that have been successfully placed by the Placing Agent. The Placing Commission was determined after arm's length negotiation between the Company and the Placing Agent and is on normal commercial terms, and the Board taken into account the range of placing/underwriting commission for precedent rights issue transactions conducted by the Comparables. The placing/underwriting commission rate of the Comparables ranged from approximately 1.0% to 4.6% with an average commission rate of approximately 2.7% and median commission rate of approximately 2.5%. The Placing Commission falls within the range and below the average of the placing/underwriting commission rate of the Comparables. Therefore, the Board consider that the Placing Commission is fair and reasonable.

The Board considers that the Compensatory Arrangements are fair and reasonable and provide adequate safeguard to protect the interests of the Company's minority Shareholders since:

- (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 ES 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;
- (iii) the Compensatory Arrangements will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Excluded Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares and the IS Unsold Rights Shares to the Company (i.e. in the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placees under the Compensatory Arrangements); and
- (iv) investors who would like to apply for excess shares can always acquire the Rights Shares from the market which in return provides more liquidity for the existing shareholders to sell their Rights Shares.

LETTER FROM THE BOARD

THE UNDERWRITING AGREEMENT

On 8 August 2022 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement (as amended and supplemented by a supplemental underwriting agreement dated 19 August 2022), pursuant to which the Underwriter has conditionally agreed to underwrite on a non-fully underwritten basis up to 140,000,000 Rights Shares. Material terms of the Underwriting Agreement are as follow:

Date : 8 August 2022 (after trading hours)

Issuer : the Company

Underwriter : Suncorp Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities.

As at the Latest Practicable Date, the Underwriter did not hold any Shares. The Underwriter and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, third parties independent of and not connected with the Company and its connected persons.

Total number of Rights Shares underwritten by the Underwriter : The Underwritten Shares, i.e. up to 140,000,000 Rights Shares.

The Underwriter shall have no obligation to underwrite further Rights Shares in the event that the Rights Shares taken up by the Qualifying Shareholders (other than Absolute Skill) together with Unsubscribed Rights Shares and ES Unsold Rights Shares to be placed by the Placing Agent together is more than 140,000,000 Rights Shares.

The actual amount of Rights Shares to be underwritten by the Underwriter will depend on the level of subscriptions by the Qualifying Shareholders, and the results of the placing pursuant to the Compensatory Arrangement under the Placing Agreement.

LETTER FROM THE BOARD

Commission : 1.0% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares (i.e. 140,000,000) Rights Shares) committed to be underwritten, subscribed for or procured subscription for by the Underwriter

The terms of the Underwriting Agreement were determined after arm's length negotiations between the Company and the Underwriter, with reference to, among other things, the prevailing market price and trading liquidity of the Shares, the prevailing market conditions, the latest financial position of the Group and the funding and capital needs of the Company as set out in the section headed "REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS" in this Prospectus.

Pursuant to the Underwriting Agreement, the Underwriter may, at its absolute discretion, appoint any other person to be sub-underwriter(s) for the purposes of sub-underwriting the Underwritten Shares. Any commission, costs, fees and expenses incurred by the Underwriter in connection with any sub-underwriting arrangement shall be borne by Underwriter only. As at the Latest Practicable Date, the Underwriter has not entered into any binding sub-underwriting agreements/placing agreements with any sub-underwriters and/or placees.

The Underwriter has undertaken with the Company that it shall use all reasonable endeavours to provide and ensure that (i) each of the sub-underwriters and independent placees and/or subscribers procured by any of them shall be third party independent from, not acting in concert with and not connected with the Directors or chief executive of the Company or substantial Shareholders of the Company or their respective associates; and (ii) save for the Underwriter itself and its associates, each of the independent placees procured by the sub-underwriter shall not, together with any party acting in concert with them, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue.

Save for the Underwriting Agreement and the Placing Agreement, the Company has not entered into any agreement, arrangement, understanding or undertaking in regard of the Rights Issue with the Underwriter or any of its connected persons and their respective associate.

The Board is of the view that the terms of the Underwriting Agreement are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

To the best of the Board's knowledge, information and belief having made all reasonable enquiries, the Underwriter, its ultimate beneficial owner and its associates are Independent Third Parties and not connected with the Company and its connected persons or any of their respective associates.

LETTER FROM THE BOARD

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company or is materially adverse in the context of the Rights Issue; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
 - (iii) the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (b) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) there is any change in the circumstances of the Company which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of the Company or the destruction of any material asset of the Company; or

LETTER FROM THE BOARD

- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout; or
- (e) any other material adverse change in the business or the financial or trading position or prospects of the Company whether or not ejusdem generis with any of the foregoing; or
- (f) the Prospectus Documents in connection with the Rights Issue when published contain information (either as to business prospects or the financial condition of the Company or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Company as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a reasonably prudent investor not to apply for its assured entitlements of Rights Shares under the Rights Issue; or
- (g) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcements or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

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

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

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises its rights to terminate the Underwriting Agreement, the Rights Issue will not proceed.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on or before Friday, 30 September 2022 by ordinary post to the allottees, at their own risk, to their registered addresses. Each Shareholder will receive one share certificate for all allotted Shares.

LETTER FROM THE BOARD

Fractions of the Rights Shares

The Company will not provisionally allot and will not accept applications for any fraction of Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). Fractional entitlements to any Rights Shares will be disregarded and will be aggregated and allocated to satisfy excess applications (if any) and/or disposed of in such manner as the Directors in their absolute discretion deem appropriate and for the benefits and interests of the Company. No odd-lot matching services will be provided by the Company in respect of the Rights Issue.

Taxation

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

Stamp duty and other applicable fees

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

Application for listing

The Company has applied to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 10,000 Shares in one board lot. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Rights Shares will be eligible for admission in CCASS

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

LETTER FROM THE BOARD

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (a) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (b) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus and the PALs (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the GEM Listing Rules by no later than the Prospectus Posting Date;
- (c) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus and the Overseas Letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue by the Prospectus Posting Date;
- (d) the Underwriting Agreement not being terminated or rescinded by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination; and
- (e) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement.

The Company shall use all reasonable endeavours to procure the fulfilment of all the conditions precedent by the Latest Time for Termination or such other date as the Company and the Underwriter may agree. The conditions precedent, other than condition (e) above which can only be waived by the Underwriter, are incapable of being waived. If any of the conditions precedent is not satisfied or waived (as the case may be) by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches. As at the Latest Practicable Date, none of the conditions as stated above has been fulfilled or waived.

LETTER FROM THE BOARD

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

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in manufacturing and sales of networking products, specialising in the design and development of wireless networking products which are primarily targeted for home use and small scale commercial applications. The Group also manufactures and sells wired and wireless networking products such as Ethernet switches, LAN cards, Wi-Fi modules and Access Points as well as non-networking products, such as power banks and USB hubs. Its operations are mainly based in the PRC. Its main products are routers, which provide for wired and wireless transmission of data to devices while maintaining wired connection with modems.

As set out in the annual report of the Company for the year ended 31 December 2021, the Group recorded a revenue of approximately HK\$621.1 million and a net loss for the year of approximately HK\$42.6 million. As set out in the interim report (the “**Interim Report**”) of the Company for the six months ended 30 June 2022 (the “**Period**”), as at 30 June 2022, the Group has cash and bank balances of approximately HK\$6.1 million, and recorded net assets and net current liability of approximately HK\$123.7 million and approximately HK\$5.1 million. As at 30 June 2022, the Group’s liabilities mainly comprised of trade and bill payable, accruals, deposits received and other payables and bank borrowings of approximately HK\$211.8 million, HK\$41.7 million and HK\$94.9 million respectively. As set out in the Interim Report, the Group recorded net cash used in operating activities for the Period amounting to approximately HK\$0.4 million.

The current global business environment remains overshadowed by the United States and PRC trade tensions with a possible trade truce and the ongoing COVID-19 pandemic in the world. The global COVID-19 pandemic constitutes an extraordinary event, a public health risk to all countries through international spread, and continue to require a coordinated international response. The speed of recovery and the extent of any long term impact remain uncertain but will depend on the duration and severity of the outbreak and associated containment measures. The Group is cautiously optimistic that the economic impact due to the COVID-19 pandemic will be mitigated as a result of anti-epidemic measures implemented by the various governments and the on-going vaccination schemes. Despite this, the Group will continue to pursue and maintain a conservative but proactive investment approach, focusing on product innovation, market share gain, geographical expansion and operational excellence, so as to bring better returns for the shareholders and ensure the Company stays competitive in the market.

LETTER FROM THE BOARD

Having considered the impact of the outbreak of COVID-19 on the Group's business and financial position, the cash level of the Group as well as the estimated working capital required for the Group's daily operation, the Board considers that the Rights Issue represents an opportunity for the Company to strengthen its capital structure without incurring debt financing cost and improve the financial position.

Assuming full acceptance of the Rights Shares, it is estimated that the Company will raise up to approximately HK\$23.1 million from the Rights Issue. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite on a non-fully underwritten basis up to 140,000,000 Rights Shares. Accordingly, the gross proceeds from the Rights Issue will not be less than approximately HK\$9.8 million. The relevant expenses in connection with the Rights Issue would be approximately HK\$1.6 million, which includes placing commission and professional fees payable to financial advisers, legal advisers, financial printer and other parties involved in the Rights Issue. Assuming full acceptance of the Rights Shares, the estimated net proceeds from the Rights Issue will accordingly be approximately HK\$21.5 million (equivalent to a net price of approximately HK\$0.065 per Rights Share). Assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all the Underwritten Shares have been taken up by the Underwriter, the estimated net proceeds from the Rights Issue will accordingly be approximately HK\$8.2 million. In line with the aforesaid business objectives, the Company intends to utilise the net proceeds from the Rights Issue as follows:-

- (i) approximately HK\$20.0 million for the repayment of part of current debts and payables of the Group; and
- (ii) approximately HK\$1.5 million for general working capital of the Group.

In the event that the Rights Issue is undersubscribed and the net proceeds from the Rights Issue is only approximately HK\$8.2 million, all of the net proceeds will be applied towards the repayment of current debts and payables of the Group in accordance with its respective urgency. The priority will be as follows: (i) payment for outstanding directors and staff salaries; (ii) overdue payment to suppliers; (iii) payment for legal fees on legal cases undergoing; and (iv) payment for overdue administrative expenses.

Repayment of part of the current debts and payables of the Group

As at 30 June 2022, the trade and bill payable, accruals, deposits received and other payables and bank borrowings of the Group were approximately HK\$211.8 million, HK\$41.7 million and HK\$94.9 million respectively. In order to improve the liquidity of the Group and satisfy certain repayment of current debts and payables of the Group as and when they fall due, the Group intends to apply approximately HK\$20.0 million of net proceeds from the Rights Issue for the repayment of part of the current debts and payables of the Group.

LETTER FROM THE BOARD

As the net proceeds from the Rights Issue was insufficient to satisfy all the outstanding debts of the Group, the Company will prioritize the repayment of certain debts and payables in accordance with their respective urgency upon completion of the Rights Issue. Taken into account the respective urgency of the debts and payables as at the Latest Practicable Date, the Board expects to utilise the net proceeds from the Rights Issue of approximately HK\$20.0 million as follow:

	<i>HK\$'000</i> <i>(Approximately)</i>
Overdue payment to suppliers	13,250
Payment for overdue administrative expenses	3,500
Payment for legal fees on legal cases undergoing	1,750
Payment for outstanding directors and staff salaries	<u>1,500</u>
 Total	 <u><u>20,000</u></u>

As at 30 June 2022, the Group had a total outstanding bank borrowings of approximately HK\$94.9 million, of which the Company owes (i) Bank A an amount of approximately HK\$15.1 million with a maturity date of 18 October 2022; (ii) Bank B an amount of approximately HK\$4.8 million which will be matured during the period from 17 February 2023 to 12 May 2023; and (iii) Bank C an amount of approximately HK\$74.9 million which will be matured during the period from 29 December 2022 to 29 June 2023. Having considered the maturity dates of the outstanding bank borrowings, the Board is of the view that the Group should prioritize the repayment of the other payables that had overdue or will fall due shortly and hence the net proceeds will not be utilized for the repayment of the current bank borrowings. Besides, as at the Latest Practicable Date, the Group has (i) fully settled the bank borrowings due to the Hongkong and Shanghai Banking Corporation Limited; and (ii) has an outstanding loan due to Absolute Skill of HK\$10 million. The Company and its respective Directors are in the middle of legal proceedings with Absolute Skill, of which Absolute Skill owes the Company outstanding legal fees in relation to the initial legal proceedings. In light of the above, the directors of the Company consider that repayment of the loan to Absolute Skill prior to the conclusion of the said legal proceedings to be not appropriate at this time.

In order to repay the outstanding loans stated above, the Company has planned to (i) urge its customers to settle invoices as soon as possible despite the harsh economic environment under the COVID-19 pandemic; (ii) source available long-term debt financing at reasonable interest rates; (iii) negotiate with the Company's suppliers to postpone repayment of outstanding invoices; and (iv) negotiate with the Company's suppliers to obtain discounts on the outstanding invoices.

LETTER FROM THE BOARD

The Board has considered (i) the prevailing trading prices of the Shares in the market up to the Last Trading Day and (ii) the existing share capital of the Company (i.e. 660,000,000 shares), the Board is of the view that the capital to be raised by the Rights Issue at a ratio of one Rights Shares for every two Shares held on the Record Date would meet the abovementioned urgently capital need of the Group whereas (i) a larger ratio would require the Qualifying Shareholders to take up more entitlements to avoid being diluted and it is more difficult to secure any placing agent who was willing to conduct such large-size placing which would increase placing/underwriting effort of placing agents/underwriter leading to higher commission; (ii) a smaller ratio would not raise sufficient capital for the Group's urgent requirement as detailed above; and (iii) the dilution effect to the existing shareholders would be minimizing. Therefore, the Board considered that despite the amount of fund raised is not adequate to settle all the debts of the Company, the offer size and ratio of the Rights Issue is reasonable.

General working capital

As at 30 June 2022, the Group's bank and cash balances were approximately HK\$6.1 million. Given the low cash level of the Group as aforesaid, the Directors intends to apply the net proceeds from the Rights Issue to replenish the general working capital of the Group, so as to accommodate the operating cash expenses of the Company and to respond to any unforeseen need in capital.

A breakdown of the expected working capital needs of the Group for the next 12 months based on the latest estimates of the Board is as follows:

	<i>HK\$'000</i> <i>(Approximately)</i>
Payments to suppliers	300,330
Payments of expenses and fixed asset	<u>121,505</u>
Total	<u><u>421,835</u></u>

The Board considers that the Rights Issue provides a good opportunity for the Group to strengthen its capital base and to enhance its financial position, while at the same time the Rights Issue will enable all Qualifying Shareholders to participate in the future development of the Company on equal terms. Since the Rights Issue will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and therefore avoid dilution, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

LETTER FROM THE BOARD

If the Rights Issue is undersubscribed and the net proceeds (after the deduction of the costs and expenses relating to the Rights Issue) is less than HK\$20.0 million, all of the net proceeds (after the deduction of the costs and expenses relating to the Rights Issue) will be applied towards repayment of part of current debts and payables of the Group. If the Rights Issue is undersubscribed and the net proceeds (after the deduction of the costs and expenses relating to the Rights Issue) is more than HK\$20.0 million, HK\$20.0 million of the net proceeds (after the deduction of the costs and expenses relating to the Rights Issue) will be applied towards repayment of part of current debts and payables of the Group and the remaining net proceeds will be applied to general working capital of the Group.

Apart from the Rights Issue, the Company has considered other debt/equity fund raising alternatives such as bank borrowings, placings or an open offer. The Company noted that bank borrowings will carry interest costs and may require the provision of security and creditors which will rank before the Shareholders, and placings will dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Board considers raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

Based on the above, the Board considers that the term of the Rights Issue is fair and reasonable and in the interests 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 Excluded Shareholder(s) (if any) should note that their shareholdings will be diluted.**

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 660,000,000 Shares in issue. On the assumption that there is no change in the shareholding structure of the Company from the Latest Practicable Date to completion of the Rights Issue other than the allotment and issue of Rights Shares pursuant to the Rights Issue, the table below depicts, for illustrative purposes only, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent; (iv) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the

LETTER FROM THE BOARD

Qualifying Shareholders (other than full acceptance of the Rights Shares by Absolute Skill) and all the Underwritten Shares have been taken up by the Underwriter (on a non-fully underwritten basis); and (v) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all the Underwritten Shares have been taken up by the Underwriter (on a non-fully underwritten basis):

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all the Underwritten Shares have been placed by the Placing Agent		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders (other than full acceptance of the Rights Shares by Absolute Skill) and all the Underwritten Shares have been taken up by the Underwriter (on a non-fully underwritten basis)		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all the Underwritten Shares have been taken up by the Underwriter (on a non-fully underwritten basis)	
	Number of Shares		Number of Shares		Number of Shares		Number of Shares		Number of Shares	
	Approx.%	Approx.%	Approx.%	Approx.%	Approx.%	Approx.%	Approx.%	Approx.%	Approx.%	Approx.%
Absolute Skill Holdings Limited (“Absolute Skill”) (Note 1)	296,980,000	45.00	445,470,000	45.00	296,980,000	30.00	445,470,000	46.97	296,980,000	30.00
Public Shareholders	363,020,000	55.00	544,530,000	55.00	363,020,000	36.67	363,020,000	38.27	363,020,000	36.67
Independent places	-	-	-	-	330,000,000	33.33	-	-	-	-
Underwriter	-	-	-	-	-	-	140,000,000	14.76	140,000,000	15.9
Total	660,000,000	100.00	990,000,000	100.00	990,000,000	100.00	948,490,000	100.00	800,000,000	100.00

Notes:

- 296,980,000 Shares are held by Absolute Skill. As Ms. Sui Xiaohe held 100% interest in Absolute Skill, by virtue of the SFO, she is deemed to be interested in all the shares beneficially held by Absolute Skill.
- The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

As shown in the above table, the Rights Issue will not have any implication under the Takeovers Code and no Shareholder will be under the obligation to make a general offer under the Takeovers Code.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

The Company had not conducted any equity fund raising activities involving issue of its securities in the past 12 months immediately preceding the Last Trading Day and up to Latest Practicable Date.

LETTER FROM THE BOARD

POSSIBLE ADJUSTMENTS RELATING TO THE SHARE OPTIONS

As at the Latest Practicable Date, the Group had no outstanding derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares. Pursuant to the terms of the Share Option Scheme and the terms, the exercise prices and/or number of new Shares to be issued upon exercise of the Share Options may be adjusted in accordance with the Share Option Scheme, if any, upon the Rights Issue becoming unconditional. The Company will notify the holders of the Share Options the adjustments upon the Rights Issue becoming unconditional by further announcement, if necessary.

RISKS FACTORS

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group which include, but are not limited to, the following:

Business risk

As disclosed in the annual report of the Group (the “**2021 Annual Report**”) for the year ended 31 December 2021 (the “**Year**”), the Group's revenue from external customers based in Korea accounted for approximately 62.1% of the total revenue. As such, a economic downturn in Korea may in turn result in decreased demand for the Group's products and ultimately a material adverse effect on the Group's business, financial position and results of operations.

Reliance on major customers

As disclosed in the 2021 Annual Report, the sales to the Group's largest customers, EFM Networks Co., Ltd. (“**EFM**”), for the Year accounted for approximately 54.3% of the total revenue. The Group rely substantially on the contractual right to use the software developed by EFM in connection with the networking products that the Group has jointly developed with EFM and sold under the brand ipT. Any adverse changes in the business or financial condition of EFM or in our relationship with EFM could materially and adversely affect the Group's business.

Reliance on the sales of major product

As disclosed in the 2021 Annual Report, approximately 79.1% of the Group's revenue is generated from the sales of router products. Continued and increasing market acceptance of these products is therefore crucial to the prospects of the Group. Any significant change in the market demand for router products may adversely affect the profitability, business and financial position of the Group.

LETTER FROM THE BOARD

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

The Rights Issue will proceed on a non-fully underwritten basis. Save for the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “THE UNDERWRITING AGREEMENT” in this Prospectus).

Accordingly, the Rights Issue may or may not proceed. The Shares had been dealt in on an ex-rights basis from Friday, 12 August 2022. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 6 September 2022 to Wednesday, 14 September 2022 (both days inclusive). 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). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

ADDITIONAL INFORMATION

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

By order of the Board
Zioncom Holdings Limited
Kim Jun Yeob
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Details of the audited financial information of the Group for each of the years ended 31 December 2019, 2020 and 2021 and the unaudited financial information of the Group for the six months ended 30 June 2022 are disclosed in the following annual reports of the Company for the years ended 31 December 2019, 2020 and 2021 and the interim report of the Company for the six months ended 30 June 2022, respectively which have been published and are available on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.zioncom.net):

- (a) the annual report of the Company for the year ended 31 December 2019 published on 5 June 2020 (pages 58 to 150) in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0605/2020060500007.pdf>);
- (b) the annual report of the Company for the year ended 31 December 2020 published on 22 April 2021 (pages 71 to 158) in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0422/2021042200017.pdf>);
- (c) the the annual report of the Company for the year ended 31 December 2021 published on 28 April 2022 (pages 71 to 165) in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0503/2022050300073.pdf>); and
- (d) the interim report of the Company for the six months ended 30 June 2022 published on 12 August 2022 (pages 4 to 16) in relation to the financial information of the Group for the same period (<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0812/2022081202356.pdf>).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of the Prospectus, the Group had the following outstanding indebtedness:

(a) Bank borrowings

The Group had aggregate outstanding bank borrowings of approximately HK\$94.9 million as at 30 June 2022, which were guaranteed and were secured by the Group's certain property, plant and equipment, right-of-use assets, inventories, pledged bank deposits and time deposit guaranteed by Mr. Kim Byung Kwon.

(b) Lease liabilities

The Group had lease liabilities of approximately HK\$2.0 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 June 2022, 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 June 2022 up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstances, taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements for at least the next twelve (12) months following the date of this Prospectus. The Company has obtained the relevant confirmation as required under paragraph 30 of Appendix I, Part B of the GEM Listing Rules.

4. MATERIAL ADVERSE CHANGE

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

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in manufacturing and sales of networking products, specialising in the design and development of wireless networking products which are primarily targeted for home use and small scale commercial applications. The Group also manufactures and sells wired and wireless networking products such as Ethernet switches, LAN cards, Wi-Fi modules and Access Points as well as non-networking products, such as power banks and USB hubs. Its operations are mainly based in the PRC. Its main products are routers, which provide for wired and wireless transmission of data to devices while maintaining wired connection with modems.

As disclosed in the annual report of the Group for the year ended 31 December 2021, the Group recorded loss for the year of approximately HK\$42.6 million and attributable to equity holders of the Company of approximately HK\$47.3 million for the year ended 31 December 2021. For the year ended 31 December 2021, the Group recorded revenue of approximately HK\$621.1 million (2020: HK\$607.7 million), and achieved an increase of HK\$13.4 million or 2.2%. As at 31 December 2021, the Group recorded (i) a total asset of approximately HK\$475.6 million mainly comprised of property, plant and equipment and inventories; and (ii) a total liability of approximately HK\$335.8 million mainly comprised of trade and bills payables and bank borrowings. Overall, the Group recorded a net asset position of approximately HK\$139.8 million as at 31 December 2021.

The Group sold its branded products mainly on a wholesale basis through its distributors covering many countries and regions including Korea, the PRC, Vietnam, Hong Kong, Taiwan and Malaysia, etc. In addition, the subsidiaries of the Group in Taiwan and Vietnam have strong sales team working closely with its distributors. The revenues contributed from the Group's Taiwan and Vietnam operations were approximately HK\$48.8 million and HK\$76.0 million respectively for the year ended 31 December 2021, which in aggregate contributed approximately 20.08% of the Group's revenue. The Group is looking forward to the growth in the Asia-pacific market including Vietnam and Taiwan in the coming years.

Including the revenue from the Group's largest customer, which represented approximately 54.3% of the Group's total revenue for the year ended 31 December 2021, approximately 62.1% of the revenue was generated from the Group's largest market, Korea, for the year ended 31 December 2021. The revenue generated from Korea decreased by approximately 6.6%. Any change in economic conditions of the Group's export countries, such as interest rates, currency exchange rates, inflation, deflation, political uncertainty, taxation, stock market performance and general consumer confidence, may affect the volume of purchase from the Group's customers as well as the Group's business operations and financial performance.

Prospect

The Group's business objective is to strengthen the Group's position as a networking products manufacturer specialising in the design and development of wireless networking products by enhancing recognition of the Group's own brand and increasing the Group's profitability. In support of the Group's business objective, the Group will continue to implement the business strategies of promoting the Group's growth in the emerging markets in Asia and other markets with good potential, increasing the Group production capacity and broadening its product offerings, enhancing the Group's overall competitiveness and market share.

The current business environment remains overshadowed by the United States and PRC trade tensions with a possible trade truce and the recent COVID-19 pandemic in the world. The global COVID-19 pandemic constitutes an extraordinary event, a public health risk to all countries through international spread, and continues to require a coordinated international response. The speed of recovery and the extent of any long term impact remain uncertain but will depend on the duration and severity of the outbreak and associated containment measures. The Group is cautiously optimistic that the economic impact due to the COVID-19 epidemic will be mitigated as a result of anti-epidemic measures implemented by the various governments and the on-going vaccination schemes. Despite this, the Group will continue to pursue and maintain a conservative but proactive investment approach, focusing on product innovation, market share gain, geographical expansion and operational excellence, so as to bring better returns for the shareholders and ensure the Company stays competitive in the market.

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

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2022 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the directors of the Company in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”), to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had been completed on 30 June 2022.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company had the Rights Issue been completed as at the date to which it is made up or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2022, as extracted from the published interim report of the Company for the six months period ended 30 June 2022, and is adjusted for the effect of the Rights Issue described below.

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2022	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2022 immediately after completion of the Rights Issue	Unaudited consolidated net tangible assets of the Group per Share attributable to owners of the Company before completion of the Rights Issue	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
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000	HK\$ (Note 3)	HK\$ (Note 4)
Based on 330,000,000 Rights Shares to be issued at the subscription price of HK\$0.07 each	105,714	21,500	127,214	0.16	0.13

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2022 is based on the unaudited consolidated net assets attributable to owners of the Company of approximately HK\$105,714,000 as at 30 June 2022, is extracted from the published interim report of the Company for the six months ended 30 June 2022.
2. The estimated net proceeds from the Rights Issue are based on 330,000,000 Rights Shares to be issued at the Subscription Price of HK\$0.07 per Rights Share, after deduction of the estimated related costs and expenses of approximately HK\$1,600,000, assuming that the Rights Issue had been completed on 30 June 2022 and on the basis of fully subscribed. The estimated net proceeds are of approximately HK\$21,500,000.
3. The calculation of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2022 is based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$105,714,000 divided by the number of shares in issue of 660,000,000 as at 30 June 2022.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company as at 30 June 2022 immediately after completion of the Rights Issue is based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately HK\$127,214,000, divided by 990,000,000 Shares deemed to be in issue, being the total of 660,000,000 Shares in issue as at 30 June 2022 and 330,000,000 Rights Shares have been issued under the Rights Issue assuming the Rights Issue has been completed on 30 June 2022 and on the basis of fully subscribed 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 of the Group attributable to owners of the Company to reflect any operating results or other transactions of the Group entered subsequent to 30 June 2022.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF 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.



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
INCLUDED IN A PROSPECTUS****TO THE DIRECTORS OF ZIONCOM HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Zioncom Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by 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 attributable to owners of the Company as at 30 June 2022, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out in Section A of Appendix II of the Company’s prospectus dated 2 September 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 2022 as if the Rights Issue had taken place as at 30 June 2022. As part of this process, information about the Group’s unaudited condensed consolidated financial position has been extracted by the directors from the interim report of the Company for the six months period ended 30 June 2022, 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 Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (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.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” 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 Listing 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 Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of Unaudited Pro Forma Financial Information included in 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 event or transaction as at 30 June 2022 would have been as presented.

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

- the related 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 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 Listing Rules.

Yours faithfully

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hong Kong, 2 September 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 Company. 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 AND OPTIONS

(a) Share capital

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company up to completion of the Rights Issue save for the Rights Shares are fully subscribed) are as follows:

(I) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>50,000,000,000</u>	Shares of HK\$0.01 each	<u>500,000,000</u>
<i>Issued and fully-paid:</i>		
<u>660,000,000</u>	Shares of HK\$0.01 each	<u>6,600,000</u>

(II) Immediately following the completion of the Rights Issue

<i>Authorised:</i>		<i>HK\$</i>
<u>50,000,000,000</u>	Shares of HK\$0.01 each	<u>500,000,000</u>
<i>Issued and fully-paid:</i>		
660,000,000	Shares of HK\$0.01 each	6,600,000
<u>330,000,000</u>	Rights Shares to be issued pursuant to the Rights Issue	<u>3,300,000</u>
<u>990,000,000</u>	Shares in issue immediately after completion of the Rights Issue	<u>9,900,000</u>

All of the Rights Shares to be issued will rank *pari passu* in all respects with each other. Holder 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 fully-paid Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

As at the Latest Practicable Date, the Company did not have any outstanding derivatives, options, warrants and convertible securities or other similar rights which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any convertible securities, warrants and/or options on or before the Record Date.

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.

(b) Share Options

As at the Latest Practicable Date, the Company did not have any other options, warrants or other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

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

3. INTEREST IN SECURITIES

(a) Directors' and chief executive's interests

As at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial shareholders

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

Name of Shareholders	Capacity	Number of shares held	Approximate percentage of issued shares capital
Absolute Skill	Beneficial owner	296,980,000	45.0%
Ms. Sui Xiaohe (<i>Note</i>)	Interest in controlled corporation	198,000,000	100.0%

Note: Ms. Sui Xiaohe held 100% interest in Absolute Skill. By virtue of the SFO, Ms. Sui Xiaohe is deemed to be interested in these 296,980,000 shares which Absolute Skill has beneficial interest in.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or any of their respective associates had any interest in business which competes with or may compete with the business of the Group or had any other conflict which any person has or may have with the Group.

6. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group; and

- (b) none of the Directors had any direct and indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up.

7. MATERIAL LITIGATION

Reference is made to the announcements of the Company dated 10 May 2022, 13 May 2022, 23 May 2022 and 6 July 2022, in relation to originating summons dated 4 May 2022, and 30 May 2022, 7 June 2022, 10 June 2022 and 6 July 2022 in relation to the summons dated 7 June 2022 (the “**Litigation Announcements**”).

In respect of the ongoing litigations as announced in the Litigation Announcements, the Company has obtained an opinion from its legal counsel as to the impact of the ongoing litigations on the Rights Issue. As opined by legal opinion, there are no legal obstacle preventing the Company from proceeding with the Rights Issue and the Board is of the opinion that the ongoing litigations does not present any legal obstacle against the Company proceeding with the Rights Issue.

As at the Latest Practicable Date, save as disclosed above, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

8. 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 after the date falling two years immediately preceding the date of the Announcement and up to the Latest Practicable Date:

- (a) the Placing Agreement; and
- (b) the Underwriting Agreement.

9. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and placing all Unsubscribed Rights Shares and ES Unsold Rights Shares by Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$1.6 million, which are payable by the Company.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors	:	Mr. Kim Jun Yeob Room 2003, Phase A-2, Jixianglong Huayuan, Nanshan District, Shenzhen, PRC
		Mr. Koo Ja Chun Room A-3201, Building No. 2, Bi-Hai-Fu-Tong-Cheng, Boa'an District, Shenzhen, PRC
		Mr. Xiao Jingen Room 4A602, Phase III, Fu-Tong-Cheng, Xi Xiang Sub-district, Boa'an District, Shenzhen, PRC
		Mr. Cheng Kwan Yu Flat B, 6/F, Yan Wo Yuet Building, 432-436 Hennessy Road, Causeway Bay, Hong Kong
		Ms. Sin Pui Ying Flat B 22/F, Billionnaire Royale, 83 Sa Po Road, Kowloon City, Kowloon, Hong Kong
		Mr. Tsang Chung Yu Flat H, 6/F., Tak Luk House, Walton Estate, No.1 Yee Shun Street, Chai Wan, Hong Kong
Registered office	:	Windward 3 Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Head office and principal place of business in Hong Kong	:	Office A, 9/F., Kings Wing Plaza 2 No.1 On Kwan Street, Shatin New Territories, Hong Kong

Underwriter	:	Suncorp Securities Limited Unit 2305, 23/F The Center, 99 Queen's Road Central Hong Kong
Placing Agent	:	Suncorp Securities Limited Unit 2305, 23/F The Center, 99 Queen's Road Central Hong Kong
Financial adviser	:	Kingsway Capital Limited 7/F, Tower One Lippo Centre 89 Queensway Hong Kong
Legal adviser to the Company as to Hong Kong law in relation to the Rights Issue	:	Tang Tso & Lau Room 209, 2/F China Insurance Group Building 141 Des Voeux Road Central Hong Kong
Reporting accountants	:	HLB Hodgson Impey Cheng Limited <i>Certified Public Accountants</i> 31/F, Gloucester Tower, The Landmark 11 Pedder Street, Central, Hong Kong
Principal bankers in Hong Kong	:	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
Principal share registrar	:	Ocorian Trust (Cayman) Limited Windward 3 Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	:	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong

Authorised representatives	:	Mr. Kim Jun Yeob Room 2003, Phase A-2, Jixianglong Huayuan, Nanshan District, Shenzhen, PRC
		Mr. Koo Ja Chun Room A-3201, Building No. 2, Bi-Hai-Fu-Tong-Cheng, Boa'an District, Shenzhen, PRC
Company secretary	:	Ms. Wong Ngar Lai Room 709-710, 7/F, Tower 1, Silvercord 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Compliance officer	:	Mr. Kim Jun Yeob Room 2003, Phase A-2, Jixianglong Huayuan, Nanshan District, Shenzhen, PRC

11. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice, which are contained or referred to in this Prospectus:

Name	Qualification
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert:

- (a) has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter or opinions or advice and references to its name, in the form and context in which they appear;
- (b) 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 securities in any member of the Group; and

- (c) did not have any direct or indirect interest in any assets which had been 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 since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, the above expert was not materially interested, directly or indirectly, in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

12. PARTICULARS OF THE DIRECTORS AND COMPANY SECRETARY

Executive Directors

Mr. Kim Jun Yeob, aged 53, is the chairman, executive Director, chief financial officer and a member of each of the remuneration committee and the compliance committee of the Company. Mr. Kim joined the Group in March 2008 and is responsible for the financial planning of the Group and oversees the daily operation of the Group's finance department. Mr. Kim has over 24 years of experience in finance administration. Prior to joining the Group, from December 1993 to August 2002, he worked in TS Corporation, a company listed on the Korea Stock Exchange (stock code: 001790.KS) which principally engaged in the manufacture and sale of food products in Korea in several departments including management, accounting and information resource departments and his last position served was assistant manager in information resource department. From August 2002 to February 2008, Mr. Kim was a finance and administration deputy general manager in Sunjin Stationary Co., Ltd* (鮮真綜合文具(深圳)有限公司), a company that specialises in the manufacturing and marketing of photo albums, where he was primarily responsible for carrying out financing, accounting, taxation, administration and human resources. Mr. Kim graduated from Inha University (仁荷大學*) in Incheon, Korea with a Bachelor of Arts degree in business administration in February 1994.

Mr. Koo Ja Chun, aged 49, is the executive Director, chief executive officer and head of sales department of the Group. He is also a member of the nomination committee of the Company. Mr. Koo is responsible for the Group's overall management, generating sales forecast and sales analysis, and overseeing the daily operation of the Group's sales department. Mr. Koo has over 13 years of experience in the networking equipment industry through the principal roles he assumed with the Group, including directorship in Zioncom HK and the legal representative of 吉翁電子(深圳)有限公司 (Zioncom Electronics (Shenzhen) Limited*). Mr. Koo joined the Group as a director of Zioncom HK on 6 February 2004. Mr. Koo graduated from Dongguk University (東國大學*) in Seoul, Korea with a Bachelor of Business Administration in Management in February 2003.

Mr. Xiao Jingen, aged 46, is the executive Director. Mr. Xiao is the head of the Group's manufacturing department and also the head of the Group's research and development department. Mr. Xiao joined the Group in December 2002 and is responsible for production planning, overseeing the Group's production department and research and development department of the Group. Mr. Xiao has over 11 years of experience in research and development and production management. From May 2011 to December 2015, Mr. Xiao served as a supervisor of Shenzhen Shengshi Zhongtang Technology Co., Ltd.* (深圳市盛世眾唐科技有限公司), a company engaged in sale of electronic products. Mr. Xiao graduated from the Nanchang Aerospace Engineering Institute* (南昌航空工業學院 (now known as Nanchang Hangkong University* (南昌航空大學)) with a diploma in electronics information technology in July 1998. He obtained a master's degree in business administration from Beijing University of Technology and Science* (北京科技大學) in June 2013.

Mr. Cheng Kwan Yu, aged 39, was appointed as executive Director on 14 January 2022. Mr. Cheng received his Bachelor of Business Administration degree from the University of Management and Technology in the United States of America. Mr. Cheng has around 18 years of local and overseas property investment experience, including property trading, monitoring, risk management and consulting service experience. Mr. Cheng is a part-time assistant unit manager and licensed insurance agent of China Taiping Life Insurance (Hong Kong) Company Limited involved in developing new businesses, customer relations and recruitment.

Independent non-executive Directors

Ms. Sin Pui Ying, aged 42, was appointed as an independent non-executive Director on 14 January 2022. She is the Chairlady of the audit committee and compliance committee, and a member of each of the remuneration committee and nomination committee of the Company. Ms. Sin has over 17 years of working experience in auditing, accounting, investment and corporate finance. She was an executive director of each of (i) hmvod Limited (stock code: 8103), which is listed on GEM of the Stock Exchange, for the period from 21 April 2020 to 2 February 2021; (ii) Power Financial Group Limited (stock code: 397), which is listed on the Main Board of the Stock Exchange, for the period from 15 April 2021 to 31 January 2022; (iii) Courage Investment Group Limited (stock code: 1145), which is listed on the Main Board of the Stock Exchange, for the period from 25 September 2020 to 30 November 2021; (iv) HongDa Financial Holding Limited (now known as China Wood International Holding Co., Limited) (stock code: 1822), which is listed on the Main Board of the Stock Exchange, for the period from 15 May 2020 to 24 August 2020; (v) Aurum Pacific (China) Group Limited (stock code: 8148), which is listed on GEM of the Stock Exchange, for the period from 22 November 2019 to 15 September 2020; and (vi) KNK Holdings Limited (stock code: 8039), which is listed on GEM of the Stock Exchange, for the period from 29 August 2019 to 8 January 2021. She is currently an executive director of On Real International Holdings Limited (stock code: 8245), which is listed on GEM of the Stock Exchange.

Mr. Tsang Chung Yu, aged 53, was appointed as an independent non-executive Director on 24 September 2021. He is the Chairman of each of the remuneration committee and nomination committee, and a member of each of the audit committee and compliance committee of the Company. Mr. Tsang has over 29 years experience in sales, developing commercial relationships with customers, analysing market trends and strategic planning. Mr. Tsang also has 5 years' experience in cryptocurrency trading and blockchain technology as a consultant in the daily operation of a cryptocurrency exchange platform.

Audit Committee

The Company established the audit committee (“**Audit Committee**”) with effect from 18 January 2018 with written terms of reference (as amended and adopted by the Company pursuant to the Board resolution passed on 31 December 2018) in compliance with the code provisions of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules. The Audit Committee consists of two independent non-executive Directors, namely Ms. Sin Pui Ying and Mr. Tsang Chung Yu. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, re-appointment and removal of external auditors, to review and supervise the Group's financial reporting process and internal control system; and to provide advice and comments to the Board.

Company Secretary

Ms. Wong Ngar Lai, is currently a company secretary of Summit Consulting Limited and has over 20 years of experience in the company secretarial field. Ms. Wong had worked in various companies listed on the Main Board of the Stock Exchange. Ms. Wong is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators in the United Kingdom).

13. MISCELLANEOUS

- (a) 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.
- (b) As at the Latest Practicable Date, save as disclosed elsewhere in this Prospectus, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group's business.
- (c) In the event of inconsistency, the English text of this Prospectus shall prevail over the Chinese text.

14. LEGAL EFFECT

This Prospectus, the PAL and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong.

15. BINDING EFFECT

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of this Prospectus, together with copies of the PAL and the written consent referred to in the paragraph headed “11. Expert and Consent” in this Appendix III, have been registered with the Registrar of Companies in Hong Kong for registration pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

17. DOCUMENTS ON DISPLAY

The following documents will be available on (i) the website of the Company (www.zioncom.net) and (ii) the website of the Stock Exchange (www.hkexnews.hk) during a period of 14 days from the date of this Prospectus (both days inclusive):

- (a) the letter issued by the reporting accountants regarding the unaudited pro forma;
- (b) the annual reports of the Company for the three years ended 31 December 2019, 2020 and 2021;
- (c) the interim report of the Company for the six months ended 30 June 2022;
- (d) the written consent referred to in the section headed “11. Expert and Consent” in this appendix;
- (e) the material contracts (including the Placing Agreement) as referred to in the section headed “8. Material contracts” in this appendix; and
- (f) the Prospectus Documents.