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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Future World Holdings Limited (the “Company”), you should at once hand this Prospectus Documents to the purchaser or the transferee or to the licensed securities dealer, registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “15. 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 Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your licensed securities dealer or registered institution 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.

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

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

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## FUTURE WORLD HOLDINGS LIMITED

未來世界控股有限公司

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

**(Stock Code: 572)**

### RIGHTS ISSUE

## ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) CONSOLIDATED SHARES HELD ON THE RECORD DATE ON A NON-FULLY UNDERWRITTEN BASIS

Placing Agent



**Central Wealth Securities Investment Limited**

中達證券投資有限公司

Underwriter



**Po Tai Securities (Hong Kong) Limited**

寶泰證券(香港)有限公司

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

The Latest Time for Acceptance is 4:00 p.m. on Thursday, 28 April 2022. The procedures for acceptance, payment and transfer are set out on pages 35 to 37 in this Prospectus.

It should be noted that the Shares have been dealt in on ex-rights basis from Friday, 25 February 2022. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 14 April 2022 to Monday, 25 April 2022 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Thursday, 14 April 2022 to Monday, 25 April 2022 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its own professional advisers.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These certain events are set out in the paragraph headed “Termination of the Underwriting Agreement” in the Letter from the Board. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

The Rights Issue is on a non-fully underwritten basis. Details of the underwriting arrangement are set out in the paragraph headed “THE UNDERWRITING AGREEMENT” in the Letter from the Board.

12 April 2022

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## EXPECTED TIMETABLE

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

### Expected Timetable

**2022**

Despatch of Prospectus Documents (in the case of Excluded Shareholders, the Prospectus only) . . . . .	on or before Tuesday, 12 April
First day of dealing in nil-paid Rights Shares . . . . .	Thursday, 14 April
Latest time for splitting of the PAL . . . . .	4:30 p.m., on Wednesday, 20 April
Last day of dealing in nil-paid Rights Shares . . . . .	Monday, 25 April
Latest Time for Acceptance of and payment for the Rights Shares . . . . .	4:00 p.m. on Thursday, 28 April
Latest time for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Friday, 29 April
Announcement of the number of Unsubscribed Rights Shares subject to the Unsubscribed Shares Arrangement . . . . .	Wednesday, 4 May
Commencement of placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent . . . . .	Thursday, 5 May
Latest time for placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent . . . . .	Friday, 13 May
Latest Time for Termination for the Rights Issue . . . . .	4:00 p.m. on Tuesday, 17 May
Announcement of results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent and the Net Gain per Unsubscribed Rights Share) . . . . .	Thursday, 19 May

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## EXPECTED TIMETABLE

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### Expected Timetable

2022

Despatch of certificates for fully-paid Rights Shares and refund cheques in relation to unsuccessful applications . . . . .	Friday, 20 May
Payment of Net Gain (if any) to relevant No Action Shareholders . . . . .	Friday, 20 May
Expected first day of dealings in fully-paid Rights Shares . . . . .	Monday, 23 May

All time and date references contained in this Prospectus shall refer to Hong Kong local time and dates. Dates or deadlines specified in expected timetable above or in other parts of this Prospectus are indicative only and may be varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

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

The Latest time for acceptance of and payment for Rights Shares will not take place if a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons, or a “black” rainstorm warning is:

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

If the Latest time for acceptance of and payment for the Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned above section may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

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## SUMMARY OF THE RIGHTS ISSUE

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The following information is derived from, and should be read in conjunction with, the full text of this Prospectus

### Issue statistics

Basis of the Rights Issue:	Three (3) Rights Shares for every two (2) Consolidated Shares held on the Record Date
Subscription Price:	HK\$0.9 per Rights Share
Number of whole Consolidated Shares in issue as at the Latest Practicable Date and the Record Date:	54,696,092 Consolidated Shares
Number of Rights Shares:	Up to 82,044,138 Rights Shares Not less than 30,000,000 Rights Shares
Aggregate nominal value of the Rights Shares:	Up to HK\$32,817,655.2 (assuming all the Rights Shares will be allotted and issued) Not less than HK\$12,000,000 (assuming only 30,000,000 Rights Shares will be allotted and issued)
Number of issued whole Consolidated Shares immediately upon completion of the Rights Issue:	Up to 136,740,230 whole Consolidated Shares in issue upon completion of the Rights Issue Not less than 84,696,092 whole Consolidated Shares issue upon completion of the Rights Issue
Maximum and minimum funds raised before expenses:	up to approximately HK\$73.8 million before costs and expenses and not less than approximately HK\$27 million before costs and expenses

Assuming no Shares are issued or repurchased on or before the Record Date, the aggregate maximum 82,044,138 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 150% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 60% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares (assuming all the Rights Shares will be taken up).

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## SUMMARY OF THE RIGHTS ISSUE

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

It should be noted that the Shares have been dealt in on ex-rights basis from Friday, 25 February 2022. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 14 April 2022 to Monday, 25 April 2022 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Thursday, 14 April 2022 to Monday, 25 April 2022 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or nil-paid rights is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional.

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## DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 15 December 2021 in relation to the Share Consolidation and the Rights Issue
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and any day on which 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”	Future World Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Shares”	issued and unissued ordinary shares or preference shares (as the case maybe) of the Company of HK\$0.4 each upon the Share Consolidation having become effective
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 21 February 2022 approving the Share Consolidation and the Rights Issue
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Last Trading Day”	15 December 2021, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Acceptance Date”	28 April 2022, being the last day for acceptance and payment of the Rights Shares, or such other date as the Company may determine
“Latest Practicable Date”	6 April 2022, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on the Latest Acceptance Date
“Latest Time for Termination”	4:00 p.m. on 17 May 2022 or such later date as the Company and the Underwriter may agree in writing
“Latest Time for Unsubscribed Arrangement”	4:00 p.m. on 13 May 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Minimum Underwritten Shares”	the minimum Rights Shares to be underwritten by the Underwriter, which together with the Rights Shares to be placed by the Placing Agent and the Rights Shares to be taken up by the Qualifying Shareholders, shall be 30,000,000 Rights Shares

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## DEFINITIONS

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“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares placed by the Placing Agent under the Placing Agreement) under the Unsubscribed Arrangement
“No Action Shareholder(s)”	Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Old Shares”	issued and unissued ordinary shares or preference shares (as the case maybe) of the Company of HK\$0.02 each prior to the Share Consolidation having become effective
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) in connection with the Rights Issue
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to the placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement

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## DEFINITIONS

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“Placing Agent”	Central Wealth Securities Investment 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 under the Unsubscribed Arrangement in accordance with Rule 7.21(1) of the Listing Rules
“Placing Agreement”	the placing agreement dated 15 December 2021 and entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares
“Placing Period”	the period commencing from the sixth Business Day after the Latest time for acceptance and ending on the Latest Time for Unsubscribed Arrangement
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus only excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus Posting Date”	12 April 2022
“Prospectus”	this prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Qualifying Shareholders”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	4 March 2022, being the date by reference to which entitlements under the Rights Issue
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong

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## DEFINITIONS

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“Rights Issue”	the proposed issue of up to 82,044,138 Rights Shares at the Subscription Price by way of rights on the basis of three (3) Rights Shares for every two (2) Consolidated Shares held on the Record Date payable in full on acceptance on a non-fully underwritten basis
“Rights Share(s)”	the new Consolidated Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) or preference share(s) (as the case maybe) in issue and in the unissued share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Share Consolidation”	the consolidation of the Shares on the basis of twenty (20) Old Shares into one (1) Consolidated Share, which have become effective on 23 February 2022
“Share Option(s)”	the outstanding share options granted under the Share Options Scheme
“Share Options Scheme”	the share option scheme adopted by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.9 per Rights Share
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Underwriter”	Po Tai Securities (Hong Kong) 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 15 December 2021 in relation to the underwriting arrangement in respect of the Rights Issue

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## DEFINITIONS

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“Underwritten Shares”	the Rights Shares to be procured for subscription by the Underwriter pursuant to the terms of the Underwriting Agreement (including the Minimum Underwritten Rights Shares and those additional untaken Rights Shares that may be procured by subscription by the Underwriter)
“Unsold Rights Shares”	the Unsubscribed Rights Shares which have not been placed to places by the Placing Agent under the Placing Agreement
“Unsubscribed Arrangement”	the placement of Unsubscribed Rights Shares by the Placing Agent pursuant to the terms of the Placing Agreement, details of which are set out in the section headed “Procedures in respect of the Unsubscribed Rights Shares and the Unsubscribed Arrangement” in this Prospectus
“Unsubscribed Rights Shares”	consist of (i) Rights Shares that are not being taken up by the Qualifying Shareholders; and (ii) unsold entitlement of the Non-Qualifying Shareholders to the Rights Shares
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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### **FUTURE WORLD HOLDINGS LIMITED**

**未來世界控股有限公司**

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

**(Stock Code: 572)**

*Executive Directors:*

Liang Jian  
Yu Zhenzhong  
Cai Linzhan  
Lau Fai Lawrence  
Liao Jianrong  
Yu Qingrui

*Independent non-executive Directors:*

Chen Pei  
Siu Siu Ling, Robert  
Tam Tak Wah  
Zheng Zongjia

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

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

Unit 2218, 22/F,  
The Metropolis Tower,  
10 Metropolis Drive,  
Hung Hom, Kowloon,  
Hong Kong

12 April 2022

*To the Shareholders,*

Dear Sir or Madam,

**RIGHTS ISSUE  
ON THE BASIS OF THREE (3) RIGHTS SHARES FOR  
EVERY TWO (2) CONSOLIDATED SHARES  
HELD ON THE RECORD DATE  
ON A NON-FULLY UNDERWRITTEN BASIS**

#### **INTRODUCTION**

Reference is made to the Announcement of the Company dated 15 December 2021 whereby the Board announced that the Company proposed to conduct the Share Consolidation and the Rights Issue. Reference is also made to the circular of the Company dated 31 January 2022 and the poll results announcement of the Company dated 21 February 2022. The Share Consolidation has become effective on 23 February 2022.

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## LETTER FROM THE BOARD

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With the Share Consolidation having become effective, the authorised share capital of the Company HK\$250,000,000 divided into 623,700,000 ordinary Shares of HK\$0.4 each and 1,300,000 preference Shares of HK\$0.4 each, of which 54,696,092 whole Consolidated Shares are in issue, which are fully paid or credited as fully paid.

The purpose of this Prospectus is to provide you with further details of the Rights Issue including information on dealings in, transfer and acceptance of the Rights Shares provisionally allotted to the Shareholders and certain financial and other information in respect of the Group.

### THE RIGHTS ISSUE ON A NON-FULLY UNDERWRITTEN BASIS

Set out below is the details of the Rights Issue which are summarised below:

#### Issue statistics

Basis of the Rights Issue:	Three (3) Rights Shares for every two (2) Consolidated Shares held on the Record Date
Subscription Price:	HK\$0.9 per Rights Share
Number of Old Shares in issue as at the date of the Announcement:	1,093,921,858 Old Shares
Number of whole Consolidated Shares in issue as at the Latest Practicable Date and the Record Date:	54,696,092 Consolidated Shares
Number of Rights Shares:	Up to 82,044,138 Rights Shares Not less than 30,000,000 Rights Shares
Aggregate nominal value of the Rights Shares:	Up to HK\$32,817,655.2 (assuming all the Rights Shares will be allotted and issued) Not less than HK\$12,000,000 (assuming only 30,000,000 Rights Shares will be allotted and issued)

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## LETTER FROM THE BOARD

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Number of issued whole Consolidated Shares immediately upon completion of the Rights Issue:	Up to 136,740,230 whole Consolidated Shares, (assuming that no new Consolidated Shares (other than the Rights Shares) in issue upon completion of the Rights Issue)
	Not less than 84,696,092 whole Consolidated Shares (assuming that no new Consolidated Shares (other than the Rights Shares) in issue on or before completion of the Rights Issue)
Maximum and minimum funds raised before expenses:	up to approximately HK\$73.8 million before costs and expenses and not less than approximately HK\$27 million before costs and expenses

As at the Latest Practicable Date, there are 6,467,919 outstanding Share Options granted by the Company exercisable into approximately 6,467,919 Consolidated Shares. Save for the foregoing, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the maximum 82,044,138 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) approximately 150% of the existing issued share capital of the Company as at the Latest Practicable Date (assuming the Share Consolidation become effective); and (ii) approximately 60% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

Assuming that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the minimum 30,000,000 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) approximately 54.85% of the existing issued share capital of the Company as at the Latest Practicable Date (assuming the Share Consolidation become effective); and (ii) approximately 35.42% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares (assuming acceptance of the minimum 30,000,000 Rights Shares by the Qualifying Shareholders).

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## LETTER FROM THE BOARD

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### Subscription price

The Subscription Price is HK\$0.9 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 33.82% to the theoretical closing price of HK\$1.36 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.068 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 36.26% to the theoretical average closing price of HK\$1.412 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.0706 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately preceding the Last Trading Day;
- (c) a premium of approximately 3.45% over the closing price of HK\$0.87 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (d) a discount of approximately 16.97% to the theoretical ex-rights price of HK\$1.084 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the theoretical ex-rights price of approximately HK\$1.084 per Consolidated Share based on the closing price of HK\$0.068 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (e) a theoretical dilution effect (as defined under rule 7.27B of the Listing Rules) represented by a discount of approximately 23.23% of the theoretical diluted price of HK\$1.084 per Consolidated Share to the benchmarked price of HK\$1.412 per Consolidated Share (after taking into account the effect of the Share Consolidation).

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.84.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to, amongst other factors, (i) the recent closing prices of the Shares; (ii) the prevailing market conditions; and (iii) the funding and capital needs of the Company for its business plans and prospect set out in the section headed "Reasons for the Rights Issue" below.

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## LETTER FROM THE BOARD

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After taking into consideration the reasons for the Rights Issue as stated in the section headed “Reasons for the Rights Issue” below, the Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

### **Status of the Rights Shares**

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

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Monday, 28 February 2022.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing the PAL and lodging the same with a cheque or banker’s cashier order for the Rights Shares being applied for with the Registrar at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong on or before 4:00 p.m. on the Latest Acceptance Date.

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

### **Basis of provisional allotments**

The basis of the provisional allotment shall be three (3) Rights Shares (in nil-paid form) for every two (2) Consolidated Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

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## LETTER FROM THE BOARD

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Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by duly completing a PAL and lodging the same with 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.

### **Non-Qualifying Shareholders**

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will send copies of the Overseas Letter and the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PAL to them. Non-Qualifying Shareholders shall not be eligible to take part in the Rights Issue as explained below.

The Board has made enquiry regarding the legal restrictions under the laws of the relevant overseas place(s) and the requirements of the relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiry and based on legal opinion provided by the legal advisers to the Company, 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 the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in the relevant place(s), no offer of the Rights Shares will be made to such Overseas Shareholders.

As at the Record Date, there are two Overseas Shareholder with registered address located in the PRC and the Cayman Islands, which are interested in an aggregate of 4,750,000 Consolidated Shares, representing approximately 8.68% of the total number of the existing issued Shares.

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## LETTER FROM THE BOARD

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Taking into account the advice provided by the legal adviser engaged by the Company, the Directors are of the opinion that the relevant PRC legal restrictions and requirements of the relevant regulatory body or stock exchange do not make it necessary or expedient to exclude the Overseas Shareholders with registered addresses in the PRC from the Rights Issue. Taking into account the advice provided by the legal adviser engaged by the Company, the Directors are of the opinion that the relevant Cayman Islands legal restrictions and requirements of the relevant regulatory body or stock exchange do not make it necessary or expedient to exclude the Overseas Shareholders with registered addresses in the Cayman Islands from the Rights Issue. Accordingly, the Rights Issue will be offered to the Overseas Shareholders in the PRC and the Cayman Islands and there is no Non-Qualifying Shareholders.

The Non-Qualifying Shareholders (which are excluded from the Rights Issue) would not have any entitlement under the Rights Issue. Such Rights Shares will form part of the Unsubscribed Rights Shares and if possible be placed by the Placing Agent under the Unsubscribed Arrangement to independent placees, and if not successfully placed out, will become Unsold Rights Shares and be dealt with in accordance with the terms of the Underwriting Agreement. Please refer to the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the Unsubscribed Arrangement” below for the treatment of Unsubscribed Rights Shares under the Unsubscribed Arrangement and the section headed “Underwriting Agreement” below for the treatment of Unsold Rights Shares under the Underwriting Agreement.

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.

### **Fractions of the Rights Shares**

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and disposed by the Company in the open market if a premium (net of expenses) can be obtained.

### **Odd lots matching services**

In order to facilitate the trading of odd lots of the Rights Shares arising from the Rights Issue, a designated broker, Central Wealth Securities Investment Limited, has been appointed by the Company to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from 14 April 2022 to 28 April 2022 (both days inclusive).

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## LETTER FROM THE BOARD

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Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot, may directly or through their brokers, contact Miss Chan Yi Sum of Central Wealth Securities Investment Limited at (852) 3958 4625 or by facsimile at (852) 3958 4666 during such period. Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

### **Procedures in respect of the Unsubscribed Rights Shares and the Unsubscribed Arrangement**

Pursuant to rule 7.21(1)(b) of the Listing Rules, the Company in the Rights Issue must make compensatory arrangement to dispose Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the No Action Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue as stipulated by rule 7.21(2)(a) of the Listing Rules.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares. Any unsold Unsubscribed Rights Shares will form the Unsold Rights Shares and will be dealt with in accordance with the terms of the Underwriting Agreement. Please refer to the section headed “Underwriting Agreement” for the treatment of Unsold Rights Shares.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent):

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

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## LETTER FROM THE BOARD

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If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

### ***Placing Agreement for the Unsubscribed Rights Shares***

Details of the Placing Agreement are summarised as follows:

Date:	15 December 2021
Issuer:	The Company
Placing Agent:	Central Wealth Securities Investment Limited was appointed as the Placing Agent to procure, on a best efforts basis, places to subscribe for the Unsubscribed Rights Shares during the Placing Period.
Placing Period:	The period commencing from the sixth Business Day after the Latest time for acceptance and ending on 4:00 p.m. on the eighth Business Day after the Latest time for acceptance (or such other period as the Placing Agent and the Company may agree in writing).
Commission and expenses:	Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 3.5% of the amount which is equal to the Subscription Price multiplied by the number of Unsubscribed Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.
Placing price of the Unsubscribed Rights Shares:	The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Unsubscribed Rights Shares during the process of placement.

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## LETTER FROM THE BOARD

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

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

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

Conditions of the Placing Agreement: The obligations of the Placing Agent under the Placing Agreement are conditional upon the Underwriting Agreement becoming unconditional (except for the condition that the Placing Agreement becomes unconditional).

In the event that the above condition precedent has not been fulfilled on or before the Latest time for termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof).

The 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 of the Unsubscribed Rights Shares (including the commission payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market 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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## LETTER FROM THE BOARD

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As explained above, the Rights Shares that are not accepted by the Qualifying Shareholders, together with the Rights Shares that the Non-Qualifying Shareholders are entitled to under the Rights Issue, will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares are successfully placed, any premium over the Subscription Price (if any) will be distributed to the relevant No Action Shareholders. If all of the Unsubscribed Rights Shares are successfully placed, the underwriting obligations of the Underwriter under the Underwriting Agreement will be terminated forthwith. If and only if there remain any Unsubscribed Right Shares not exceeding the Underwritten Shares after the placing, the Underwriter will be obliged to take up such amount of the Unsubscribed Rights Shares up to the Underwritten Shares at the Subscription Price.

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company must make compensatory arrangement to dispose Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the No Action Shareholders to whom they were offered by way of the Rights Issue. Accordingly, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realized will be paid to those No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, acquire for all (or as many as possible) of those Unsubscribed Rights Shares. Any unsold Unsubscribed Rights Shares will form the Unsold Rights Shares and will be dealt with in accordance with the terms of the Underwriting Agreement. In other words, the appointment of the Placing Agent will be in the interests of the Company as it (i) acts as compensatory arrangement to place the Unsubscribed Rights Shares in accordance with the Listing Rules; and (ii) may increase funds to be raised by the Company in the event that the Placing Agent can secure independent placees to take up those Unsubscribed Rights Shares.

The placing commission rate was arrived at after arm's length negotiations between the Company and the Placing Agent. The Company has approached other securities brokerage firms but they were unwilling to act as underwriter and/or placing agent in the Rights Issue. As explained in the section "Reasons for the Rights Issue" below, the Company has practical funding needs for fund raising to meet the capital and funding requirements of the proposed margin financing development of FW Securities.

It is noted that the Share price of the Company shows a decreasing trend in the past six months and the trading liquidity of the Shares were in general relatively thin. In light of the recent market uncertainty as the continuing outbreak of COVID-19 pandemic and the fact that the placing commission would be only payable on the actual number of Unsubscribed Rights Shares that have been successfully placed by the Placing Agent, the placing commission rate was determined at 3.5% after arm's length negotiations between the Placing Agent and the Company.

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## LETTER FROM THE BOARD

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Whilst placing commission rate may be higher than the market average rate for rights issues of other listed issuers, the Company considers that the placing commission is justifiable as (i) the terms of the Rights Issue (including but not limited to the placing commission rate and the underwriting commission rate) shall be subject to the approval of the Independent Shareholders at the EGM; (ii) the Company has approached other securities brokerage firms but they were unwilling to act as underwriter and/or placing agent in the Rights Issue; and (iii) the Company has practical fundraising needs for its margin financing business development. As such, the Company considers that the placing commission rate is justifiable and on normal commercial terms and in the interests of the Company and its Shareholders as whole.

The Board is of the view that the above Unsubscribed Arrangement and the terms of the Underwriting Agreement are fair and reasonable and are in the best interests of the Shareholders as a whole:

- (i) the arrangements are in compliance with the requirements under rule 7.21(1)(b) of the 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 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 Unsubscribed Arrangement (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 is not connected with the Company or any of its connected persons; and
- (iii) the Unsubscribed Arrangement will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares to the Company.

### **Conditions of the Rights Issue**

The Rights Issue will be conditional upon the Underwriting Agreement becoming unconditional. For details of the conditions of the Underwriting Agreement, please refer to the section headed “Underwriting Agreement – Conditions of the Underwriting Agreement” in this Prospectus.

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## LETTER FROM THE BOARD

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### **Application for listing**

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

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 20,000 Consolidated Shares in one board lot.

### **Stamp Duty and other applicable fees and charges**

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

### **Share certificates for the Rights Shares and refund cheques**

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or before 20 May 2022 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk.

If the Rights Issue does not proceed, the monies received in respect of the relevant provisional allotments will be refunded to the Qualifying Shareholders or such other person to whom the nil-paid rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on or around 20 May 2022. No receipt will be given for such remittance.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

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## LETTER FROM THE BOARD

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

### **No irrevocable commitments**

The Company has not received any irrevocable commitments to accept or reject the Rights Shares.

### **THE UNDERWRITING AGREEMENT**

Principal terms of the Underwriting Agreement are as follow:

Date:	15 December 2021
Issuer:	The Company
Underwriter:	Po Tai Securities (Hong Kong) Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Announcement, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties

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 Unsubscribed Arrangement under the Placing Agreement

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## LETTER FROM THE BOARD

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Number of Underwritten Shares and the underwriting arrangement: Pursuant to the Underwriting Agreement, the minimum Rights Shares to be underwritten by the Underwriter together with the Rights Shares to be placed by the Placing Agent and the Rights Shares to be taken up by the Qualifying Shareholders shall be 30,000,000 Rights Shares.

The Underwriter shall have no obligation to underwrite further Rights Shares in the event that the Rights Shares to be placed by the Placing Agent together the Rights Shares to be taken up by the Qualifying Shareholders shall be more than 30,000,000 Rights Shares. For the avoidance of doubt, the Underwriter may procure for subscription of additional untaken Rights Shares at its discretion.

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 Unsubscribed Arrangement under the Placing Agreement.

Commission and expenses: 5% of the aggregate Subscription Price in respect of the actual number of Underwritten Shares underwritten, subscribed for or procured subscription for by the Underwriter pursuant to the Underwriting Agreement, provided that the minimum commission payable shall be HK\$1,350,000 (the “**Minimum Underwriter Fee**”).

On 28 January 2022, the Company and the Underwriter entered into a supplemental letter pursuant to which the Underwriter agrees to waive the Minimum Underwriter Fee, i.e. the underwriting commission payable by the Company shall be at 5% of the aggregate Subscription Price in respect of the actual number of Underwritten Shares underwritten, subscribed for or procured subscription for by the Underwriter pursuant to the Underwriting Agreement and there shall be no minimum underwriting commission payable by the Company.

The terms of the Underwriting Agreement were determined after arm’s length negotiations between the Company and the Underwriter, taking into account the following factors: (i) the recent closing prices of the Shares; (ii) the prevailing market conditions; and (iii) the funding and capital needs of the Company for its business plans and prospect set out in the section headed “Reasons for the Rights Issue” below.

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## LETTER FROM THE BOARD

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The underwriting commission rate was arrived at after arm's length negotiations between the Company and the Underwriter. The Company has approached other securities brokerage firms but they were unwilling to act as underwriter and/or placing agent in the Rights Issue. As explained in the section "Reasons for the Rights Issue" below, the Company has practical funding needs for fund raising to meet the capital and funding requirements of the proposed margin financing development of FW Securities. The appointment of the Underwriter will secure the minimum fundraising amount to be raised under the Rights Issue and the Company considers that the appointment of the Underwriter is necessary for the Rights Issue in order to provide for a guaranteed minimum funding from the Rights Issue.

Unlike placing on a best effort basis, the Underwriter would face the potential risk that it might have to take up not less than 30,000,000 Rights Shares in the event that no Shareholders would take up the Rights Shares. In other words, the Underwriter has to maintain sufficient financial resources to meet such funding needs. The Underwriter has to earmark the full amount of the undertaking of 30,000,000 Rights Shares under the Underwriting Agreement in complying with the Securities and Futures (Financial Resources) Rules regardless of the actual acceptance level of the Rights Issue. The Underwriter also involves in relevant administrative and paper works (such as filling in relevant forms) for the underwriting arrangement to arrange subscribers to subscribe for the Underwritten Shares. As such, the Company considers that the underwriting commission is justifiable and fair and reasonable.

It is noted that the Share price of the Company shows a decreasing trend in the past six months and the trading liquidity of the Shares were in general relatively thin. In light of the recent market uncertainty as the continuing outbreak of COVID-19 pandemic and the fact that the Underwriter may have to take up not less than 30,000,000 Rights Shares in the event that no Shareholders would take up the Rights Shares and have to earmark the full amount of the undertaking of 30,000,000 Rights Shares under the Underwriting Agreement in complying with the Securities and Futures (Financial Resources) Rules regardless of the actual acceptance level of the Rights Issue, the underwriting commission rate was determined at 5% after arm's length negotiations between the Placing Agent and the Company.

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## LETTER FROM THE BOARD

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Whilst underwriting commission rate may be higher than the market average rate for rights issues of other listed issuers, the Company considers that the underwriting commission is justifiable as (i) the terms of the Rights Issue (including but not limited to the placing commission rate and the underwriting commission rate) shall be subject to the approval of the Independent Shareholders at the EGM; (ii) the Company has approached other securities brokerage firms but they were unwilling to act as underwriter and/or placing agent in the Rights Issue; and (iii) the Company has practical fundraising needs for its margin financing business development. As such, the Company considers that the underwriting commission rate is justifiable and on normal commercial terms and in the interests of the Company and its Shareholders as whole.

To allow the Independent Shareholders to consider the fairness and reasonableness of the placing commission rate and the underwriting commission rate, the effective rate payable by the Company to both the Placing Agent and the Underwriter will be ranged from 3.50% to 5.00% subject to the level of placement and underwriting of the Unsubscribed Rights Shares.

The Directors are 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.

### **Conditions of the Underwriting Agreement**

The obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (a) the passing of the necessary resolution(s) by the Shareholders (or the Independent Shareholders, as the case maybe) at the EGM to approve the Share Consolidation and the Share Consolidation having become effective;
- (b) the passing of the necessary resolution(s) by the Shareholders (or the Independent Shareholders, as the case maybe) at the EGM to approve the Rights Issue;
- (c) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;

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## LETTER FROM THE BOARD

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- (d) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (e) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully paid forms) by no later than the Business Day prior to the first day of their dealings;
- (f) the Underwriting Agreement not being terminated or rescinded by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (g) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (h) there being no specified event occurring prior to the Latest Time for Termination; and
- (i) the Shares remaining listed on the Main Board of the Stock Exchange at all times prior to the Settlement Date and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than ten (10) trading days at any time prior to the Latest Time for Acceptance.

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 (h) above which can only be waived by the Underwriter, are incapable of being waived. If any of the conditions 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, other than conditions (a) and (b), the other conditions precedent has not yet fulfilled or waived.

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## LETTER FROM THE BOARD

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### 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 Group as a whole 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 Group as a whole 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
- (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 materially and adversely affect the market price of the Shares; or
- (c) there is any change in the circumstances of the Company or any member of the Group 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 any of member of the Group or the destruction of any material asset of the Group; or

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## LETTER FROM THE BOARD

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- (d) any event of force majeure (whether or not covered by insurance or responsibility has been claimed) including, without limiting the generality thereof, acts of government, strikes, lock-outs, fire, explosions, flooding, earthquakes, epidemics, pandemics, outbreaks of infections, diseases, Severe Acute Respiratory Syndrome (SARS), Influenza A (H5N1), Influenza A (H5N9), COVID-19 and any related or mutated forms of infectious diseases, civil commotions, economic sanctions, public disorder, social or political crises, acts of war, acts of terrorism, acts of God, accidents or interruptions or delays in transportation in or affecting any relevant jurisdiction in which the Group has business operation; or
- (e) a valid demand by any creditor for repayment or payment of any indebtedness of the Company or any member of the Group or in respect of which the Company or any member of the Group is liable prior to its stated maturity; or
- (f) any other material adverse change in the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (g) the Prospectus Documents in connection with the Rights Issue when published contain information (either as to business prospects or the financial condition of the Group 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 Group 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 under the Rights Issue; or
- (h) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (i) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten (10) consecutive Business Days, excluding any suspension in connection with the clearance of the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (j) any moratorium, suspension or material restriction on trading of the shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

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

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## LETTER FROM THE BOARD

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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.**

### SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming full acceptance by the Shareholders; and (iii) immediately after completion of the Rights Issue assuming nil acceptance by the Shareholders,

- (a) assuming there is no other change in the shareholding structure of the Company before the completion of the Rights Issue and all 82,044,138 Rights Shares have been taken up:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Shareholders have taken up all the entitled Rights Shares)		Immediately after completion of the Rights Issue (assuming none of the Qualifying Shareholders has taken up any entitled Rights Shares)	
	Number of Consolidated Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%
Directors (Note 4)	386,902	0.71	967,255	0.71	386,902	0.28
Shareholder(s) procured by the Placing Agent/Underwriter	-	-	-	-	82,044,138	60.00
Other Shareholders	54,309,190	99.29	135,772,975	99.29	54,309,190	39.72
<b>Total</b>	<b>54,696,092</b>	<b>100.00</b>	<b>136,740,230</b>	<b>100.00</b>	<b>136,740,230</b>	<b>100.00</b>

- (b) assuming there is no other change in the shareholding structure of the Company before the completion of the Rights Issue and only 30,000,000 Rights Shares have been taken up:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming the Shareholders have taken up an aggregate 30,000,000 entitled Rights Shares in proportion to their shareholdings)		Immediately after completion of the Rights Issue (assuming none of the Qualifying Shareholders has taken up any entitled Rights Shares)	
	Number of Consolidated Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%
Directors (Note 4)	386,902	0.71	601,342	0.71	386,902	0.46
Shareholder(s) procured by the Placing Agent/Underwriter	-	-	-	-	30,000,000	35.42
Other Shareholders	54,309,190	99.29	84,094,750	99.29	54,309,190	64.12
<b>Total</b>	<b>54,696,092</b>	<b>100.00</b>	<b>84,696,092</b>	<b>100.00</b>	<b>84,696,092</b>	<b>100.00</b>

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## LETTER FROM THE BOARD

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*Notes:*

- (1) Pursuant to the Underwriting Agreement, the Underwriter undertakes to the Company that the Underwriter shall use all reasonable endeavours to ensure that each of the subscribers or purchasers of the Rights Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules); and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue.
- (2) The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
- (3) These scenarios are for illustrative purpose only.
- (4) The 386,902 Consolidated Shares are owned (a) as to 80,723 Shares by Mr. Cai Linzhan; (b) as to 172,000 Shares by Mr. Siu Yun Fat; (c) as to 133,511 Shares by Mr. Yu Qingrui; and (d) as to 668 Shares by Mr. Tam Tak Wah. Mr. Siu Yun Fat has resigned as an executive Director on 31 December 2021.

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

The Company has not conducted any other equity fund raising activities during the past 12 months immediately preceding the date of the Announcement.

### **INFORMATION ON THE PLACING AGENT**

The Placing Agent is a corporate licensed to carry out Type 1 (dealings in securities) regulated activity under the SFO.

As disclosed in the announcement of the Company dated 7 October 2020, Globally Finance Limited, a wholly owned subsidiary of the Company principally engaged in money lending business, had entered into a loan agreement to grant loan facilities in the principal amount up to HK\$270,000,000 to Central Wealth Group Holdings Limited, the holding company of the Placing Agent. Save for the loan facility agreement and the Placing Agreement, the Company is not aware of any business relationship between (a) the Placing Agent and its ultimate beneficial owner(s) on one hand; and (b) the Company, its connected persons and their respective associates on the other.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of the Announcement, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE UNDERWRITER

The Underwriter is a corporate licensed to carry out Type 1 (dealings in securities) regulated activity under the SFO and its ordinary course of business includes underwriting of securities.

As disclosed in the circular of the Company dated 23 July 2021, the Underwriter is the tenant at G/F, No. 20, Kwun Chung Street, Kowloon, Hong Kong, which is a property owned by the Group with monthly rental HK\$140,000 (inclusive of management fees, government rent and rates) on normal commercial terms. Save for the tenancy and the Underwriting Agreement, the Company is not aware of any business relationship between (a) the Underwriter and its ultimate beneficial owners on one hand; and (b) the Company, its connected persons and their respective associates on the other.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of the Announcement, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. As such, the Underwriter complies with Rule 7.19(1) of the Listing Rules.

### REASONS FOR THE RIGHTS ISSUE

The Company is an investment holding company. The Group is principally engaged in (i) high technology business; (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) investment in film industry; (vi) trading business and related services; and (vii) licensing of e-commerce platform.

In 2015, the Group invested in securities brokerage through investment in associates. The Group disposed the associates subsequently in 2017. The Directors are optimistic to the securities market development in Hong Kong and have resolved to engage its securities brokerage business from year 2020. It is expected that the continuous return of Chinese concept stocks to Hong Kong will attract PRC and international capital to flow into Hong Kong, driving the prospects for Hong Kong stocks to be bright.

Bond Connect allows investors from Mainland China and overseas to trade in each other's bond markets through a market infrastructure linkage in Hong Kong. Northbound trading commenced on 3 July 2017, offering China Interbank Bond Market (CIBM) access to a broader group of international investors. Moreover, the Southbound Trading under Bond Connect has been officially launched since September 2021 and that provides a convenient and efficient channel for investors to invest in offshore bonds through the Hong Kong bond market. It is expected that with the formal launch of the Southbound Trading under Bond Connect, the prospect of Hong Kong bond market is promising.

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## LETTER FROM THE BOARD

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The Board also considers that diversification of the Group's business will broaden revenue bases and would be in the interests of the Group. Accordingly, the Group in 2020 has set up a wholly owned subsidiary Future World Securities Investment Limited (“**FW Securities**”) which has obtained license to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities under the SFO and the Group intends to further develop the securities brokerage business with margin financing. FW Securities aims at providing broader and more diversified services to customers. FW Securities targets to provide securities dealing and advising securities services to its customers.

The Group considers that providing margin financing services to its securities brokerage customers will allow it to broaden the customer base and also assists the development of securities brokerage business as it is contemplated that the customers will be more willing to utilize the services of the Group. In order to provide margin financing services to the securities trading customers, it is necessary for the licensed corporation to have sufficient funds to meet the expected margin financing needs of its customers. Under the licensing requirements of the SFO, FW Securities would have to meet certain financial requirements for providing margin financing services to its customers. As such, the Group is under funding needs for its future and further development of the securities brokerage business.

FW Securities was established in 2020 with the intention to operate in the securities brokerage business. FW Securities obtained the SFO licenses on 30 June 2020 and has since been operating and generating revenue for the Group. The Company has applied to the Securities and Futures Commission for the approval to provide margin services and is expected to commence to provide such margin services to its existing and future customers (which comprise individual and corporate customers) once obtained the relevant approval. Due to the widespread of the omicron variant of the COVID-19 pandemic in Hong Kong in the first quarter of 2022, there was delay in the application and approval process and it is expected that the approval will be obtained in first half of 2022. As at the Latest Practicable Date, the application process is ongoing and the approval has not yet been granted yet. The Group will continue to follow up the application although it is understood that the process has been slowing down as a result of the COVID-19 pandemic outbreak. In operating the business and/or service of margin financing, where the Group, as the broker, offer and/or provision of loans with margin ratio to its customers for investment purposes and would require strong financial capability to satisfy the relevant financial requirement as set out under the SFO. FW Securities will comply with the Guidelines for Securities Margin Financing Activities issued by the Securities and Futures Commission in providing margin financing services. Under the Securities and Futures (Financial Resources) Rules, the minimum paid-up share capital of a Type 1 licensed corporation with margin financing activities would be HK\$10 million, which implies that FW Securities would have to increase its paid up share capital. FW Securities' current paid up share capital amounts HK\$5 million. FW Securities would not consider to carry out margin financing activities in the event that the Rights Issue is not materialized. As such, the Group has a practical fund raising need to develop its securities brokerage business.

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## LETTER FROM THE BOARD

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By providing margin financing services, the Group will then be able to receive interest revenue from its customers (in addition to the securities brokerage commission) and broaden its income base. For the year ended 31 December 2021, FW Securities generated unaudited revenue of approximately HK\$1,100,000. In addition to securities dealing and advisory service currently provided by FW Securities, FW Securities now wishes to provides securities margin financing to its customers (which shall comprise individual and corporate clients) to broaden its revenue base.

The business model of FW Securities will involve providing securities margin financing services to its customers covering the stocks listed in the Stock Exchange and unlisted and listed bonds, which in additional to the securities brokerage, FW Securities would also receive interest from margin loans to those customers. Without offering margin financing services, it is difficult for FW Securities to procure potential customers to utilize its services whilst vast of the other securities brokerage firms would provide margin financing services to their clients. To develop the securities brokerage business, FW Securities would utilize the business network of the Company's management and also the clientele base of the Group in securities brokerage. The provision of securities margin financing to such customers will be subject to relevant credit assessments in accordance with its internal control policy. The management of FW Securities has relevant experience and expertise in the margin financing business and each of the three responsible officers of FW Securities, who are SFC licensees and responsible for the operations of FW Securities, have over nine years experience in margin financing and the Company believes that the responsible officers of FW Securities have sufficient experience and expertise to carry out the margin financing business. FW Securities intends to further develop its business upon completion of the Rights Issue and will employ additional staff to meet its needs.

In respect of the internal control, FW Securities will adopt relevant margin financing policy, which will cover the total margin control (i.e. control over the maximum outstanding margin loan amount to be advanced by FW Securities), client limit control (i.e. control over the margin loan limit to individual clients depending on credit assessment and margin loan limit exceeding HK\$5 million would be approved by the responsible officer and the written approval of the board of directors of FW Securities), assessment of collaterals provided by client to assess the relevant risk and procedures for margin call (i.e. requests for additional collaterals and/or repayment in the event that the collateral's value is not sufficient). The policy will be in line with the Guidelines for Securities Margin Financing Activities issued by the Securities and Futures Commission.

It is also intended part of the proceeds would be utilize for repayment of loans and interest of the Group, which will reduce the gearing ratio of the Group. The remaining balance of the proceeds is intended for the general working capital of the Group.

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## LETTER FROM THE BOARD

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The Company intends to utilize part of the proceeds to repay the bank borrowings of the Group. Those bank borrowings are secured bank loans with aggregate outstanding principal amounts of HK\$296,267,000 and the interest rates are 2.5% below the prime rate, 2% per annum + HIBOR (1 month) or 2.5% per annum over HIBOR (1 week to 1 month). Among bank borrowings, approximately HK\$89,914,000 are repayable within one year, HK\$10,207,000 are repayable over one year but not exceeding two years, HK\$31,420,000 are repayable over two years but not exceeding five years and HK\$164,726,000 are repayable over five years. The Group will repay the current liabilities due from its internal resources to be generated from business operations and/or negotiation for extension of repayment. In respect of the general working capital, the Company intends to utilize up to HK\$1.5 million for settlement of legal and other professional fees with the remaining balances towards the administrative and operating expenses such as staff salary and remuneration.

The Board has considered various fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing and placing of new shares.

The Board considers that placing of new Shares would be a suboptimal fund-raising means as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. Debt financing will increase the gearing of the Group and the Company will incur interest expenses.

In comparison, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). As an open offer does not allow the trading of rights entitlements, rights issue is preferred. Accordingly, the Directors consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### USE OF PROCEEDS

Assuming all the Rights Shares have been taken up and no change in the number of Consolidated Shares in issue on or before the Record Date, the gross proceeds from the Rights Issue will be up to approximately HK\$73.8 million and the net proceeds from the Rights Issue after deducting the expenses are estimated to be up to approximately HK\$69 million.

In the scenario that no Qualifying Shareholders has taken up any entitled Rights Shares and the Placing Agent has not been able to procure any places to take up any Rights Shares, the minimum gross proceeds from the Rights Issue will be HK\$27 million and the net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$24 million.

The Company intends to apply the net proceeds as to (i) approximately 65% for capital injection of FW Securities, which would then utilize such proceeds to provide relevant margin financing services to its customers; (ii) approximately 20% for repayment of loan and interest; and (iii) the remaining balance for general working capital of the Group.

As at the Latest Practicable Date, there is no indication that the approval for the margin financing activities of FW Securities would not be granted. In the unlikely event that the approval for the margin financing activities of FW Securities is not obtained by 30 September 2022, the Company intends to utilize the relevant remaining net proceeds originally stipulated for the margin financing of FW Securities towards (i) as to 70% for repayment of loan; (ii) as to 20% for the money lending business of the Group; and (iii) as to 10% towards the brokerage business of the Group.

Taking into consideration of the current indebtedness and liquidity and the potential business return, the Company considers that applying 65% of the proceeds for developing its margin financing business is in the interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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### ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

Prior to the completion of the Rights Issue and as at the Latest Practicable Date, there were 5,215,000 outstanding Share Options, which entitled holders thereof to subscribe for 5,215,000 Shares under the Share Option Scheme.

In accordance with the Share Option Scheme, immediately after completion of the Rights Issue, the subscription prices and the number of Shares to be issued upon exercise of the outstanding Share Options will be adjusted as follows:

Grantee	Date of grant	As at the	Subscription	Immediately after completion	Subscription
		Latest Practicable Date		of the Rights Issue	
		Number of	price	Number of	price
		Shares to be	HK\$	Shares to be	HK\$
		issued upon		issued upon	
		exercise of the		exercise of the	
		outstanding		outstanding	
		Share Options		Share Options	
Cai Linzhan	17.09.2021	25,000	2.16	25,719	2.10
Lau Fai Lawrence	17.09.2021	495,000	2.16	509,241	2.10
Siu Yun Fat ( <i>Note</i> )	17.09.2021	25,000	2.16	25,719	2.10
Yu Qingrui	21.05.2021	470,000	2.51	483,522	2.44
	17.09.2021	25,000	2.16	25,719	2.10
Employees (in aggregate)	17.09.2021	2,690,000	2.16	2,767,390	2.10
Directors of Subsidiary (in aggregate)	17.09.2021	1,485,000	2.16	1,527,723	2.10
Total		5,215,000		5,365,033	

*Note:* Siu Yun Fat has resigned as an executive Director on 31 December 2021.

Save for the above adjustments, all other terms and conditions of the outstanding Share Options granted under the Share Option Scheme remain unchanged.

The adjustments will be made in accordance with the Share Option Scheme and Rule 17.03(13) of the Listing Rules that a participant the same proportion of the equity capital as that to which that person was previously entitled.

The adjustment is based on the dilution effect of the Rights Issue, pursuant to which the adjusted subscription price for the Share Options would be approximately 97.2% of the original subscription price and the number of Shares to be allotted and issued would be adjusted accordingly.

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## LETTER FROM THE BOARD

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Moore Stephens CPA Limited, the auditor of the Company, has certified that the above adjustments of the Share Options are made in accordance with the Share Option Scheme, Rule 17.03(13) of the Listing Rules and the notes thereto, FAQ No. 072/2020 published by the Stock Exchange on 6 November 2020 and the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding the interpretation of Rule 17.03(13) of the Listing Rules.

### LISTING RULES IMPLICATIONS

Since the Rights Issue will increase the issued share capital of the Company by more than 50%, in accordance with Rule 7.27A(1) of the Listing Rules, the Rights Issue must be made conditional on, amongst other things, the approval by the Independent Shareholders at which any controlling shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue.

The Rights Issue has been approved by the Independent Shareholders at the EGM held on 21 February 2022 and the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates have abstained from voting in favour of the Rights Issue at the EGM.

### PROCEDURES FOR ACCEPTANCE AND PAYMENT OR TRANSFER

#### Subscription for all Rights Shares provisionally allotted

A PAL is enclosed with this Prospectus for each Qualifying Shareholder which entitles him/she/it to subscribe for the number of Rights Shares shown in the PAL. If a Qualifying Shareholder wishes to accept all Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by not later than 4:00 p.m. on 28 April 2022. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on a bank account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Future World Holdings Limited – Rights Issue A/C**" and crossed "**Account Payee Only**".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on 28 April 2022, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

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## LETTER FROM THE BOARD

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### **Transfer and “splitting” of nil-paid Rights Shares**

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer all or part of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation not later than 4:30 p.m. on 20 April 2022 with the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly known as “splitting” the nil-paid Rights Shares.

Having “split” the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for the Rights Shares provisionally allotted.

If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign the registration information in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete and sign the registration details in the PAL and lodge the PAL intact, together with a remittance for the full amount payable on acceptance with the Registrar by no later than 4:00 p.m. on 28 April 2022.

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

All cheques or cashier’s orders will be presented for payment immediately upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgment of a PAL together with a cheque or cashier’s order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier’s order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier’s order is dishonoured on first presentation, and in that event the provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

No receipt will be given in respect of any application monies received.

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

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## LETTER FROM THE BOARD

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If any of the conditions of the Rights Issue (as set out in the paragraph headed “Conditions of the Rights Issue” in this section) is not fulfilled, the monies received in respect of acceptances of the Rights Shares will be refunded to the Qualifying Shareholders (or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred) without interest, by means of cheques crossed “Account Payee Only” to be despatched by ordinary post to their registered addresses, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the register of members or the transfer form, at their own risk on or around 20 May 2022.

### **Action to be taken by beneficial owners holding interests in Shares through CCASS**

If you are a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares. Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected timetable” in this Prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS. Beneficial owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such beneficial owners’ interests in nil-paid Rights Shares should be dealt with.

### **WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL PAID RIGHTS**

**It should be noted that the Shares have been dealt in on ex-rights basis from Friday, 25 February 2022. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 14 April 2022 to Monday, 25 April 2022 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Thursday, 14 April 2022 to Monday, 25 April 2022 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed.**

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## LETTER FROM THE BOARD

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Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or nil-paid rights is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional.

The Rights Issue will proceed on a non-fully underwritten basis. There is no requirement for minimum level of subscription by the Qualifying Shareholders. Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. Any Rights Shares which are not placed by the Placing Agent and not taken up by the Underwriter pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

### ADDITIONAL INFORMATION

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

Yours faithfully  
For and on behalf of the Board  
**Liang Jian**  
*Chairman*

**1. SUMMARY OF FINANCIAL INFORMATION**

Financial information of the Group for each of the years ended 31 December 2018, 2019, 2020 and 2021 respectively and for six months ended 30 June 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.fw-holdings.com](http://www.fw-holdings.com)):

- annual report of the Company for the year ended 31 December 2018 published on 25 April 2019 (pages 51 to 151):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0425/lt20190425463.pdf>

- annual report of the Company for the year ended 31 December 2019 published on 27 April 2020 (pages 52 to 147)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042701126.pdf>

- annual report of the Company for the year ended 31 December 2020 published on 27 April 2021 (pages 61 to 161):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0427/2021042700943.pdf>

- interim report of the Company for the six months ended 30 June 2021 published on 23 September 2021 (pages 12 to 45):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0923/2021092300807.pdf>

- annual results announcement of the Company for the year ended 31 December 2021 published on 30 March 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0330/2022033000011.pdf>

## 2. INDEBTEDNESS

The following table set forth a breakdown of our indebtedness as at 28 February 2022, being the latest practicable date for the purpose of this indebtedness in this Prospectus.

	As at 28 February 2022 HK\$'000
Bank borrowings <i>(note a)</i>	297,691
Other borrowings <i>(note b)</i>	95,486
Lease liabilities <i>(note c)</i>	<u>5,914</u>
	<u><u>399,091</u></u>

*Notes:*

- (a) As at 28 February 2022, the bank borrowings are secured by the investment properties of the Group with a net carrying amount of approximately HK\$671,000,000, and bear interest at (i) 2.5% per annum below HKD Prime Rate, (ii) 2% per annum over HIBOR (1 month) or 2.5% per annum below HKD Prime rate, whichever is the lower, (iii) 2.5% per annum over HIBOR (1 week to 1 month) and (iv) fixed rate at 3.85% per annum.
- (b) As at 28 February 2022, the other borrowings are secured by the pledges of financial assets at fair value through other comprehensive income of approximately HK\$43,247,000, financial assets at fair value through profit or loss of approximately HK\$6,104,000; and an investment property of the Group with a net carrying amount of HK\$287,000,000.
- (c) The Group entered into several lease agreements for leasing of office premises and staff quarter located in Hong Kong and the PRC and recognised right-of-use assets and lease liabilities for these leases. Such lease liabilities amounted to approximately HK\$5,914,000 as at 28 February 2022, which were classified as to HK\$1,834,000 as current liabilities and HK\$4,080,000 as non-current liabilities. The interest rates of the lease liabilities ranged from 1.8% to 4.9% per annum.

Save as aforesaid and apart from intra-group liabilities and normal trade payables and other payables and accruals in the ordinary course of business, at the close of business on 28 February 2022, the Group did not have any debt securities issued and outstanding or agreed to be issued but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade payables) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, guarantees or material contingent liabilities.

**3. WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that taking into account (i) the internal resources of the Group; (ii) the existing banking and other borrowing facilities available; (iii) estimated proceeds from the Rights Issue, and (iv) the existing cash and bank balances, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this Prospectus.

**4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, so far as was known to the Directors, there are no material adverse change in the financial or trading position of the Group as at 31 December 2020, the date to which the latest published audited financial statements of the Group were made up.

**5. FINANCIAL AND TRADING PROSPECTS**

The Group is principally engaged in (i) high technology business; (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) investment in film industry; (vi) trading business and related services and (vii) licensing of e-commerce platform. The Group will continue to explore opportunities in these core businesses so as to create long-term value for its shareholders.

From year 2019, the Group has embarked on new strategic initiatives and developed the business in relation to high technology and related services business. The high technology business mainly revolves around industrial robot system, intelligence hardware for service robots, new energy transportation and entertainment technology.

Whilst the high technology business segment of the Group has continued to contribute to the Group, in light the disruption in global supply chain as a result of the COVID-19 pandemic and the increasing geopolitical tension between China and other countries and sanctions having imposed on various high technology China enterprises, the Group is in the course of reviewing its high technology business and it is expected that the revenue contribution by the high technology business segment of the Group in the forthcoming years may be much less in comparison with those in the previous years. The Company will continue to review its business portfolio and will make necessary adjustments to fit in the trading and economic environment that is in the interests of the Company and the Shareholders as a whole. Save for the development of securities brokerage and margin financing of FW Securities, as at the Latest Practicable Date, there is no particular concrete plan on the part of the Company to downsize, cease, disposal of, or expand any of its existing business.

The Directors are optimistic to the securities market development in Hong Kong and have resolved to continue its securities brokerage business. The continuous return of Chinese concept stocks to Hong Kong will attract PRC and international capital to flow into Hong Kong, driving the prospects for Hong Kong stocks to be bright. The Group will seize this opportunity to develop the securities brokerage business. The Group obtained the licenses from the Securities and Futures Commission to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities through a wholly owned subsidiary Future World Securities Investment Limited (formerly known as Oriental Power Securities Investment Limited) (“**FW Securities**”). FW Securities aims at providing broader and more diversified services to customers. FW Securities targets to provide securities dealing and advising securities services to its customers. FW Securities will provide broker-dealer services covering the stocks and investment-linked instruments listed in the Stock Exchange. FW Securities may act as an underwriter or a sub-underwriter or a placing agent or a sub-placing agent for companies listed or to be listed on the Stock Exchange or shareholders of companies listed or to be listed on the Stock Exchange for their fund raising exercises such as IPOs, rights issues, open offers or placing of new and/or existing shares and debt securities. FW Securities will charge placing or underwriting commission at a rate determined by negotiation with clients which is generally in line with market practice.

For illustrative purposes, the financial information prepared in accordance with paragraph 4.29 of the Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by completion of the Rights Issue as if the Rights Issue had been completed on 31 December 2021. The statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the Group's financial condition on the completion of the Rights Issue.

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

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had been completed on 31 December 2021. The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the consolidated net assets of the Group as at 31 December 2021 as extracted from the published the final results announcement of the Company for the year ended 31 December 2021 and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed on 31 December 2021. The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the adjusted consolidated net tangible assets of the Group immediately after completion of the Rights Issue or any future date after completion of the Rights Issue.

	Consolidated net tangible assets attributable to the owners of the Company as at 31 December 2021 HK\$'000 (Note 1)	Unaudited estimated net proceeds from the Rights Issue HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company as at 31 December 2021 HK\$'000	Consolidated net tangible assets attributable to the owners of the Company per Share before the completion of the Rights Issue HK\$ (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company per Share immediately after the completion of the Rights Issue HK\$ (Note 4)
Based on maximum number of 82,044,138 Rights Shares to be issued	917,815	69,454	987,269	16.78	7.22

*Notes:*

- 1) The consolidated net tangible assets attributable to the owners of the Company as at 31 December 2021 were extracted and derived from the consolidated statement of financial position of the Group as at 31 December 2021 (being the reporting line item “Equity attributable to the owners of the Company” in the consolidated statement of financial position as at 31 December 2021) on which the Company’s final results announcement has been published on 29 March 2022.
- 2) The estimated net proceeds from the Rights Issue is approximately HK\$69,454,000 which is based on 82,044,138 Rights Shares to be issued at the Subscription Price of HK\$0.9 per Rights Share and after deducting estimated related expenses, including among others, legal and professional fees, which are directly attributable to the Rights Issue, of approximately HK\$4,386,000.
- 3) The consolidated net tangible assets of the Group per share attributable to the owners of the Company before the completion of the Rights Issue is determined based on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2021 of approximately HK\$917,815,000 as disclosed in note 1 above, divided by 54,696,092 Shares in issue (representing 1,093,921,858 Shares in issue as at 31 December 2021, with the assumption that the Share Consolidation had become effective on 31 December 2021).
- 4) Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2021 per Share immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue of approximately HK\$987,269,000 as set out in Note 2 above divided by 136,740,230 Shares which represents the sum of 54,696,092 Shares in issue and 82,044,138 Rights Shares to be issued, assuming that no outstanding share options of the Company will be exercised.
- 5) Assuming the Rights Issue was completed on 31 December 2021, the Group has net current liabilities of approximately HK\$281,908,000 as at 31 December 2021. This condition indicates a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have considered the followings when they prepared the Unaudited Pro Forma Financial Information:

The current liabilities of the Group include bank borrowings of approximately HK\$205,565,000, which have been classified as current liabilities as the related loan agreements contain a repayment on demand clause. According to the loan agreements, the loans are repayable by monthly instalments in 16-22 years. The Group regularly monitors its compliance with covenants and scheduled repayments of such bank borrowings and the directors of the Company do not consider that the banks will exercise their discretion to demand repayment so long as the Group continues to meet these requirements.

The Group would sell part of its financial assets at fair value through profit or loss in order to improve the Group's financial position, liquidity and cash flows. In addition, the directors of the Company also consider several measures together with other measures in progress at the date of authorising these consolidated financial statements which include taking stringent cost controls aiming at improving the working capital and cash flow position of the Group, equity fund raising and negotiating with certain bankers to obtain long term banking facilities. In addition, in order to improve the Group's financial position, liquidity and cash flows, the directors of the Company proposed to conduct the Rights Issue on 15 December 2021 to raise additional capital with maximum gross proceeds of approximately HKD73,800,000 by way of a rights issue of up to 82,044,138 Rights Shares at the Subscription Price of HKD0.9 per Rights Share on the basis of three Rights Shares for every two Consolidated Shares, which is expected to be completed in 2022.

Taking into account of the above consideration and measures, the directors of the Company are satisfied that the Group will be able to meet its financial obligations when they fall due. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the Unaudited Pro Forma Financial Information on a going concern basis.

Should the Group be unable to continue as going concern, adjustments would have to be made to the Unaudited Pro Forma Financial Information to write down the carrying amounts of assets to their realisable amounts, and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the Unaudited Pro Forma Financial Information.

- 6) Save as disclosed above, no other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2021.

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

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

**Moore Stephens CPA Limited**801-806 Silvercord, Tower 1,  
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Kowloon, Hong Kong

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

TO THE DIRECTORS OF FUTURE WORLD HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Future World Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) consists of the unaudited pro forma statement of consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2021 and related notes as set out in Part A of Appendix II to the Prospectus dated 12 April 2022 (the “**Prospectus**”) issued by the Company in connection with the proposed rights issue on the basis of three rights shares for every two consolidated shares of the Company (the “**Rights Issue**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Part A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group’s consolidated net tangible assets attributable to the owners of the Company as at 31 December 2021 as if the Rights Issue had taken place on 31 December 2021. As part of this process, information about the Group’s consolidated financial position as at 31 December 2021 has been extracted by the Directors from the final results announcement of the Company for the year ended 31 December 2021, dated 29 March 2022.

**Directors' Responsibility for the Unaudited Pro Forma Financial Information**

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

**Our Independence and Quality Control**

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

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

**Reporting Accountant's Responsibilities**

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

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

The purpose of Unaudited Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2021 would have been as presented.

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

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

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

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

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

### **Opinion**

In our opinion:

- a. the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

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

**Material Uncertainty Related to Going Concern**

We draw attention to Note 5 to the Unaudited Pro Forma Financial Information, which indicates that the Group has pro forma net current liabilities of approximately HK\$281,908,000 as at 31 December 2021. This condition indicates a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Moore Stephens CPA Limited**

*Certified Public Accountants*

**Ng Ngai Yan**

Practising Certificate Number: P07422

Hong Kong, 12 April 2022

**1. RESPONSIBILITY STATEMENT**

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

**2. SHARE CAPITAL**

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders) are set out as follows:

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

<i>Authorised:</i>		<i>HK\$</i>
623,700,000	ordinary Shares of HK\$0.4 each	249,480,000.00
<u>1,300,000</u>	preference Shares of HK\$0.4 each	<u>520,000.00</u>
<u><u>625,000,000</u></u>	Shares	<u><u>250,000,000.00</u></u>
<i>Issued and fully paid:</i>		<i>HK\$</i>
54,696,092	whole ordinary Shares of HK\$0.4 each	21,878,437.16
<u>–</u>	preference Shares of HK\$0.4 each	<u>–</u>
<u><u>54,696,092</u></u>	whole Shares	<u><u>21,878,437.16</u></u>

## (ii) Immediately after Completion (assuming no change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders)

<i>Authorised:</i>		<i>HK\$</i>
623,700,000	ordinary Shares of HK\$0.4 each	249,480,000.00
<u>1,300,000</u>	preference Shares of HK\$0.4 each	<u>520,000.00</u>
<u><u>625,000,000</u></u>	Shares	<u><u>250,000,000.00</u></u>
 <i>Issued and fully paid:</i>		 <i>HK\$</i>
54,696,092	whole ordinary Shares of HK\$0.4 each	21,878,437.16
82,044,138	Rights Shares to be allotted and issued under the Rights Issue	<u>32,817,655.20</u>
<u><u>136,740,230</u></u>	whole Shares in issue immediately upon completion of Rights Issue	<u><u>54,696,092.00</u></u>

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

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 Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, save for the outstanding Share Options, the Company did not have any outstanding warrants, options or securities convertible into Shares.

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

As at the Latest Practicable Date, the Company was not aware of any restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

### 3. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES IN THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

#### Long position in the Shares and underlying Shares

Name of Director	Capacity/ Nature of interest	Number of Shares and underlying Shares	Approximate percentage of the total issued share capital of the Company
Cai Linzhan	Beneficial owner	105,723 <sup>(note 1)</sup>	0.19%
Lau Fai Lawrence	Beneficial owner	495,000 <sup>(note 2)</sup>	0.91%
Siu Yun Fat	Beneficial owner	197,000 <sup>(note 3)</sup>	0.36%
Yu Qingrui	Beneficial owner	628,511 <sup>(note 4)</sup>	1.15%
Tam Tak Wah	Beneficial owner	668 <sup>(note 5)</sup>	0.001%

*Notes:*

1. Cai Linzhan is interested in 80,723 Shares and 25,000 share options which confer him the right to subscribe for 25,000 Shares.
2. Lau Fai Lawrence is interested in 495,000 share options which confer him the right to subscribe for 9,900,000 Shares.
3. Siu Yun Fat is interested in 172,000 Shares and 25,000 share options which confer him the right to subscribe for 25,000 Shares. Siu Yun Fat has resigned as an executive Director on 31 December 2021.
4. Yu Qingrui is interested in 133,511 Shares and 495,000 share options which confer him the right to subscribe for 495,000 Shares.
5. Tam Tak Wah is interested in 668 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or 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); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

#### 4. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at the Latest Practicable Date, so far as any Directors are aware, the interest or short positions owned by the following parties (other than the Directors or chief executive of the Company) in the Shares, underlying Shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

##### Long position in the Shares

Name	Capacity/ Nature of interest	Number of Shares and underlying Shares	Approximate percentage of the total issued share capital of the Company
HRG Robotics International Limited (“HRG Robotics”) <sup>(Note 1)</sup>	Beneficial owner	9,454,000	17.28%
Zhang Xiao Jun	Beneficial owner	3,000,000	5.48%
CA Cultural Technology Group Limited (“CA Cultural”) <sup>(Note 2)</sup>	Beneficial owner	4,750,000	8.68%

*Notes:*

1. HRG Robotics is a company incorporated in Hong Kong in July 2017. HRG Robotics is wholly-owned by HIT Robot Group Shanghai Technology Service Co., Ltd.\* (哈工大機器人集團上海科技服務有限公司), which in turn is wholly-owned by HIT Robot Group Co., Ltd.\* (哈工大機器人集團股份有限公司)(“**HIT Robot**”). HIT Robot was established in December 2014 as an enterprise jointly set up by Heilongjiang provincial government, the municipal government of Harbin and Harbin Institute of Technology. Based on the public record, HIT Robot is owned as to 30.01% by Harbin Industrial University Asset Investment Company Limited\* (哈爾濱工業大學資產投資經營有限責任公司) which is wholly-owned by Harbin Industrial University\* (哈爾濱工業大學), 20.30% by HIT Qifu Investment Co., Ltd.\* (哈爾濱工大啟賦投資有限公司) and the remaining equity interest is held by 12 individual, corporate entities or partnerships, each of them holds less than 10% equity interest in HIT Robot. HIT Robot and its subsidiaries (the “**HIT Robot Group**”) are principally engaged in the design, development, manufacturing and sales of robots and specializes in robotics industry and related businesses. Mr. Wang Fei, a former executive Director of the Company, is also the chairman of HIT Robot. Mr. Wang Fei is interested in approximately 59.99% of HIT Qifu Investment Co., Ltd.\* (哈爾濱工大啟賦投資有限公司).
2. CA Cultural is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1566).

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

## 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

## 6. COMPETING INTERESTS

As at the Latest Practicable Date, Mr. Yu Qingrui is a director of Central Wealth Group Holdings Limited (“**Central Wealth**”), the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 139), and holds 159,605,610 shares in Central Wealth respectively, representing approximately 1.00% of the issued share capital of Central Wealth whose principal activities are securities and futures dealing business, financial investment, property investments and money lending business. The Company and Central Wealth are separate listing entities run by separate and independent management. Mr. Yu Qingrui cannot personally control the Board and is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, Central Wealth.

As at the Latest Practicable Date, Mr. Tam Tak Wah held directorships in Kingbo Strike Limited (Stock Code: 1421) with its subsidiaries engaged in the businesses of securities trading and investment, provision of financing services and investment in properties, Mr. Siu Siu Ling, Robert held directorship in China Saite Group Company Limited (Stock Code: 153) and Finet Group Limited (Stock Code: 8317) and Mr. Liang Jian, Mr. Yu Zhenzhong and Mr. Chen Pei held directorships in companies, which are companies in association with the HIT Robot Group engaged in high technology business. The aforesaid companies have been operating under separate and independent managements. None of the above-mentioned Directors can personally control the Board and each of them is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates were considered to have interest in any business which competes or may compete, either directly or indirectly, with the business of the Group or have or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

## **7. LITIGATION**

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

## **8. INTERESTS IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

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

**9. MATERIAL CONTRACTS**

The following contract(s) (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

- (1) the conditional sale and purchase agreement dated 3 July 2019 and entered into between Weng Shiqing and Lin Zherui as vendors and Best Pacific Global Limited, a direct wholly-owned subsidiary of the Company as purchaser in respect of the acquisition of the entire issued share capital of Rich Power International Holdings Limited at the consideration of HK\$148,000,000;
- (2) the underwriting agreement dated 22 May 2020 and entered into between the Company as issuer and Central Wealth Securities Investment Limited as underwriter in relation to the underwriting arrangement in respect of the rights issue on the basis of one (1) rights share (after share consolidation of the issued and unissued shares on the basis of twenty (20) then existing Shares into one (1) consolidated share) for every two (2) consolidated shares held on the record date at the subscription price of HK\$0.18 per rights share with underwriting commission of 5% of the aggregate subscription price;
- (3) the placing agreement dated 22 May 2020 and entered into between the Company as issuer and Po Tai Securities (Hong Kong) Limited as placing agent in relation to the placing of unsubscribed rights shares at the subscription price of HK\$0.18 per rights share with placing commission at the rate of 3.5% of the shares successfully placed;
- (4) the supplemental agreement dated 7 October 2020 and entered into between Globally Finance Limited, a wholly-owned subsidiary of the Company, as lender and Central Wealth as borrower in relation to, among others, the extension of the loan facility in the principal amount of up to HK\$270,000,000 and the revision of interest rate from 8% per annum to 7% per annum;
- (5) the sale and purchase agreement dated 20 May 2021 and entered into between Lam Yan Bing as the vendor and Topsky Eagle Limited, a wholly owned subsidiary of the Group as the purchaser for the sale and purchase of the property located at G/F, No. 20 Kwun Chung Street, Kowloon, Hong Kong for an aggregate consideration of HK\$40,000,000 settled by cash and promissory notes;
- (6) the Underwriting Agreement; and
- (7) the Placing Agreement.

**10. EXPERT AND CONSENT**

The following is the qualification of the expert(s) who have been named in this Prospectus or has given opinions, letter or advice contained in this Prospectus:

<b>Name</b>	<b>Qualification</b>
Moore Stephens CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert(s) had no shareholding, directly or indirectly, in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, the above expert(s) had no interest, direct or indirect, in the promotion of, or in any assets which since 31 December 2021, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company.

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus, with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

**11. PARTIES INVOLVED IN THE RIGHTS ISSUE AND CORPORATE INFORMATION****Board of Directors***Executive Directors:*

Liang Jian  
Yu Zhenzhong  
Cai Linzhan  
Lau Fai Lawrence  
Yu Qingrui  
Liao Jianrong

*Independent non-executive Directors:*

Chen Pei  
Siu Siu Ling, Robert  
Tam Tak Wah  
Zheng Zongjia

<b>Head office and principal place of business in Hong Kong</b>	Unit 2218, 22/F, The Metropolis Tower, 10 Metropolis Drive, Hung Hom, Kowloon, Hong Kong
<b>Registered office</b>	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Underwriter</b>	Po Tai Securities (Hong Kong) Limited
<b>Placing Agent</b>	Central Wealth Securities Investment Limited
<b>Legal advisers to the Company as to Hong Kong laws</b>	<b>Michael Li &amp; Co.</b> Room 901 & 19/F, Prosperity Tower No. 39 Queen's Road Central Central, Hong Kong
<b>Auditors</b>	<b>Moore Stephens CPA Limited</b> <i>Certified Public Accountants</i> 801-806 Silvercord, Tower 1 30 Canton Road, Tsimshatsui Kowloon, Hong Kong
<b>Principal bankers</b>	<b>Public Bank (Hong Kong) Limited</b> Public Bank Centre 120 Des Voeux Road, Central Hong Kong  <b>Shanghai Commercial Bank Limited</b> Shanghai Commercial Bank Tower 12 Queen's Road Central Hong Kong  <b>Chong Hing Bank Limited</b> Chong Hing Bank Centre, 24 Des Voeux Rd, Central Hong Kong

	<b>The Hongkong and Shanghai Banking Corporation Limited</b> HSBC Main Building 1 Queen's Road Central, Central Hong Kong
<b>Hong Kong branch share registrar and transfer office</b>	<b>Computershare Hong Kong Investor Services Limited</b> Shop 1712-1716, 17/F Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong
<b>Authorised representatives</b>	Mr. Lau Fai Lawrence Flat D, 7/F Dominion Court 120 Waterloo Road Kowloon Tong, Kowloon Hong Kong  Mr. Lau Cheuk Pun Flat F, 42/F, Tower 6 Grand Waterfront Tokwawan, Kowloon Hong Kong
<b>Company secretary</b>	Mr. Lau Cheuk Pun <i>(member of Hong Kong Institute of Certified Public Accountants)</i>

## 12. PARTICULARS OF THE DIRECTORS

### Executive Directors

Mr. Liang Jian (“**Mr. Liang**”), aged 41, is an executive Director, the Chairman of the Board and the Chief Executive Officer of the Company (“**CEO**”). He is the senior vice president of HRG and is in charge of the sales and marketing businesses. Mr. Liang has over 16 years of experience in marketing, investment, finance and management sectors. He was an executive Director of Asia Investment Finance Group Limited (stock code: 33) from 28 November 2018 to 18 December 2018, a company listed on the Main Board of the Stock Exchange. Mr. Liang obtained a bachelor degree of mechanical design manufacturing and its automation from Harbin Engineering University in 2003 and a master degree in business administration from Tongji University (同濟大學) in the PRC in 2010.

Mr. Yu Zhenzhong (“**Mr. Yu**”), aged 41, has been appointed as an executive Director and the Vice Chairman of the Board on 13 March 2019. He is the senior vice president of HRG and focuses on the research and development of robots and artificial intelligence equipment. Mr. Yu obtained a doctoral degree in mechanical and electronic engineering from HIT in 2011. He was awarded the Science and Technology Progress Award (中國商業聯合會科技進步獎) from the China General Chamber of Commerce in 2017, the Innovation Award (中國產學研合作創新獎) from the China Industry-University-Research Institute Collaboration Association in 2017 and 合肥市創新領軍人才稱號 in 2018, respectively.

Mr. Cai Linzhan (“**Mr. Cai**”), aged 34, has been appointed as an executive Director in June 2017. He was the CEO from 24 June 2017 to 5 October 2017 and from 24 December 2018 to 12 March 2019 respectively. He is also the Chief Strategy Officer (Film Production) of a wholly-owned subsidiary of the Company since August 2016. Mr. Cai graduated from a junior college program of International Economics and Trade (國際經濟與貿易) in South China Institute of Software Engineering, Guangzhou University (廣州大學華軟軟件學院) in 2009. He held management positions with various real estate companies and has many years of experience in property development. He is now serving as the deputy general manager of a real estate developer in the PRC.

Mr. Lau Fai Lawrence (“**Mr. Lau**”), aged 50, has been appointed as an executive Director in January 2014. He is currently a practicing certified public accountant in Hong Kong and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom (“**ACCA**”). Mr. Lau graduated from The University of Hong Kong with a bachelor’s degree in business administration in 1994 and obtained a master’s degree in corporate finance from Hong Kong Polytechnic University in 2007. Mr. Lau is currently the company secretary of BBMG Corporation (stock code: 2009) and HM International Holdings Limited (stock code: 8416) and an independent non-executive director of Artini Holdings Limited (stock code: 789, formerly known as Primeview Holdings Limited), Titan Petrochemicals Group Limited (stock code: 1192), Renco Holdings Group Limited (stock code: 2323, formerly known as HKBridge Financial Holdings Limited) and China Energin International (Holdings) Limited (stock code: 1185), all companies listed on the Main Board of the Stock Exchange; and an independent non-executive director of Sinopharm Tech Holdings Limited (stock code: 8156), a company listed on GEM of the Stock Exchange. He was appointed an independent non-executive director of Tenwow International Holdings Limited (former stock code: 1219) on 26 November 2018, the company was listed on the Main Board of the Stock Exchange before its cancellation of listing on 13 November 2020. He was a non-executive director of Alltronics Holdings Limited (stock code: 833) between March 2017 and December 2018, a company listed on the Main Board of the Stock Exchange. He was an independent non-executive director of Winto Group (Holdings) Limited (stock code: 8238) from April to November 2019, a company listed on GEM of the Stock Exchange.

Mr. Yu Qingrui (“**Mr. Yu**”), aged 49, has been appointed as an executive Director in September 2014. Mr. Yu specialises in property investment and trading business in the PRC. After graduating from high-school in 1989, Mr. Yu joined the shipping and trading business in the PRC. He was the general manager of a shipping company before he became a private investor in 2003. In 2011, Mr. Yu joined a marketing and management firm in Shanghai and served as their property investment manager. He is currently an executive director of Central Wealth which has an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

Ms. Liao Jianrong (“**Ms. Liao**”), aged 51, has more than 20 years of experience in administration and human resource management, financial management and bank management sectors. Prior to joining the Group, Ms. Liao worked for several companies and entities such as Yongzhou Municipal Committee Policy Research Office and Changsha Bank. From May 2019 to May 2020, she worked for China Shandong Hi-Speed Financial Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 412), as an executive director. She has also acquired knowledge in investment and financing management and deep insights of the economic development. Ms. Liao obtained a bachelor of national economic management from the Xiangtan University in China in June 2003 and a master of business administration from Asia International Open University (Macau) in November 2008. She was admitted as certified public accountant in China in May 1996.

#### **Independent non-executive Directors**

Mr. Chen Pei (“**Mr. Chen**”), aged 37, has been appointed as an independent non-executive Director on 13 March 2019. He is currently serving as a non-independent director and the vice general manager of HGZN, and is responsible for corporate finance, financial audit, industrial integration and capital operation. He is currently pursuing an EMBA degree at the China Europe International Business School (中歐國際工商學院).

Mr. Siu Siu Ling, Robert (“**Mr. Siu**”), aged 69, has been appointed as an independent non-executive Director, a member of the audit committee and remuneration committee of the Board in November 2011. He has also been appointed as a member of the nomination committee of the Board in March 2012 and the chairman of the remuneration committee in June 2017. Mr. Siu is the sole proprietor of the firm, Messrs. Robert Siu & Co., Solicitors. Mr. Siu holds a bachelor’s degree in laws from the University of London and a postgraduate certificate in laws from The University of Hong Kong. He also holds a Master of Laws from the University of Greenwich, United Kingdom. He has been admitted as a solicitor in Hong Kong since 1992 and has been admitted as a solicitor in England and Wales since 1993. His legal practice is mainly in the field of commercial and corporate finance. Mr. Siu is currently an independent non-executive director of Kaisun Holdings Limited (stock code: 8203) and Finet Group Limited (stock code: 8317), both companies are listed on GEM of the Stock Exchange. He was also an independent non-executive director of Skyway Securities Group Limited (now known as CMBC Capital) (stock code: 1141).

Mr. Tam Tak Wah (“**Mr. Tam**”), aged 56, has been appointed as an independent non-executive Director, a member of the audit committee and remuneration committee of the Board in November 2011. He has also been appointed as a member of the nomination committee of the Board in March 2012, the chairman of the audit committee in February 2013 and the chairman of the nomination committee in June 2017 respectively. Mr. Tam is a fellow member of HKICPA. He has over 25 years of experience in accounting, corporate finance and corporate development. Mr. Tam is currently a non-executive director of Kingbo Strike Limited (stock code: 1421), a company listed on the Main Board of the Stock Exchange. He has resigned as an executive director of Golden Century International Holdings Group Limited (stock code: 91) in May 2020, a company listed on the Main Board of the Stock Exchange.

Mr. Zheng Zongjia (“**Mr. Zheng**”), aged 58, has been appointed as an independent non-executive Director, a member of the audit committee, nomination committee and remuneration committee of the Board in March 2018. Mr. Zheng graduated from the Shantou Polytechnic (汕頭職業技術學院), Shantou, the PRC, specialising in Construction Engineering and Project Cost (建築工程和工程造價). Mr. Zheng has extensive experience in the field of real estate development in the PRC.

#### **Business address of the Directors**

The business address of the Directors is the same as the Company’s head office and principal place of business in Hong Kong at Unit 2218, 22/F, The Metropolis Tower, 10 Metropolis Drive, Hung Hom, Kowloon, Hong Kong.

#### **Particulars of senior management of the Group**

Mr. Jin Yunlong, aged 57, has been appointed as director of Hefei Hagong Welding Research Weida Automation Technology Co., Ltd. and Hefei Hagong Guangtai CNC Technology Co., Ltd., subsidiaries of the Company. Mr. Jin is responsible for the intelligent industrial welding robots and equipment business of the Group. Mr. Jin is an engineer and obtained a bachelor’s degree of automatic control from Harbin University of Science and Technology. He has over 30 years of experience in welding business and research. Mr. Jin is currently a standing director of China Electric Industry Association Welding Machine Branch and director of China Welding Association.

Mr. Leung King Chung, aged 45, has been appointed as an Executive Director of FW Securities, a wholly-owned subsidiary of the Company. He holds a bachelor’s degree in finance from State University of New York at Old Westbury. He has 10 years experienced in securities field. He had experienced in various position in different department as dealer, account executive, settlement and responsible officer. He holds licensed with SFC type 1 and type 4 regulated activities.

Mr. Qiao Junjie, aged 61, has been appointed a general manager of Hefei Hagong Weida Intelligent Equipment Co., Ltd., Hefei Hagong Welding Research Weida Automation Technology Co., Ltd. and Hefei Hagong Guangtai CNC Technology Co., Ltd., subsidiaries of the Company. Mr. Qiao graduated from Lanzhou University of Technology, majoring in welding technology and equipment, and is a senior welding engineer. He has over 30 years of experience in welding business.

### **13. EXPENSES**

The expenses in connection with the Rights Issue, including professional fees payable to lawyers, reporting accountants and financial printer, etc., are estimated to be approximately HK\$3 million to HK\$5 million and will be payable by the Company.

### **14. BINDING EFFECT**

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

### **15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “Expert and consent” in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

### **16. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.fw-holdings.com](http://www.fw-holdings.com)) for 14 days from the date of this Prospectus:

- (a) the annual reports of the Company for the years ended 31 December 2018, 2019 and 2020;
- (b) the annual results announcement of the Company for the year ended 31 December 2021;
- (c) the letter issued by the reporting accountants regarding the unaudited pro forma financial information as set out in appendix II to this Prospectus;

- (d) the written consent referred to in the paragraph headed “EXPERT AND CONSENT” in this appendix;
- (e) the material contracts referred to in the paragraph headed “MATERIAL CONTRACTS” in this appendix;
- (f) the letter from the Board, the text of which is set out on pages 7 to 38 of this Prospectus.