
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in AMCO United Holding Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.



PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE AND NOTICE OF SPECIAL GENERAL MEETING

Placing Agent to the Company

Suncorp
Securities Limited

Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders

SUNWAH KINGSWAY
新華滙富

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

A letter from the Board is set out on pages 7 to 27 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 28 to 29 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 30 to 54 of this circular.

A notice convening the SGM of the Company to be held at Portion 2, 12/F, The Center, 99 Queen's Road Central, Central, Hong Kong on Thursday, 1 December 2022 at 11:00 a.m., is set out in this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

It should be noted that the Shares will be dealt in on an ex-rights basis from Monday, 5 December 2022. Dealings in the Rights Shares in their nil-paid form will take place from Friday, 16 December 2022 to Friday, 23 December 2022 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable), the Rights Issue will not proceed. Any persons contemplating dealings in the Shares prior to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable), and/or dealings in the nil-paid Rights Shares, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed "Conditions of the Rights Issue" in this circular. Shareholders and potential investors of the Company should note that: (a) if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed; and (b) the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placers under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue. Accordingly, the Rights Issue and the Placing may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

In view of the ongoing novel coronavirus (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the SGM to protect attending Shareholders, staff and other stakeholders from the risk of infection: (i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the SGM venue or be required to leave the SGM venue; (ii) the Company strongly recommends attendees to wear surgical face masks inside the SGM venue at all times, and to maintain a safe distance between seats; and (iii) no refreshments and drink will be served, and there will be no corporate gifts. To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM.

In the interest of all stakeholders' health and safety and to be consistent with the recent COVID-19 guidelines for prevention and control of the spread of the novel coronavirus (COVID-19) pandemic at the SGM, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, the Shareholders may appoint the chairman of the SGM as their proxy to vote on the relevant resolution at the SGM instead of attending the SGM in person.

* For identification purposes only

10 November 2022

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EXPECTED TIMETABLE

The expected timetable in respect of the Rights Issue is set out below:

Events	2022
Latest time for lodging transfers of Shares to qualify for attendance and voting at the SGM	4:30 p.m. on Thursday, 24 November
Closure of register of members of the Company for attending the SGM (both dates inclusive).	Friday, 25 November to Thursday, 1 December
Latest time for lodging forms of proxy for the purpose of the SGM	11:00 a.m. on Tuesday, 29 November
Record date for determining attendance and voting at the SGM	Thursday, 1 December
Expected date and time of the SGM	11:00 a.m. on Thursday, 1 December
Announcement of poll results of the SGM	Thursday, 1 December
Register of members of the Company re-opens	Friday, 2 December
Last day of dealings in the Shares on a cum-rights basis relating to the Rights Issue	Friday, 2 December
First day of dealings in the Shares on an ex-rights basis relating to the Rights Issue	Monday, 5 December
Latest time for the Shareholders to lodge transfer documents of the Shares in order to be qualified for the Rights Issue	4:30 p.m. on Tuesday, 6 December
Closure of the register of members of the Company for the Rights Issue (both dates inclusive)	Wednesday, 7 December to Tuesday, 13 December
Record Date for determining entitlements to the Rights Issue	Tuesday, 13 December

EXPECTED TIMETABLE

Events **2022**

Register of members of the Company re-opens Wednesday, 14 December

Prospectus Documents expected to be despatched Wednesday, 14 December

First day of dealings in Nil Paid Rights Shares Friday, 16 December

Latest time for splitting of the PAL 4:30 p.m. on
Tuesday, 20 December

Last day of dealings in Nil Paid Rights Shares Friday, 23 December

Latest time to lodge transfer documents of
nil-paid Rights Shares in order to qualify
for the payment of Net Gain 4:00 p.m. on
Friday, 30 December

**Latest time of acceptance of and payment
for the Rights Shares 4:00 p.m. on
Friday, 30 December**

Events **2023**

Announcement of the number of the Unsubscribed
Rights Shares and ES Unsold Rights Shares
subject to the Compensatory Arrangements Thursday, 5 January

Commencement of placing of Unsubscribed
Rights Shares and ES Unsold Rights Shares
by the Placing Agent Friday, 6 January

Latest time of placing of the Unsubscribed
Rights Shares and ES Unsold Rights Shares
by the Placing Agent 6:00 p.m. on
Tuesday, 10 January

Latest time for the Rights Issue and placing of the
Unsubscribed Rights Shares and ES Unsold
Rights Shares to become unconditional Wednesday, 11 January

EXPECTED TIMETABLE

Events

2023

Announcement of the results of Rights Issue (including results of the placing of Unsubscribed Rights Shares and the ES Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and the ES Unsold Rights Shares under the Compensatory Arrangements) to be posted on the Stock Exchange's website and the Company's website	Thursday, 12 January
Refund cheques, if any, to be despatched (if the Rights Issue does not proceed)	Friday, 13 January
Share certificates for fully-paid Rights Shares to be despatched	Friday, 13 January
Expected commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Monday, 16 January
Payment of the Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholders (if any)	Wednesday, 1 February

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

Dates or deadlines specified in the expected timetable above or in other parts of this circular are indicative only and may be extended or 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 AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

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

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 30 December 2022. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

EXPECTED TIMETABLE

- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 30 December 2022. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m. If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the “EXPECTED TIMETABLE” above may be affected. An announcement will be made by the Company in such event as soon as practicable.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the “EXPECTED TIMETABLE” above may be affected. An announcement will be made by the Company in such event as soon as practicable.

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“Announcement”	the announcement of the Company dated 11 October 2022 in relation to, among other things, the Rights Issue
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	AMCO United Holding Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 630)
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company

DEFINITIONS

“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the Listing Rules to advise the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder
“Independent Financial Adviser” or “Kingsway Capital”	Kingsway Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser of the Company appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the SGM under the Listing Rules
“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and not a connected person of the Company
“Latest Practicable Date”	7 November 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Last Trading Day”	11 October 2022, being the last full trading day before the release of the Announcement

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Friday, 30 December 2022, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nil Paid Rights”	rights to subscribe for Rights Shares before the Subscription Price is paid
“Net Gain”	any premiums paid by the Placees over the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements
“No Action shareholder(s)”	Qualifying Shareholders or their renounees who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any Nil Paid Rights at the time such Nil Paid Rights lapse
“Optionholder’s Undertaking(s)”	the undertaking(s) by the holders of the Share Options, whereby each of such Share Option holders irrevocably undertake, represent and warrant to the Company that he/she will not exercise such Share Options held by him/her for the period from the date of such undertaking to the Record Date
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appears on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue

DEFINITIONS

“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement
“Placing Agent”	Suncorp Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements
“Placing Agreement”	conditional placing agreement dated 11 October 2022 entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Placee(s) on a best effort basis (as amended and supplemented by a supplemental placing agreement dated 3 November 2022)
“Placing Arrangement”	the placing arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares as described in the section headed “The Placing Agreement” in this circular
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued to the Shareholders containing, among other things, details of the Rights Issues
“Prospectus Documents”	the Prospectus and the PAL and any supplementary prospectus or supplementary provisional allotment letter (if required)
“Prospectus Posting Date”	Wednesday, 14 December 2022 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders

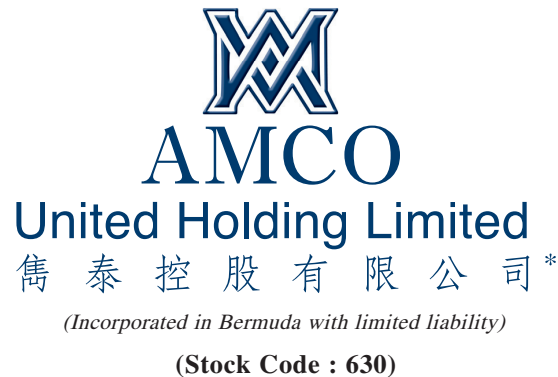
DEFINITIONS

“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Tuesday, 13 December 2022 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Registrar”	Tricor Standard Limited
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	up to 483,775,896 new Shares (assuming no change in the number of Shares in issue on or before the Record Date)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	an special general meeting of the Company to be held and convened to consider and approve the Rights Issue and the transactions contemplated thereunder
“Share(s)”	the ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Share Options”	85,600,000 outstanding options granted under the Share Options Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 30 June 2015
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.1 per Rights Share under the Rights Issue
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent.

LETTER FROM THE BOARD



Executive Directors:

Mr. ZHANG Hengxin (*Chairman*)

Mr. JIA Minghui

Independent non-executive Directors:

Mr. CHAN Tsz Keung

Mr. AU YEUNG Ming Yin Gordon

Mr. GUO Zhenhui

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Principal place of business:

Unit 1104, Crawford House

70 Queen's Road Central

Central

Hong Kong

10 November 2022

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

Dear Sir or Madam,

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

INTRODUCTION

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

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

* For identification purposes only

LETTER FROM THE BOARD

PROPOSED RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$48.4 million before expenses by way of a rights issue of 483,775,896 Rights Shares at the Subscription Price of HK\$0.1 each and on the basis of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders on the Record Date (assuming no change in the issued share capital of the Company on or before the Record Date).

Further details of the Rights Issue are set out below:

Issue statistics

Basis of Rights Issue:	One (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$0.1 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	483,775,896 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 483,775,896 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date)
Aggregate nominal value of the Rights Shares:	Up to HK\$24,188,795
Number of Shares in issue immediately upon completion of the Rights Issue:	Up to 967,551,792 Shares (assuming no further issue or repurchase of Shares on or before the Record Date other than the Rights Shares)
Maximum funds raised before expenses:	Up to approximately HK\$48.4 million (assuming no further issue or repurchase of Shares on or before the Record Date and all the Rights Shares will be taken up)

As at the Latest Practicable Date, there were 85,600,000 outstanding Share Options granted by the Company exercisable into 85,600,000 Shares. Save for the aforesaid, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares as at the Latest Practicable Date. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

LETTER FROM THE BOARD

Assuming no further issue or repurchase of Shares on or before the Record Date, the 483,775,896 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 100% of the total number of issued Shares; and (ii) 50% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares (assuming all the Rights Shares will be taken up).

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There are no applicable statutory requirements under the laws of Bermuda regarding minimum subscription levels in respect of the Rights Issue.

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

The Optionholder's Undertakings

As at the Latest Practicable Date, each of the holders of the Share Options (including Mr. Zhang Hengxin and Mr. Jia Minghui, the executive Directors, Mr. Au Yeung Ming Yin Gordon, the independent non-executive Director, and employees and consultants of the Company) has signed an Optionholder's Undertaking not to exercise the Share Options granted to him/her on or before the Record Date.

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

LETTER FROM THE BOARD

Subscription Price

The Subscription Price of HK\$0.1 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 6.5% to the closing price of HK\$0.107 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 16.7% to the closing price of HK\$0.12 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 16.7% to the average closing price of HK\$0.12 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 16.7% to the average closing price of approximately HK\$0.1201 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 9.1% to the theoretical ex-rights price of approximately HK\$0.11 per Share based on the closing price of HK\$0.120 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 57.9% to the audited consolidated net asset value per Share of approximately HK\$0.2373 (based on the latest published audited consolidated net asset value of the Group of approximately HK\$114.8 million as disclosed in the annual report of the Company for the year ended 31 December 2021 and 483,775,896 Shares); and
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 8.33% represented by the theoretical diluted price of approximately HK\$0.11 to the benchmarked price of approximately HK\$0.12 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.12 and the average closing price of HK\$0.12 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day).

LETTER FROM THE BOARD

The Subscription Price was determined with reference to, among other things, (i) the recent closing prices of the Shares since 10 June 2022 up to and including the Last Trading Date, the average of which was approximately HK\$0.092; (ii) the prevailing market conditions of the capital market in Hong Kong; and (iii) the amount of funds the Company intends to raise under the Rights Issue as discussed in the section headed “REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS”.

The Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share is estimated to be approximately HK\$0.096, if fully subscribed.

Basis of provisional allotment

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

The PAL relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders

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

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates and/or instrument(s) of transfer) with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Tuesday, 6 December 2022.

The last day of dealings in the Shares on a cum-rights basis is Friday, 2 December 2022. The Shares will be dealt with on an ex-rights basis from Monday, 5 December 2022.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company.

LETTER FROM THE BOARD

Shareholders with their Shares held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. For investors whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 6 December 2022.

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

Rights of Overseas Shareholders (if any)

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

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 13.36 of the Listing Rules, the Directors will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient 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 to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholder(s). The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only but will not send any PAL to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Excluded Shareholder(s) in Hong Kong dollars. In view of administrative costs, the Company will retain individual amounts of less than HK\$100 for its own benefit.

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

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

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

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

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

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rule to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent Placees for the benefit of 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.

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The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance of the Rights Shares to be allotted and issued under the Rights Issue to independent Placees on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 6:00 p.m., on Tuesday, 10 January 2023, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares if a premium over the Subscription Price and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) can be obtained. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

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

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

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THE PLACING AGREEMENT

On 11 October 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement (as amended and supplemented by a supplemental placing agreement dated 3 November 2022), pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placers, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. Details of the Placing Arrangement are as follows:

Date: 11 October 2022 (after trading hours)

Parties: (i) the Company, as issuer; and
(ii) the Placing Agent

Placing Agent: Suncorp Securities Limited, appointed as the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares on a best effort basis.

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.

Fees and expenses: 2.5% of the amount which is equal to the placing price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.

Placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case may be): The placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case may be) shall be at least equal to the Subscription Price.

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

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- Placées: Any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agents, who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement.
- Ranking of the Unsubscribed Rights Shares and the ES Unsold Rights Shares: The Unsubscribed Rights Shares and the ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.
- Termination: The Placing Arrangement shall end on 11 January 2023 or any other date by mutual written agreement between the Placing Agent and the Company.
- The engagement of the Placing Agent may also be terminated by the Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill their respective duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

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Conditions Precedent:

The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions (the “**Conditions**”) being fulfilled (or being waived by the Placing Agent in writing, if applicable):

- (i) the passing by the Shareholders or Independent Shareholders (as the case may be) at the SGM of the necessary resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares);
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares, including the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares;
- (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof. The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the Conditions (other than those set out in paragraph (i) and (ii) above) by notice in writing to the Company.

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Completion: Placing completion shall take place at the offices of the Placing Agent on 13 January 2023 or such other date as the Company and the Placing Agent may agree in writing.

The engagement between the Company and the Placing Agent for the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares was determined after arm's length negotiations 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. As part of our analysis to assess the fairness and reasonableness of the commission payables, the Company have reviewed the recent rights issue/placing exercises initially announced by companies listed on the Stock Exchange during the period from 1 August 2022 to the date of the Announcement. To the best of our effort, we have identified a total of 25 transactions (the “**Comparables**”).

Item no.	Name and stock code of the issuer	Date of initial announcement	Amount	Placing/underwriting commission
1	Oriental Payment Group Holdings Limited (8613.HK)	7 October 2022	HK\$24 million	2.5%
2	Farnova Group Holdings Limited (8153.HK)	7 October 2022	HK\$27.2 million	3.5%
3	CCIAM Future Energy Limited (145.HK)	29 September 2022	HK\$24.9 million	2.5%
4	Endurance RP Limited (575.HK)	26 September 2022	HK\$382.23 million	(i) A fixed fee of HK\$150,000 (or approximately US\$19,000) or (ii) 2% of the gross proceeds, whichever is higher, from the successful placement of Unsubscribed Rights Shares
5	Tasty Concepts Holding Limited (8096.HK)	23 September 2022	HK\$41.3 million	2.5%
6	WWPKG Holdings Company Limited (8069.HK)	23 September 2022	HK\$14.4 million	8%
7	Synertone Communication Corporation (1613.HK)	22 September 2022	HK\$12.3 million	2%
8	China Investment Fund Company Limited (612.HK)	21 September 2022	HK\$105 million	3%
9	GBA Holdings Limited (261.HK)	20 September 2022	HK\$19.1 million	2%
10	Wealth Glory Holdings Limited (8269.HK)	16 September 2022	HK\$14.4 million	2.5%
11	China Investment Development Limited (204.HK)	15 September 2022	HK\$37.9 million	1%
12	HG Semiconductor Limited (6908.HK)	13 September 2022	HK\$64 million	2.5%

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Item no.	Name and stock code of the issuer	Date of initial announcement	Amount	Placing/underwriting commission
13	Jiyi Holdings Limited (1495.HK)	9 September 2022	HK\$36.2 million	1%
14	Smart City Development Holdings Limited (8268.HK)	9 September 2022	HK\$32 million	3.5%
15	New Sparkle Roll International Group Limited (970.HK)	9 September 2022	HK\$50.0 million	1.75%
16	China Demeter Financial Investments Limited (8120.HK)	9 September 2022	HK\$12.5 million	2%
17	CCIAM Future Energy Limited (145.HK)	5 September 2022	HK\$24.9 million	2.5%
18	Milan Station Holdings Limited (1150.HK)	5 September 2022	HK\$16.8 million	2.5%
19	Alco Holdings Limited (328.HK)	29 August 2022	HK\$7.2 million	3.5%
20	Huabang Technology Holdings Limited (3638.HK)	24 August 2022	HK\$21.9 million	1.5%
21	China Investment and Finance Group Limited (1226.HK)	19 August 2022	HK\$16.9 million	2.5%
22	Enterprise Development Holdings Limited (1808.HK)	10 August 2022	HK\$11.4 million	1.5%
23	Smart Globe Holdings Limited (1481.HK)	9 August 2022	HK\$131.0 million	(i) 1.5% of the amount equal to the Placing Price multiplied by the actual number of the Placing Shares successfully placed by such Placing Agent; and (ii) HK\$600,000 as placing commission
24	HG Semiconductor Limited (6908.HK)	5 August 2022	HK\$96.0 million	2.5%
25	Jiyi Holdings Limited (1495.HK)	3 August 2022	HK\$39.7 million	1.5%

We noted that the commission payables of the Comparables ranged from 1% to 8% with an average commission payable of approximately 2.47%. The Directors consider the terms of the Placing Arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares (including the commission payable) are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Company; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Directors considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

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Application for listing

The Company will apply 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 to be issued and allotted pursuant to the Rights Issue. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 10,000 Rights Shares, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

Rights Shares will be eligible for admission into CCASS

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

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

Stamp duty and other applicable fees

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

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that

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none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Friday, 13 January 2023.

Each allottee will receive one share certificate for all allotted Rights Shares. If the Rights Issue does not proceed, refund cheques will be despatched on Friday, 13 January 2023 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (i) the passing by the Shareholders or Independent Shareholders (as the case may be) at the SGM of the necessary resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus and the PALs (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the Listing Rules by no later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders, if any, for information purpose only by the Prospectus Posting Date; and
- (v) the Placing Agreement not being terminated.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. As at the Latest Practicable Date, none of the conditions has been satisfied.

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 7 December 2022 to Tuesday, 13 December 2022 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure period.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

Assuming there is no other change in the issued share capital of the Company before the completion of the Rights Issue, the expected gross proceeds, net proceeds and net price per Rights Share from the Rights Issue are set out below:

	<i>HK\$</i> (approximately)
Gross proceeds	48.4 million
Net Proceeds	46.5 million
Net price per Rights Share	0.096

The Group is principally engaged in (i) manufacture and sale of medical devices products; (ii) manufacture and sale of plastic moulding products; (iii) provision of construction services in building construction, building maintenance and improvement works, project management, renovation and decoration works; (iv) provision of money lending; and (v) investment in securities.

As set out in the annual report of the Company for the year ended 31 December 2021 (the “**Annual Report**”), the Group recorded a net loss of approximately HK\$18.1 million for the year ended 31 December 2021 as compared to a net loss of approximately HK\$35.0 million for the year ended 31 December 2020. As disclosed in the interim report for the six months ended 30 June 2022, the Group recorded a net cash outflow from operating activities of approximately HK\$18.2 million and a net decrease in cash and cash equivalents in the amount of approximately HK\$3.4 million for the six months ended 30 June 2022 as compared to the previous period. In September 2022, the Group received an early repayment request from a bond holder in relation to a bond with principal amount of HK\$30 million and bear 10.5% annual interest rate, which request the Company to repay the bond by 31 December 2022. After further negotiation with the bond holder, both parties agreed to repay by 31 January 2023. In light of the cash position and loss-making performance of the Group, the Company intends to raise funds through the Rights Issue to improve the financial condition of the Group and also reducing its gearing and interest burden.

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It is estimated that the Company will raise up to approximately HK\$48.4 million from the Rights Issue and the relevant expenses would be approximately HK\$1.9 million, which includes placing commission and professional fees payable to legal advisors, financial printer and other parties involved in the Rights Issue. Accordingly, the Directors intended to utilize (i) approximately 71.4% or HK\$33.2 million of the net proceeds from the Rights Issue for the repayment of the bond payables; and (ii) approximately 28.6% or HK\$13.3 million of the net proceeds from the Rights Issue for general working capitals of the Group of which (1) approximately HK\$1.8 million for the payment of bond interest for the next 12 months; (2) approximately HK\$5.3 million for the payment of salaries of the Group's employees for the next 12 months; (3) approximately HK\$6.2 million for the working capital for the existing business for the next 12 months.

Apart from the Rights Issue, the Directors have considered other debt or equity fundraising alternatives such as bank borrowings, placing or an open offer. The Directors note that bank borrowings, if available, carry additional interest costs and create pressure to the liquidity of the Company, and placing of new shares dilutes the interests of existing Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group.

The Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that the Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth, while at the same time allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. In addition, the Company had preliminarily consulted brokerage companies (including the Placing Agent) for underwriting the Rights Issue but has not received any favourable feedback due to the current capital market situation apart from the Placing Agent who expressed its interest in acting as a placing agent on best effort basis. The Company considers that the placing obligation of the Placing Agent are more or less similar to an underwriter of the Rights Issue (except that the Placing Agent is on best effort basis). As such, the Company subsequently decided to conduct the Rights Issue on non-underwritten basis and to adopt the Placing Arrangement simultaneously in order to ensure sufficient funds could be raised.

Having considered the other fund-raising alternatives, the costs and unfavourable feedback of underwriting services and the proposed terms of the Rights Issue and the Subscription Price, the Board considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis.

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Based on the above, the Board considers that raising capital through the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholder(s) (if any) should note that their shareholdings will be diluted.**

SHAREHOLDING STRUCTURES

Set out below is the shareholding structure of the Company, assuming there is no further issue or repurchase of Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares pursuant to the Rights Issue, (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent; and (iv) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent	
	Number of		Number of		Number of		Number of	
	Shares	%	Shares	%	Shares	%	Shares	%
Independent Placees	–	0.00	–	0.00	–	0.00	483,775,896	50.00
Gong Hongwei	25,286,000	5.23	50,572,000	5.23	25,286,000	5.23	25,286,000	2.61
Other public Shareholders	458,489,896	94.77	916,979,792	94.77	458,489,896	94.77	458,489,896	47.39
	<u>483,775,896</u>	<u>100.00</u>	<u>967,551,792</u>	<u>100.00</u>	<u>483,775,896</u>	<u>100.00</u>	<u>967,551,792</u>	<u>100.00</u>

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

EQUITY FUNDRAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company had not conducted any equity fundraising activities in the 12 months immediately preceding the Latest Practicable Date.

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POSSIBLE ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

As at the Latest Practicable Date, there were 85,600,000 outstanding Share Options granted by the Company exercisable into 85,600,000 Shares. Save for the aforesaid, there are no other options, warrants or other convertible securities granted by the Company that are subsisting as at the Latest Practicable Date. Adjustments to the exercise prices and numbers of the Share Options will be required under the Share Option Scheme as a result of the Rights Issue. The auditor of the Company will be appointed to certify the necessary adjustments to the exercise prices and numbers of the Share Options. Further announcement relating to such adjustments will be made by the Company in this regard as and when appropriate.

LISTING RULES IMPLICATIONS

As the Rights Issue, if proceeded with, will increase the number of the issued Shares by more than 50%, in accordance with Rule 7.19A and 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the ordinary resolution to approve the Rights Issue at the SGM.

As at the Latest Practicable Date, the Company has no controlling Shareholder as defined under the Listing Rules and none of the Directors and their respective associates is interested in any Shares. Therefore, no Shareholder is required to abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing Agreement and the transaction contemplated thereunder at the SGM.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as those terms are defined under Rule 7.27B of the Listing Rules) for the Rights Issue are HK\$0.11 per Share, HK\$0.12 per Share and 8.33%, respectively. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

LETTER FROM THE BOARD

GENERAL

The SGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. The notice convening the SGM to be held at Portion 2, 12/F, The Center, 99 Queen's Road Central, Central, Hong Kong on Thursday, 1 December 2022 at 11:00 a.m. is set out on pages SGM-1 to SGM-4 of this circular.

A form of proxy for use at the SGM is also enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

Subject to the approval of the Rights Issue by the Independent Shareholders at the SGM, a Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) are expected to be despatched to the Qualifying Shareholders on Wednesday, 14 December 2022.

The resolutions proposed to be approved at the SGM will be taken by poll in accordance with the Listing Rules. An announcement will be made by the Company after the SGM on the results of the SGM.

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

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Conditions of the Rights Issue" in this circular. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

LETTER FROM THE BOARD

Any dealings in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

RECOMMENDATIONS

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Chan Tsz Keung, Mr. Au Yeung Ming Yin Gordon and Mr. Guo Zhenhui, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the SGM. Kingsway Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 28 to 29 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from Independent Financial Advisor set out on pages 30 to 54 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM.

ADDITIONAL INFORMATION

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

For and on behalf of the Board
AMCO United Holding Limited
Zhang Hengxin
Chairman and Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Rights Issue.



10 November 2022

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE RIGHTS SHARE FOR EVERY ONE SHARE
HELD ON THE RECORD DATE**

We refer to the circular of the Company dated 10 November 2022 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, in the interests of the Company and the Shareholders as a whole, and the terms of which are fair and reasonable so far as the Independent Shareholders are concerned.

Kingsway Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

* For identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Rights Issue, and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

Mr. Chan Tsz Keung

Mr. Au Yeung Ming Yin Gordon

Mr. Guo Zhenhui

Independent non-executive Directors

LETTER FROM KINGSWAY CAPITAL

The following is the full text of a letter of advice from Kingsway setting out its advice to the Independent Board Committee and the Independent Shareholders in connection with the Rights Issue which has been prepared for the purpose of incorporation in this circular:

SUNWAH KINGSWAY
新華滙富

Kingsway Capital Limited
7/F, Tower One, Lippo Centre
89 Queensway
Hong Kong

10 November 2022

*To the Independent Board Committee and
the Independent Shareholders of AMCO United Holding Limited*

Dear Sirs,

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

A. INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on (i) fairness and reasonableness of the terms of the proposed Rights Issue; and (ii) how the Independent Shareholders should vote in respect of the relevant resolutions at the SGM, details of which are set out in the “Letter from the Board” in the circular (the “**Circular**”) issued by the Company to the Shareholders dated 10 November 2022 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Reference is made to the Announcement, in relation to, among other things, the Rights Issue. On 11 October 2022, the Company proposes to raise up to approximately HK\$48.4 million before expenses by way of a rights issue of 483,775,896 Rights Shares at the Subscription Price of HK\$0.1 each and on the basis of one (1) Rights Share for every one (1) Existing Share held by the Qualifying Shareholders on the Record Date (assuming no change in the issued share capital of the Company on or before the Record Date).

In accordance with Rule 7.19A and 7.27A of the Listing Rules, as the Rights Issue will increase the number of the issued Shares by more than 50%, the Rights Issue must be made conditional on approval by Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the ordinary resolution to approve the Rights Issue at the SGM.

LETTER FROM KINGSWAY CAPITAL

As at the Latest Practicable Date, the Company has no controlling Shareholder as defined under the Listing Rules and none of the Directors and their respective associates is interested in any Shares. Therefore, no Shareholder is required to abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing Agreement and the transaction contemplated thereunder at the SGM.

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Chan Tsz Keung, Mr. Au Yeung Ming Yin Gordon and Mr. Guo Zhenhui, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the SGM. We have been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Rights Issue. In our capacity as the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee as to whether the terms of the Rights Issue, the Placing agreement and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole and make recommendations to the Independent Shareholders on how to vote at the SGM so far as the Independent Shareholders are concerned and such appointment has been approved by the Independent Board Committee.

As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We are not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed Rights Issue of the Company. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fee or benefit from the Group and its associates. During the past two years, there was no engagement between the Group and us. Also, we are not aware of the existence of or change in any circumstances that could affect our independence. Accordingly, we consider that we are eligible to give independent advice on the proposed Rights Issue, the Placing Agreement and the transactions contemplated thereunder of the Company.

LETTER FROM KINGSWAY CAPITAL

B. BASIS OF OUR OPINION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading.

We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors and the management of the Company have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed. We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

LETTER FROM KINGSWAY CAPITAL

In formulating our opinion, we have not considered the taxation implications on Independent Shareholders in relation to the subscription for, holding or disposal of the Rights Shares, since these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effects on, or liabilities of any person resulting from the subscription for, holding or disposal of the Rights Shares. In particular, Independent Shareholders subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

We consider that we have reviewed all currently available information and documents, among others: (i) the Placing Agreement dated 11 October 2022; (ii) annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”); (iii) the interim report of the Company for the six months ended 30 June 2022 (the “**2022 Interim Report**”); and (iv) other information contained in the Circular, which are made available to us and enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Rights Issue and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, we have considered the principal factors and reasons set out below:

1. Information on the Group

The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in (i) sale of medical products (the “**Medical Devices Business**”); (ii) sale of plastic moulding products (the “**Plastic Moulding Business**”); (iii) provision of construction services in building construction, building maintenance and improvement works, project management, renovation and decoration works (the “**Building Contract Works Business**”); (iv) provision of money lending (the “**Money Lending Business**”); and (v) investment in securities (the “**Securities Investment**”).

LETTER FROM KINGSWAY CAPITAL

2. Historical financial performance of the Group

Set out below is a summary of the audited consolidated financial information of the Group for years ended 31 December 2020 (“**FY2020**”) and 31 December 2021 (“**FY2021**”), as extracted from the 2021 Annual Report; and (ii) the unaudited consolidated financial results of the Group for the six months ended 30 June 2021 and 30 June 2022 (“**6M2021**” and “**6M2022**”, respectively) as extracted from the 2022 Interim Report:

	FY2020	FY2021	6M2021	6M2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue				
– Medical Devices Business	25,785	56,722	18,380	17,047
– Plastic Moulding Business	1,058	428	3,024	1,173
– Building Contract Works Business	16,332	4,055	2,810	1,283
– Money Lending Business	10,593	10,686	5,631	5,527
– Securities Investment	–	–	–	–
	<u>53,768</u>	<u>71,891</u>	<u>29,845</u>	<u>25,030</u>
Total revenue for the year/period				
	<u>53,768</u>	<u>71,891</u>	<u>29,845</u>	<u>25,030</u>
Loss for the year/period	(34,969)	(18,108)	(1,245)	(30,201)
	As at	As at	As at	
	30 June	31 December	31 December	
	2022	2020	2021	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(unaudited)	(audited)	(audited)	
Current assets	151,907	176,628	162,001	
Total assets	174,437	212,756	184,777	
Current liabilities	30,192	46,991	69,514	
Total liabilities	80,522	80,663	69,953	
Net current assets	121,715	129,637	92,487	
Net assets	93,915	132,093	114,824	
Cash and cash equivalents	1,306	4,131	4,721	

LETTER FROM KINGSWAY CAPITAL

FY2021

As disclosed in the 2021 Annual Report, in FY2021, the revenue of the Group increased by approximately HK\$18.1 million or 33.6% from approximately HK\$53.8 million for FY2020 to approximately HK\$71.9 million for FY2021. Such increase was mainly attributable to the increase in revenue from medical products due to increasing sales demand for the Group's medical-related products as a result of the continuous outbreak of COVID-19 which net-off with the decrease in revenue from the provision of construction services in building construction, building maintenance and improvement works, project management, renovation and decoration works due to (i) substantial completion of several significant public and private contracts during the previous year; and (ii) decrease in awards of projects in both public and private sectors, under the more stringent and competitive market environment of the building construction and maintenance industry caused by slower growth of the industry as well as negative effect of outbreak of COVID-19 during the year.

In FY2021, the Group recorded net loss of approximately HK\$18.1 million, which decreased by approximately HK\$16.9 million or approximately 48.3% as compared to net loss of approximately HK\$35.0 million for FY2020. Such decrease was mainly attributable to (i) increase in revenue and gross profit during the year due to increasing sales demand for the Group's medical-related products as a result of the continuous outbreak of COVID-19; and (ii) decrease in distribution and administrative expenses of approximately HK\$7.1 million or approximately 31.4% from approximately HK\$22.6 million for FY2020 to approximately HK\$15.5 million for FY2021, which was mainly because there were impairment losses recognised on intangible asset and share-based payment expenses incurred in FY2020, which was one-off in nature, and decrease in staff costs and other general administrative costs under stringent cost control during FY2021.

The net current assets position of the Group decreased from approximately HK\$176.6 million as at 31 December 2020 to approximately HK\$162.0 million as at 31 December 2021 (with cash and cash equivalents increased from approximately HK\$4.1 million as at 31 December 2020 to approximately HK\$4.7 million as at 31 December 2021). The Group's net assets decreased from approximately HK\$132.1 million as at 31 December 2020 to approximately HK\$114.8 million as at 31 December 2021. As at 31 December 2021, total liabilities of the Group amounted to approximately HK\$70.0 million, which comprised of bond payable of approximately HK\$33.7 million, trade and other payables of approximately HK\$35.6 million and lease liabilities of approximately HK\$0.6 million. Current ratio of the Group decreased from approximately 3.8 as at 31 December 2020 to approximately 2.3 as at 31 December 2021 and the gearing ratio of the Group increased from approximately 22.7% as at 31 December 2020 to approximately 25.8% as at 31 December 2021.

LETTER FROM KINGSWAY CAPITAL

6M2022

As disclosed in the 2022 Interim Report, in 6M2022, the revenue of the Group decreased by approximately HK\$4.8 million or 16.1% from approximately HK\$29.8 million for 6M2021 to approximately HK\$25.0 million for 6M2022. Such decrease was mainly attributable to the decrease in revenue from Medical Products Business and Building Contract Work Business as a result of (i) decrease in the sales demand for the Group's medical-related products as a result of the control of COVID-19 and keen competition in the industry; (ii) slowdown in the progress of existing construction projects under the impact of COVID-19; and (iii) decrease in awards of projects in both public and private sectors, under the stringent and competitive market environment of the building construction and maintenance industry caused by slower growth of the industry and the Hong Kong economy during 6M2022.

In 6M2022, the Group recorded net loss of approximately HK\$30.2 million, which increased by approximately HK\$29.0 million as compared to net loss of approximately HK\$1.2 million for 6M2021. The increase in net loss was mainly attributable to (i) other losses, net of other income and others of approximately HK\$10.6 million was recorded for 6M2022 as compared to gain of approximately HK\$11.4 million was recorded for 6M2021, since loss arising on change in fair value of held-for-trading investments of listed equity securities in Hong Kong of approximately HK\$10.7 million was recorded for 6M2022; and (ii) the recognition of share-based payment expense of approximately HK\$9.2 million for 6M2022.

The net current assets position of the Group improved from approximately HK\$92.5 million as at 31 December 2021 to approximately HK\$121.7 million as at 30 June 2022 (with cash and cash equivalents decreased from approximately HK\$4.7 million as at 31 December 2021 to approximately HK\$1.3 million as at 30 June 2022). The Group's net assets decreased from approximately HK\$114.8 million as at 31 December 2021 to approximately HK\$93.9 million as at 30 June 2022. As at 30 June 2022, total liabilities of the Group amounted to approximately HK\$80.5 million, which comprised of bond payable of approximately HK\$51.7 million, trade and other payables of approximately HK\$28.3 million and lease liabilities of approximately HK\$0.5 million. Current ratio of the Group increased from approximately 2.3 as at 31 December 2021 to approximately 5.0 as at 30 June 2022 and the gearing ratio of the Group increased from approximately 25.8% as at 31 December 2021 to approximately 54.2% as at 30 June 2022.

LETTER FROM KINGSWAY CAPITAL

3. Background of Reasons for the Rights Issue and the Use of Proceeds

Reasons for the Rights Issue and the Use of Proceeds

As set out in the “Letter from the Board”, in September 2022, the Group received an early repayment request from a bond holder in relation to a bond with principal amount of HK\$30.0 million and bear 10.5% annual interest rate, requested the Company to repay the bond by 31 December 2022. After further negotiation between the Company and the bond holder, both parties agreed to postpone the repayment date to 31 January 2023. In light of the cash position and loss-making performance of the Group, the Company intends to raise funds through the Rights Issue to improve the financial condition of the Group and also reducing its gearing and interest burden.

It is estimated that the Company will raise up to approximately HK\$48.4 million from the Rights Issue and the relevant expenses would be approximately HK\$1.9 million, which includes placing commission and professional fees payable to legal advisors, financial printer and other parties involved in the Rights Issue. Accordingly, the Directors intended to utilize (i) approximately 71.4% or HK\$33.2 million of the net proceeds from the Rights Issue for the repayment of the bond payables; and (ii) approximately 28.6% or HK\$13.3 million of the net proceeds from the Rights Issue for general working capital of the Group, of which (a) approximately HK\$1.8 million for the payment of bond interest for the next 12 months; (b) approximately HK\$5.3 million for the payment of salaries of the Group’s employees for the next 12 months; (c) approximately HK\$6.2 million as working capital for the existing business for the next 12 months. For our due diligence purpose, we have obtained and reviewed the terms of the subscription agreement for the bond and letter from the bond holder for early repayment of the bond payables and ascertained the disclosure as set out above.

Fund-raising alternatives

As advised by the Directors, apart from the Rights Issue, the Directors have considered other debt or equity fundraising alternatives such as bank borrowings, placing or an open offer. The Directors note that bank borrowings, if available, carry additional interest costs and create pressure to the liquidity of the Company, and placing of new shares dilutes the interests of existing Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group.

LETTER FROM KINGSWAY CAPITAL

The Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that the Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth, while at the same time allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. In addition, the Company had preliminarily consulted brokerage companies (including the Placing Agent) for underwriting the Rights Issue but has not received any favourable feedback due to the current capital market situation apart from the Placing Agent who expressed its interest in acting as a placing agent on best effort basis. The Company considers that the placing obligation of the Placing Agent is more or less similar to an underwriter of the Rights Issue (except that the Placing Agent is on best effort basis). As such, the Company subsequently decided to conduct the Rights Issue on non-underwritten basis and to adopt the Placing Arrangement simultaneously in order to ensure sufficient funds could be raised.

Taking into account the benefits and potential cost of each of the alternatives, we are of the view and concur with the view of the Directors that placing of new Shares would only be available to certain placees who are not necessarily the existing Shareholders which would dilute the shareholding of the existing Shareholders. We are of the view and concur with the view of the management of the Company that the Rights Issue allows the Group to reduce its gearing level and interest burden at a more cost effective and beneficial method and is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Rights Issue

The Company proposes to raise up to approximately HK\$48.4 million before expenses by way of a rights issue of 483,775,896 Rights Shares at the Subscription Price of HK\$0.1 each and on the basis of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders on the Record Date (assuming no change in the issued share capital of the Company on or before the Record Date).

Further details of the Rights Issue are set out below:

Basis of Rights Issue	:	One (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.1 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	483,775,896 Shares

LETTER FROM KINGSWAY CAPITAL

Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 483,775,896 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to HK\$24,188,795
Number of Shares in issue immediately upon completion of the Rights Issue	:	Up to 967,551,792 Shares (assuming no further issue or repurchase of Shares on or before the Record Date other than the Rights Shares)
Maximum funds raised before expenses:	:	Up to approximately HK\$48.4 million (assuming no further issue or repurchase of Shares on or before the Record Date and all the Rights Shares will be taken up)

As at the Latest Practicable Date, there are 85,600,000 outstanding Share Options granted by the Company exercisable into 85,600,000 Shares. Save for the aforesaid, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares as at the Latest Practicable Date. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no further issue or repurchase of Shares on or before the Record Date, the 483,775,896 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 100% of the total number of issued Shares; and (ii) 50% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares (assuming all the Rights Shares will be taken up).

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There are no applicable statutory requirements under the laws of Bermuda regarding minimum subscription levels in respect of the Rights Issue.

LETTER FROM KINGSWAY CAPITAL

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

The Optionholder's Undertakings

As at the Latest Practicable Date, each of the holders of the Share Options (including Mr. Zhang Hengxin and Mr. Jia Minghui, the executive Directors, Mr. Au Yeung Ming Yin Gordon, the independent non-executive Director, and employees and consultants of the Company) has signed an Optionholder's Undertaking not to exercise the Share Options granted to him/her on or before the Record Date.

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

Subscription Price

The Subscription Price of HK\$0.1 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 6.5% to the closing price of HK\$0.107 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 16.7% to the closing price of HK\$0.12 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 16.7% to the average closing price of HK\$0.12 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

LETTER FROM KINGSWAY CAPITAL

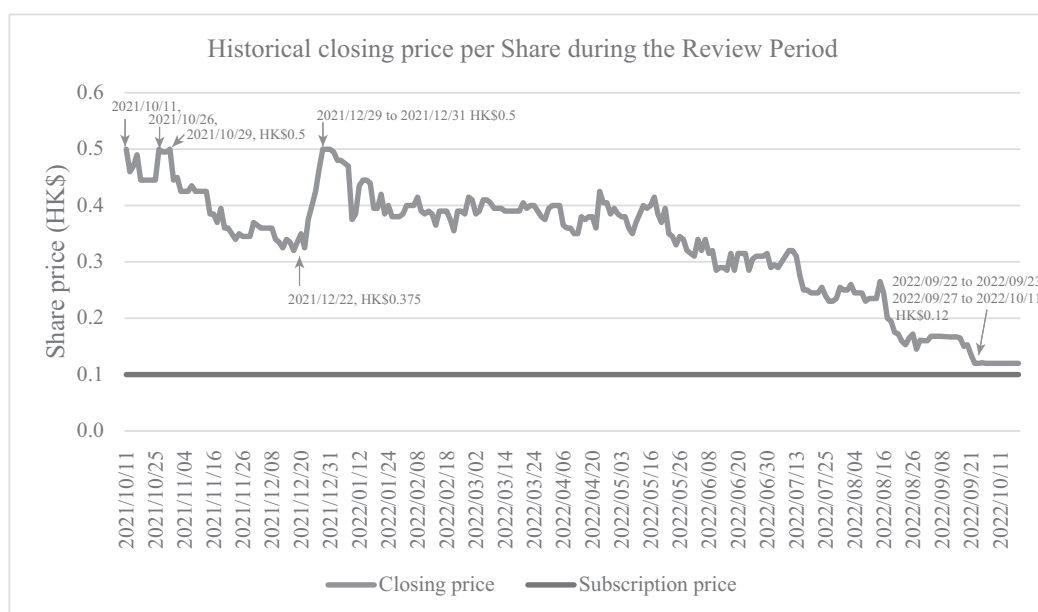
- (iv) a discount of approximately 16.7% to the average closing price of approximately HK\$0.1201 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 9.1% to the theoretical ex-rights price of approximately HK\$0.11 per Share based on the closing price of HK\$0.120 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 57.9% to the audited consolidated net asset value per Share of approximately HK\$0.2373 (based on the latest published audited consolidated net asset value of the Group of approximately HK\$114.8 million as disclosed in the annual report of the Company for the year ended 31 December 2021 and 483,775,896 Shares); and
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 8.33% represented by the theoretical diluted price of approximately HK\$0.11 to the benchmarked price of approximately HK\$0.12 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.12 and the average closing price of HK\$0.12 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day).

As stated in the Letter from the Board, the Subscription Price was determined with references to, among other things, (i) the recent closing prices of the Shares since 10 June 2022 up to and including the Last Trading Day of the Shares, the average of which was approximately HK0.092; (ii) the prevailing market conditions of the capital market in Hong Kong; and (iii) the amount of funds the Company intends to raise under the Rights Issue as discussed in the section headed “REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS” in the Circular.

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In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the closing prices of the Shares and the trading liquidity of the Shares for the period from 11 October 2021, being approximately 12-month period prior to the date of the Announcement, up to and including the Last Trading Day (“**Review Period**”). We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices prior to the Announcement and such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price, as the share price before the Announcement represent a fair market value of the Company the Shareholders expected, while that after the Announcement, the value may have taken into account the potential upside of the Rights Issue which may distort the analysis. The chart below illustrates the daily closing price per Share (“**Closing Price**”) versus the Subscription Price of HK\$0.1 per Rights Share during the Review Period:

Closing Price during the Review Period



Source: the website of the Stock Exchange (www.hkex.com.hk)

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During the Review Period, the highest Closing Price was HK\$0.500 recorded on 11 October 2021, 26 October 2021, 29 October 2021, 29 December 2021, 30 December 2021, and 31 December 2021 and the lowest Closing Price was HK\$0.120 recorded on 22 September 2022 to 23 September 2022 and 27 September 2022 to 11 October 2022. The Subscription Price of HK\$0.1 represents a discount of approximately 80.0% to the highest Closing Price during the Review Period and a discount of approximately 16.7% to the lowest Closing Price during the Review Period. The average Closing Price of the Review Period was approximately HK\$0.334, which means the Subscription Price has a discount of approximately 70.1% over the average Closing Price during the Review Period.

As illustrated in the chart above, during the Review Period, the Closing Price was traded higher than the Subscription Price. It can be observed from the above chart that the daily Closing Price substantially increased from HK\$0.375 on 22 December 2021 to HK\$0.500 on 31 December 2021 and showed a general downward trend since then. As discussed with the management of the Group, they were not aware of any reason for such substantial change in the Closing Price in December 2021 and the reason for the general downward trend of the Closing Price during the Review Period. We have also reviewed the announcements disclosed during such period and we are not aware of any information which caused the substantial change in Closing Price.

As discussed in the section headed “Comparison with recent rights issue exercises” below, we note that it is a common market practice to set the subscription price at a discount to the prevailing market prices of the relevant shares in order to increase the attractiveness and encouraging shareholders to participate in the rights issue.

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Table A	Total trading volume (Note 1)	Number of trading days	Average Daily trading volume (Note 2)	Approximately % of average daily trading volume to total number of issued Shares (Note 3)
2021				
October (commencing from 11 October 2021)	1,376,120	13	105,855	0.00%
November	4,661,470	22	211,885	0.01%
December	3,862,028	22	175,547	0.01%
2022				
January	1,408,400	21	67,067	0.00%
February	1,657,520	17	97,501	0.00%
March	948,727	23	41,249	0.00%
April	15,905,272	18	883,626	0.04%
May	5,748,000	20	287,400	0.01%
June	7,182,540	21	342,026	0.01%
July	6,267,092	20	313,355	0.01%
August	4,694,840	23	204,123	0.04%
September	285,880	20	14,294	0.00%
October (up and including the Last Trading Day)	8	6	1	0.00%

Source: website of the Stock Exchange (<http://www.hkex.com.hk>)

Notes:

- Total trading volume for the month/period is sourced from the website of the Stock Exchange.
- Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which excludes any trading day on which trading in the Shares on the Stock Exchange was suspended for the whole trading day.
- The calculation is calculated by dividing the average daily trading volume for the month/period by the total number of Shares in issue at the end of each month/period. As at the Last Trading Day, the Company has no controlling Shareholder as defined under the Listing Rules.

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We have also reviewed the trading volume of the Shares during the Review Period. We note that during the Review Period, the average daily trading volume per month of the Shares as compared with the total issued Shares at the end of the respective month/period (the “**Trading Liquidity Ratio**”) ranged from approximately 0.00% to approximately 0.04% with the mean of approximately 0.01%. Upon our review of the “**HKEX Monthly Market Highlights**” from October 2021 to October 2022 (the “**Relevant Period**”) available on the website of the Stock Exchange, we note that the average daily trading turnover to total market capitalisation of listed securities (including Main Board and GEM listed issuers) (the “**Market Trading Turnover Ratio**”) during such period ranged from approximately 0.26% to approximately 0.45% with the mean of approximately 0.32%.

In view of this, we considered the trading liquidity of the Shares were very thin during the Review Period, with all months less than 0.1% to the then total number of issued Shares as at the end of their respective month/period. We anticipate that the Qualifying Shareholders may have difficulties in acquiring or selling a significant number of Shares in the open market if the same trading pattern of the Shares persists during and after the completion of the Rights Issue without exerting impact on the market price of the Shares. We are therefore of the view that it is reasonable to set the Subscription Price at a discount to the average Closing Price and it would encourage the Qualifying Shareholders to participate in the Rights Issue and to maintain their respective shareholding interests in the Company.

Comparison with recent right issue exercises

In order to assess the fairness and reasonableness of the Subscription Price, we exhaustively conducted a search of recent proposed rights issue, by the companies listed on the Main Board of the Stock Exchange (excluding those terminated or lapsed or announced but not yet completed) (the “**Comparables**”) announced within approximately 12 months prior to the Last Trading Day (the “**Comparison Period**”) to understand the trend of the recent market practice. Based on our research, we have identified a total of 31 Comparables during the Comparison Period.

We note that the business activities of the Comparables may not be directly comparable to the business activities carried out by the Group. We note that the terms of the rights issue announced by the Comparables may not be directly comparable to the terms of the Rights Issue announced by the Group due to the differences in business activities and performances. Although the Comparables included rights issue on different basis of entitlement, and involved issuers which engaged in different business or with different financial performance and funding needs from the Company, we consider that the Comparables are suitable to serve as a general reference for the purpose of an assessment on the Subscription Price, as (i) all of the Comparables and the Company are listed on the Main Board of the Stock Exchange;

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(ii) our analysis is mainly concerned with the comparison of subscription price to closing price, theoretical ex-rights price, consolidated net asset value per Share, maximum dilution on the shareholding and theoretical dilution effect; (iii) a 12-month period for the selection of the Comparables has resulted in the generation of a reasonable sample size; and (iv) the Comparables were included without any artificial selection or filtering on our part thus they represented a true and fair view of the recent market trends for rights issue.

Table B

Item no	Date of initial announcement	Company (Stock Code)	Basis of entitlement	Premium/(discount) of the subscription price over the theoretical ex-rights price per share based on the closing price per share on the last trading day prior to announcement in relation to the subscription price over the closing price per share on the respective last trading day	Premium/(discount) of the subscription price over the theoretical ex-rights price per share based on the closing price per share on the last trading day prior to announcement in relation to the subscription price over the closing price per share on the respective last trading day	Premium/(Discount) of the subscription price over net assets value per share (Note 8)	Theoretical dilution effect (Note 1)	Underwriting arrangement	Underwriting commission (%)	Placing commission (%)	Excess application (Yes/No)
				(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
1	15 October 2021	Link-Asia International Medtech Group Ltd. (1143)	1 for 2	(7.83)	(5.35)	(61.55%)	(6.93)	Underwritten on a best effort basis	3	N/A	Yes
2	19 October 2021	Risecomm Group Holdings Ltd. (1679)	1 for 2	(0.50)	(0.50)	101.94%	(0.78)	Underwritten on a best effort basis	1 (Note 5)	N/A	Yes
3	24 October 2021	Yuexiu Real Estate Investment Trust (405)	37 for 100	(12.80)	(9.60)	(39.39%)	(3.40)	Fully underwritten	-	1	No
4	1 November 2021	Deson Development International Holdings Ltd. (262)	1 for 2	(7.41)	(5.06)	(93.90%)	(2.53)	Underwritten on a best effort basis	4	N/A	Yes
5	9 November 2021	CIFI Holdings (Group) Co. Ltd. (884)	1 for 20	(2.91)	(2.77)	(26.40%)	-	Non-underwritten	N/A	N/A	Yes
6	16 November 2021	King Stone Energy Group Ltd. (663)	1 for 2	(41.90)	(32.40)	(30.17%)	(14.60)	Non-underwritten	N/A	1	Yes
7	23 November 2021	China Zenith Chemical Group Ltd. (362)	1 for 2	(4.00)	(6.98)	140.00%	(3.30)	Underwritten on a best effort basis	4	N/A	Yes
8	24 November 2021	Tongda Hong Tai Holdings Ltd. (2363)	2 for 1	(30.00)	(12.50)	(72.86%)	(20.83)	Fully underwritten	-	2 (Note 7)	No
9	30 November 2021	Titan Invo Technology Ltd. (872)	1 for 2	(7.40)	(7.40)	(10.71%)	(14.00)	Non-underwritten	N/A	N/A	Yes
10	2 December 2021	Seazen Group Ltd. (1030)	1 for 21	(5.86)	(5.61)	(69.42%)	(0.51)	Non-fully underwritten	N/A	N/A	Yes
11	15 December 2021	Future World Holdings Ltd. (572)	3 for 2	(33.82)	(16.97)	(94.64%)	(23.23)	Non-fully underwritten	5 (Note 4)	4	No
12	20 December 2021	Kat Holdings Ltd. (1025)	1 for 2	(15.38)	(10.81)	281.94%	(5.13)	Non-underwritten	N/A	3	No
13	30 December 2021	Bank Of Qingdao Co., Ltd. – H Shares (3866)	3 for 10	(11.50)	(9.10)	(8.70%)	(6.00)	Fully underwritten	5.48 (Note 3)	N/A	Yes
14	6 January 2022	Goldstone Capital Group Ltd. (1160)	1 for 2	(60.00)	(50.00)	Net liabilities	(20.00)	Non-fully underwritten	4	4	No
15	7 January 2022	China New Economy Fund Ltd. (80)	1 for 2	(28.00)	(20.60)	38.46%	(10.40)	Non-underwritten	N/A	4	No
16	10 January 2022	Wisdom Wealth Resources Investment Holding Group Ltd. (7)	1 for 2	-	-	(90.00%)	(3.60)	Non-underwritten	N/A	N/A	Yes
17	14 January 2022	CITIC Securities Co. Ltd. – H Shares (6030)	1.5 for 10	(15.00)	(13.30)	165.17%	(5.40)	Non-fully underwritten	N/A	N/A	Yes
18	28 January 2022	Affluent Partners Holdings Ltd. (1466)	1 for 1	(4.35)	(2.22)	(4.35%)	(3.15)	Fully underwritten	3	N/A	Yes
19	14 February 2022	Gold Peak Technology Group Ltd. (40)	1 for 6	(21.52)	(19.06)	(81.38%)	(3.04)	Underwritten on a best effort basis	5 (Note 2)	N/A	Yes
20	2 March 2022	Feiyang International Holdings Group Ltd. (1901)	1 for 3	(56.52)	(49.49)	751.79%	(13.91)	Underwritten on a best effort basis	3	N/A	Yes
21	15 March 2022	Success Dragon International Holdings Ltd. (1182)	3 for 2	(2.86)	(1.16)	(8.60%)	(2.70)	Fully underwritten	1	1 (Note 6)	No
22	23 March 2022	Kiu Hung International Holdings Ltd. (381)	3 for 1	(18.00)	(5.09)	(65.08%)	(13.43)	Non-underwritten	N/A	1	No
23	18 April 2022	DFZQ – H Shares (3958)	2.8 for 10	113.58	24.90	84.49%	-	Non-underwritten	N/A	N/A	Yes
24	21 April 2022	Vixel Technologies Holdings Ltd. (1782)	1 for 2	(34.50)	(26.00)	25.43%	(13.60)	Underwritten on a best effort basis	2	N/A	No
25	24 May 2022	Progressive Path Group Holdings Ltd. (1581)	1 for 1	(42.22)	(26.76)	(73.58%)	(21.11)	Non-underwritten	N/A	2	No
26	12 July 2022	Besunyen Holdings Co. Ltd. (926)	2 for 1	(14.22)	(5.91)	(92.58%)	(10.58)	Non-fully underwritten	1	N/A	Yes
27	20 July 2022	China Water Industry Group Ltd. (1129)	1 for 2	(31.37)	(23.25)	(75.52%)	(10.46)	Non-underwritten	N/A	N/A	Yes
28	28 July 2022	China Financial Leasing Group Ltd. (2312)	2 for 1	(29.10)	(12.10)	(32.98%)	(19.60)	Fully underwritten	1	N/A	Yes
29	3 August 2022	Kwan On Holdings Ltd. (1559)	1 for 4	-	-	(44.44%)	(0.13)	Non-underwritten	N/A	N/A	Yes
30	3 August 2022	Sjm Holdings Ltd. (880)	1 for 4	(33.80)	(29.00)	(34.80%)	(7.10)	Fully underwritten	2	N/A	Yes
31	5 August 2022	Jia Yao Holdings Ltd. (1626)	1 for 1	(14.29)	(7.69)	(4.76%)	(7.14)	Fully underwritten	5	N/A	Yes
			Maximum	113.58	24.90	751.79%	-		5	3.5	
			Minimum	(60.00)	(50.00)	(94.64%)	(23.23)		-	0.50	
			Average	(15.27)	(13.32)	15.78%	(8.60)		2.39	2.03	
		The Company		(16.70)	(9.10)		(8.33)	Non-underwritten	N/A	2.5	No

Source: the website of the Stock Exchange (www.hkex.com.hk)

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Notes:

1. The theoretical dilution effect is calculated in accordance with Rule 7.27B of the Listing Rules or Rule 10.44A of the Rules Governing the Listing of Securities on GEM, or extracted from announcement, circular or prospectus in respect of the relevant right issue.
2. The underwriting commission is calculated based on the underwriting fee of HK\$2 million paid divided by 70,349,310 rights shares underwritten and subscription price per rights share of HK\$0.62.
3. The underwriting commission is calculated based on the underwriting fee of approximately HK\$18 million paid divided by 83,845,542 H rights shares underwritten and subscription price per H rights share of HK\$3.92.
4. Future World Holdings Ltd. (572) shall pay the underwriter the higher of (i) HK\$1,350,000; and (ii) 5% of the aggregate subscription price in respect of the underwritten shares.
5. Risecomm Group Holdings Ltd. (1679) shall pay the underwriters the higher of (i) HK\$600,000; and (ii) 1.0% of the aggregate subscription price in respect of the underwritten shares.
6. Success Dragon International Holdings Ltd. (1182) shall pay the placing agent the sum of (i) a fixed fee of HK\$100,000 and (ii) 1% of the gross proceeds from the successful placement of unsubscribed rights shares.
7. Tongda Hong Tai Holdings Ltd. (2363) shall pay the placing agent a placing commission, being the higher of HK\$300,000 and 2% of the amount which is equal to the placing price multiplied by the total number of the unsubscribed shares which are successfully placed by the placing agent.
8. Being the premium/(discount) of the subscription price over/to the latest net asset value per share as disclosed in the relevant announcements, circulars, prospectuses and/or annual/interim reports.

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Based on the Table B, we noted that almost all the Comparables had set the subscription price at a discount to the prevailing market price of the relevant shares before the relevant announcements in relation to the rights issue were made. Therefore we consider it is a common market practice for listed companies to set the subscription price of rights issue at a discount to the prevailing market price of the relevant shares so as to encourage the shareholders' participation. We noted that (i) the subscription prices to the closing price on the Last Trading Day prior to the announcement of the Comparables ranged from a premium of approximately 113.58% to a discount of approximately 60.0%, with an average discount of approximately 10.27%. The discount of the Subscription Price to the closing price per Share as at the Last Trading Day of approximately 16.7% is slightly above the average but within the range; (ii) the theoretical ex-rights price per Share based on the closing price per share on the last trading day prior to announcement in relation to the respective Comparables ranged from a premium of approximately 24.90% to a discount of approximately 50.0%, with an average discount of approximately 13.32%. The discount of the Subscription Price to the theoretical ex-rights price per Share on the Last Trading Day of approximately 9.1% is lower than the average but within the range; (iii) the subscription prices to the respective consolidated net asset values per share of the Comparables (as disclosed in annual/interim reports, announcements, circulars and/or prospectuses) ranged from a discount of approximately 94.64% to a premium of approximately 751.79% with an average value at premium of approximately 15.78%. The discount of the Subscription Price to the audited consolidated net asset value per Share of the Group as at 31 December 2021 of approximately 57.9% is lower than the average but within the range of the Comparables. Among the 31 Comparables, we noted that the subscription price of 23 of them was set at a discount to their respective latest net asset values per share and the subscription price of 11 of them represented a discount of 60% to their respective latest net asset values per share (i.e. over one-third of the Comparables). Therefore, we consider that it is not uncommon for rights issue conducted with a subscription price representing substantial discount to net asset value to attract shareholders' participation and consider that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned; (iv) the theoretical dilution effect of the Comparables ranged from nil to approximately 23.23% with an average discount of approximately 8.60%. Due to the facts that (a) the theoretical dilution effect represented by the Rights Issue of approximately 8.33% falls within the range of the Comparables; (b) the net proceeds from the Rights Issue would improve the Group's financial condition; and (c) the Subscription Price favors the Qualifying Shareholders to subscribe for the Rights Shares and maintain their respective pro-rata shareholding interests in the Company, we consider that the theoretical dilution effect represented by the Rights Issue is acceptable and fair and reasonable so far as the Independent Shareholders are concerned.

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Taking into consideration that, (i) the trading liquidity of the Shares were very thin during the Review Period and the Subscription Price at a discount may enhance the attractiveness of the Shares among the thin trading liquidity; (ii) the Subscription Price is within range of the Comparables; (iii) a review period of 12 months prior to the Announcement to be exhaustive for a representation of proposed rights issue in the recent market; and (iv) the discount of the Subscription Price to the recent market price of the Share is a common market practice necessary to encourage the Qualifying Shareholders to participate the Rights Issue under recent market uncertainties, we are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

Potential dilution effect on the interests of the Independent Shareholders

The Rights Issue offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and to participate in the future business development of the Company should they wish to do so. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. Details of the changes in shareholding structure of the Company resulting from completion of the Rights Issue are set out in the section headed “Shareholding structures” in the Letter from the Board. Assuming there will be no change in the shareholding structure of the Company before completion of the Rights Issue, if (i) all Right Shares are subscribed for by the Qualifying Shareholders, the shareholding of the public Shareholders will remain at 94.77%; and (ii) assuming none of the Qualifying Shareholders takes up any of the Rights Shares and the Underwriter subscribes or procures the subscription of all Rights Shares, the shareholding of the public Shareholders will decrease from approximately 94.77% as at the Latest Practicable Date to approximately 47.39% upon completion of the Rights Issue. With reference to the shareholding table under the section headed “Shareholding structures” in the Letter from the Board, the above scenario is for illustrative purpose only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

We are aware of the potential maximum dilution effect as a result of the Rights Issue. However, having taken into account that (i) all Qualifying Shareholders are offered an equal opportunity to maintain their shareholding interests in the Company and allowed to participate in the business growth of the Company; (ii) the theoretical dilution effect of 8.33% of the Rights Issue is within the range of that of the Comparables; (iii) the shareholding of the Qualifying Shareholders would not be diluted if they choose to subscribe for their entitled Rights Shares in full; and (iv) the Qualifying Shareholders have the opportunity to sell their nil-paid Rights Shares in the markets if they do not want to take up the rights entitlement, we are of the opinion that the potential dilution effect of the Rights Issue is justifiable.

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Excess application

As stated in the Letter from the Board, the Qualifying Shareholders will not be entitled to subscribe for any Rights Shares in excess of their respective entitlements. We have reviewed the Comparables and noted that 10 out of 31 Comparables did not offer excess application to their shareholders. Furthermore, 11 out of 31 Comparables were conducted on non-underwritten basis, among which 4 of them did not offer excess application to their shareholders. Therefore, we consider that the absence of excess application arrangement is not an uncommon market practice. As such, we are of the view that the absence of excess application arrangement is acceptable and fair and reasonable so far as the Independent Shareholders are concerned.

Placing commission

As set out in the Letter from the Board, the terms of the Placing Agreement, including the rate of placing commission, were determined after arm's length negotiation between the Company and the Placing Agents 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 and The Placing Agent to the Company will receive 2.5% of the placing price (the "**Placing Commission**").

As set out in the Letter from the Board, the Company had reviewed the recent rights issue/placing exercises initially announced by companies listed on the Stock Exchange during the period from 1 August 2022 to the date of the Announcement to assess the fairness and reasonableness of the placing commission and identified a total of 25 transactions (the "**Placing Comparables**"). The details of the Placing Comparables are as follows:

Item no.	Name and stock code of the issuer	Date of initial announcement	Amount	Placing/underwriting commission
1	Oriental Payment Group Holdings Limited (8613.HK)	7 October 2022	HK\$24 million	2.5%
2	Farnova Group Holdings Limited (8153.HK)	7 October 2022	HK\$27.2 million	3.5%
3	CCIAM Future Energy Limited (145.HK)	29 September 2022	HK\$24.9 million	2.5%
4	Endurance RP Limited (575.HK)	26 September 2022	HK\$382.23 million	(i) A fixed fee of HK\$150,000 (or approximately US\$19,000) or (ii) 2% of the gross proceeds, whichever is higher, from the successful placement of Unsubscribed Rights Shares
5	Tasty Concepts Holding Limited (8096.HK)	23 September 2022	HK\$41.3 million	2.5%

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Item no.	Name and stock code of the issuer	Date of initial announcement	Amount	Placing/underwriting commission
6	WWPKG Holdings Company Limited (8069.HK)	23 September 2022	HK\$14.4 million	8%
7	Synertone Communication Corporation (1613.HK)	22 September 2022	HK\$12.3 million	2%
8	China Investment Fund Company Limited (612.HK)	21 September 2022	HK\$105 million	3%
9	GBA Holdings Limited (261.HK)	20 September 2022	HK\$19.1 million	2%
10	Wealth Glory Holdings Limited (8269.HK)	16 September 2022	HK\$14.4 million	2.5%
11	China Investment Development Limited (204.HK)	15 September 2022	HK\$37.9 million	1%
12	HG Semiconductor Limited (6908.HK)	13 September 2022	HK\$64 million	2.5%
13	Jiyi Holdings Limited (1495.HK)	9 September 2022	HK\$36.2 million	1%
14	Smart City Development Holdings Limited (8268.HK)	9 September 2022	HK\$32 million	3.5%
15	New Sparkle Roll International Group Limited (970.HK)	9 September 2022	HK\$50.0 million	1.75%
16	China Demeter Financial Investments Limited (8120.HK)	9 September 2022	HK\$12.5 million	2%
17	CCIAM Future Energy Limited (145.HK)	5 September 2022	HK\$24.9 million	2.5%
18	Milan Station Holdings Limited (1150.HK)	5 September 2022	HK\$16.8 million	2.5%
19	Alco Holdings Limited (328.HK)	29 August 2022	HK\$7.2 million	3.5%
20	Huabang Technology Holdings Limited (3638.HK)	24 August 2022	HK\$21.9 million	1.5%
21	China Investment and Finance Group Limited (1226.HK)	19 August 2022	HK\$16.9 million	2.5%
22	Enterprise Development Holdings Limited (1808.HK)	10 August 2022	HK\$11.4 million	1.5%
23	Smart Globe Holdings Limited (1481.HK)	9 August 2022	HK\$131.0 million	(i) 1.5% of the amount equal to the Placing Price multiplied by the actual number of the Placing Shares successfully placed by such Placing Agent; and (ii) HK\$600,000 as placing commission
24	HG Semiconductor Limited (6908. HK)	5 August 2022	HK\$96.0 million	2.5%
25	Jiyi Holdings Limited (1495.HK)	3 August 2022	HK\$39.7 million	1.5%

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The placing/underwriting commission of the Placing Comparables ranged from 1% to 8% with an average commission payable of approximately 2.47%. The Placing Commission of 2.5% approximates to the average of the Placing Comparables.

In addition, according to the details of the Comparables as set out in Table B, the placing commission of the Comparables ranged from 0.5% to 3.5%, with an average placing commission of approximately 2.03%. The Placing Commission of 2.5% is higher than the average placing commission of the Comparables but falls within the range of the Comparables.

Taking into account the fact that (i) the Placing offers an additional means to facilitate the subscription of the untaken portions of the Rights Issue to the maximum extent considering the funding needs of the Company and the difficulties in conducting alternative fund raising methods as mentioned in the paragraph headed “Background of Reasons for the Rights Issue and the Use of Proceeds” above; (ii) the value of the Placing Commission approximates to the average of the Placing Comparables; and (iii) the Placing Commission falls within the range of the Comparables, we are of the view that the placing commission charged by the Placing Agent is fair and reasonable and is in the interests of the Company and Independent Shareholders as a whole.

4. Financial effects of the Rights Issue

According to the unaudited pro forma financial information of the Group set out in Appendix II to the Circular, the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2021 was approximately HK\$114.8 million.

Net assets

Assuming no other issue of Shares on or before the Record Date, (i) the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company upon completion of the Rights Issue would increase to approximately HK\$161.3 million as at 31 December 2021 upon completion of the Rights Issue; and (ii) the unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to owners of the Company would be approximately HK\$0.237 before the completion of the Rights Issue and approximately HK\$0.167 immediately after the completion of the Rights Issue as at 31 December.

Liquidity

According to the 2021 Annual Report, as at 31 December 2021, the cash and cash equivalents of the Group was approximately HK\$4.7 million and the Group had current assets of approximately HK\$162.0 million, current liabilities of approximately

LETTER FROM KINGSWAY CAPITAL

HK\$69.5 million. Accordingly, the current ratio of the Group (being the current assets of the Group divided by the current liabilities of the Group) as at 31 December 2021 was approximately 2.3. Immediately upon completion of the Rights Issue, the cash and cash equivalents of the Group is expected to increase by the expected net proceeds from the Rights Issue of approximately HK\$46.5 million.

The current ratio of the Group will be increased from approximately 2.3 to approximately 3.0. As such, the current ratio and the liquidity of the Group will be improved upon the completion of the Rights Issue before utilising the net proceeds.

As the Rights Issue will improve the liquidity position of the Group, we are of the view that the Rights Issue are in the interests of the Company and the Shareholders as a whole.

Shareholders should note that the aforesaid analyses are for illustrative purpose only and do not purport to represent the financial position of the Group upon completion of the Rights Issue and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of (i) the financial position of the Company as at 31 December 2021 or any future date; or (ii) the net assets per Share of the Company as at 31 December 2021 or any future date.

C. RECOMMENDATION

Having taken into consideration of the following principal factors and reasons regarding the major terms of the Rights Issue including:

- (i) the proceeds from the Rights Issue for repayment of the interest-bearing bond payables and the Directors expect the Rights Issue would improve the financial condition of the Group and also reducing its gearing and interest burden as stated under section headed “Reasons for the Rights Issue and Use of Proceeds” above in this letter;
- (ii) taking into account the benefits and cost of each of the alternatives, the Rights Issue represents an appropriate means for fund raising to strengthen its financial position without facing the increasing interest expense as stated under the paragraph headed “Fund raising alternatives” above in this letter;
- (iii) the Qualifying Shareholders may have difficulties in acquiring or selling a significant number of Shares in the open market if the same trading pattern of the Shares persists during and after the completion of the Rights Issue without exerting impact on the market price of the Shares. We are therefore of the view that setting the Subscription Price at a discount to the average Closing Price would encourage the Qualifying

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Shareholders to participate in the Rights Issue, and to maintain their respective shareholding interests in the Company as stated under the paragraph headed “Subscription Price” above in this letter;

- (iv) the Subscription Price is fair and reasonable in our view for the reasons set out in earlier sections headed “Subscription Price” and “Comparison with recent rights issue exercises” in this letter; and
- (v) Rights Issue is conducted on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportionate interests in the Company and allows the Qualifying Shareholders to participate in the future growth of the Company, and the maximum dilution effect only occur when the Qualifying Shareholders do not subscribe for their proportionate Rights Shares,

we are of the view that the terms of the Rights Issue are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue and the Placing Agreement including the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
Kingsway Capital Limited
Jackson Wong
Managing Director

Note: Mr. Jackson Wong is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Kingsway Capital Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has participated in and completed various advisory transactions involving companies listed in Hong Kong for over 10 years.

1. SUMMARY OF FINANCIAL INFORMATION

The audited financial information of the Company are disclosed in the annual reports of the Company for the years ended 31 December 2019 (page 89 to 199), 2020 (page 86 to 199) and 2021 (page 66 to 179), which are published on 23 April 2020, 30 April 2021 and 28 April 2022 respectively. The unaudited financial information of the Company are disclosed in the interim report of the Company for the six months ended 30 June 2022 (page 20 to 21), which is published on 16 September 2022. The above mentioned financial information is available on the website of the Company at www.amco-united.com and the website of the Stock Exchange at www.hkexnews.hk:

- (a) the annual report of the Company for the year ended 31 December 2019 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0423/2020042300464.pdf>);
- (b) the annual report of the Company for the year ended 31 December 2020 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0430/2021043001372.pdf>);
- (c) the annual report of the Company for the year ended 31 December 2021 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042803611.pdf>);
- (d) the interim report of the Company for the six months ended 30 June 2022 in relation to the financial information of the Group for the same period (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0916/2022091600405.pdf>).

2. STATEMENT OF INDEBTEDNESS

Indebtedness

As at the close of business on 30 September 2022, being the latest practicable date for the purpose of this indebtedness statement the details of the Group's outstanding borrowings were set out as follows:

	<i>HK\$'000</i>
Bond payables (<i>note 1</i>)	60,000
Lease liabilities (<i>note 2</i>)	493

Note:

1. As at 30 September 2022, the Group holds a bond of principal amount of approximately HK\$60,000,000 which carries a fixed coupon interest rate ranged from 5% to 10.05% per annum. The bond is unsecured and will be matured after 3 to 8 years from drawdown date.
2. The Group's lease liabilities of approximately HK\$493,000.

Save as aforesaid or as other wise disclosed herein, and apart from intra-group liabilities, at the close of business on 30 September 2022, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that, after taking into account the estimated net proceeds from the Rights Issue, its presently available financial resources, including funds internally generated from operation and the available facilities, the Group will have sufficient working capital for its operation for at least the next twelve (12) months from the date of this circular.

4. MATERIAL ADVERSE CHANGES

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

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in (i) sale of medical products; (ii) sale of plastic moulding products; (iii) provision of construction services in building construction, building maintenance and improvement works, project management, renovation and decoration works; (iv) provision of money lending; and (v) investment in securities.

Facing elevated challenges as we step into the year 2022 with the outbreak of COVID-19 and slow down of the economy as well as the highly volatile financial market in Hong Kong and globally, the Group will persist to build on its diversified business portfolio and focus its steps to formulate, evaluate and modify business strategies of our existing businesses in order to facilitate and motivate their business development and stabilise any downturn impact. To cope with the business development of the business segments, the Group will strive to deploy effective and sufficient capital and resources allocation in respect of the different business segments, and actively reallocate its assets, funding and labour force in response to the changing market and industry conditions and business results. The Group will conduct constant and dynamic performance appraisals and assessment to evaluate the ongoing business development. The Group will also concentrate on maintaining liquidity by effectively managing working capital and controlling costs, and leveraging operation efficiency by adhering to its lean organization structure, in light of any difficulties which may be encountered under the uncertainties in the economy and financial market.

Alongside with the continuing evolution and modification of business strategies to develop our existing businesses, the Group will continue to seek optimisation of its business portfolio by adjusting it to adapt to the changing business climate, trend and environment, and at the same time proactively exploring and exploiting every potentially profitable business and investment opportunity as well as new growth potentials, with the ultimate goal of developing its business to generate and maximise shareholders’ value and return and maintain sustainable growth and prosperity.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE
COMPANY

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2021 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the directors of the Company in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) to illustrate the effects of the proposed rights issues on the basis of one rights share for every one existing share on the record date at HK\$0.1 per rights share (the “**Rights Issue**”) on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 31 December 2021.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue.

The following Unaudited Pro Forma Financial Information is prepared based on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2021 as extracted from the published annual report of the Company for the year ended 31 December 2021, after incorporating the adjustments described in the accompanying notes.

Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2021 <i>HK\$'000</i> <i>(Note 1)</i>	Add: Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2021 upon completion of the Rights Issue <i>HK\$'000</i>
Based on 483,775,896 Rights Shares at subscription price of HK\$0.1 per Rights Share	<u>114,824</u>	<u>46,490</u>
	<u>161,314</u>	

**Unaudited pro
forma adjusted
consolidated net
tangible assets of the
Group per share
attributable to
owners of the
Company as at
31 December 2021**

Unaudited pro forma adjusted consolidated net tangible
assets of the Group per share attributable to owners of the
Company as at 31 December 2021 before the completion of
the Rights Issue (*Note 3*)

HK\$0.237

Unaudited pro forma adjusted consolidated net tangible
assets of the Group per share attributed to owners of the
Company immediately after the completion of the Rights Issue
(*Note 4*)

HK\$0.167

Notes:

- (1) The audited consolidated net tangible assets attributable to owners of the Company as at 31 December 2021 has been extracted from the published annual report of the Company for the year ended 31 December 2021.
- (2) The estimated net proceeds from the Rights Issue is approximately HK\$46,490,000 are based on 483,775,896 Rights Shares to be issued at HK\$0.1 per rights share and after deducting estimated related expenses of approximately HK\$1,888,000.
- (3) The calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share before the completion of the Rights Issue are calculated based on 483,775,896 shares which were the share in issue as at 31 December 2021.

- (4) The calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue per share are calculated based on 967,551,792 shares, comprising 483,775,896 consolidated shares and 483,775,896 rights shares to be issued as described in note 2.
- (5) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share as at 31 December 2021 immediately after the completion of the Rights Issue as if the Rights Issue had been completed on 31 December 2021, but does not take into account any shares which have been or may be issued upon the exercise of options granted under the share option scheme (if any) subsequent to 31 December 2021.
- (6) No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 31 December 2021.

Set out below is the text of a letter received from Elite Partners CPA Limited, the independent reporting accountant of the Company, to the Board of Directors in respect of the Rights Issue for the purpose of inclusion in this Circular.



The Directors,
AMCO United Holding Limited
Unit 1104, Crawford House
70 Queen's Road Central
Central
Hong Kong

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
TO THE DIRECTORS OF AMCO UNITED HOLDING LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information (“**Unaudited Pro Forma Financial Information**”) of AMCO United Holding Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2021 and related notes as set out in Appendix II to the circular issued by the Company (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of one rights share for every one existing share (the “**Rights Issue**”) held on the record date on the Group's financial position as at 31 December 2021 as if the Rights Issue had taken place as at 31 December 2021. As part of this process, information about the Group's financial position as at 31 December 2021 has been extracted by the Directors from the audited consolidated financial statements of the Group for the year ended 31 December 2021, on which annual report has been published.

Directors' Responsibilities 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 (the “**HKICPA**”).

Our Independence and Quality Control

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

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

Reporting 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 accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose 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 the 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 as 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 judgment, 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.

Yours faithfully,

Elite Partners CPA Limited

Certified Public Accountants

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL AND OPTIONS

(a) Share capital

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to completion of the Rights Issue and full acceptance of the Rights Shares, the authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately following completion of the Rights Issue will be, as follows:

(I) As at the Latest Practicable Date

	Number of Shares '000	Nominal value of ordinary Shares HK\$'000
Authorised:		
Ordinary Shares of HK\$0.05 each	<u>8,000,000</u>	<u>400,000</u>
Issued and fully paid:		
Ordinary Shares of HK\$0.05 each	<u>483,776</u>	<u>24,189</u>

(II) Immediately following the completion of the Rights Issue (assuming no change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders or all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent)

	Number of Shares '000	Nominal value of ordinary Shares HK\$'000
Authorised:		
Shares of HK\$0.05 each	<u>8,000,000</u>	<u>400,000</u>
Issued and fully paid:		
Shares of HK\$0.05 each	483,776	24,189
Rights Shares to be issued pursuant to the Rights Issue of HK\$0.05 each	<u>483,776</u>	<u>24,189</u>
Shares in issue immediately after completion of the Rights Issue	<u><u>967,552</u></u>	<u><u>48,378</u></u>

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form.

The Company will apply to the Listing Committee for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. 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.

(b) Share Options

As at the Latest Practicable Date, there are outstanding Share Options for subscription of an aggregate of 85,600,000 Shares under the Share Option Scheme. The purpose of the Share Option Scheme is for the Group to attract, retain and motivate talented participants, to strive for future developments and expansion of the Group. The Share Option Scheme shall be an incentive to encourage the participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Group attained through their efforts and contributions. Pursuant to the Share Option Scheme, the Directors may, as its discretion, offer share options to: (i) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary of the Company; (ii) any non-executive directors (including independent non-executive directors) of the Company or any subsidiary of the Company; (iii) any supplier of goods or services to any member of the Group; (iv) any customer of any member of the Group; (v) any person or entity that provides research, development or other technical support to any member of the Group; (vi) any shareholder of any member of the Group or any holder of any securities issued by any member of the Group; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group; and (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and, for the purposes of the Share Option Scheme, the offer may be made to any company wholly owned by one or more eligible participants. In determining the basis of eligibility of each participant, the Directors would take into account such factors as the Directors may at its discretion consider appropriate.

Details of the outstanding Share Options as at the Latest Practicable Date were as follows:

Category of participants	Date of grant	Number of Share Options outstanding as at the Latest Practicable Date	Exercisable period	Exercise price per share (HK\$)
Executive Directors				
Zhang Hengxin	4 May 2020	3,724,000	5 years	0.435
Jia Minghui	4 May 2020	3,724,000	5 years	0.435
Independent non-executive Directors				
Au Yeung Ming Yin Gordon	4 May 2020	3,724,000	5 years	0.435
Employees of the Company				
	4 May 2020	26,068,000	5 years	0.435
	21 April 2022	48,360,000	5 years	0.360

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

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

3. DISCLOSURE OF INTERESTS

Director's and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”), are as follows:

Long position in the shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares held/interested in	Approximate percentage of shareholding
Mr. Zhang Hengxin	Beneficial owner	3,724,000 (Note 1)	0.77%
Mr. Jia Minghui	Beneficial owner	3,724,000 (Note 1)	0.77%
Mr. Au Yeung Ming Yin Gordon	Beneficial owner	3,724,000 (Note 1)	0.77%

Note:

- Mr. Zhang Hengxin, Mr. Jia Minghui and Mr. Au Yeung Ming Yin Gordon were granted the options under the Share Option Scheme of the Company on 4 May 2020 at an exercise price of HK\$0.435 per Share with the exercisable period from 4 May 2020 to 3 May 2025 (both dates inclusive).

Save as disclosed above, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code.

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.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSET

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2021 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group. As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

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 will not expire or be determinable by the Group within one year without payment of compensation, other than statutory compensation.

6. COMPETING INTEREST

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

7. MATERIAL LITIGATION

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

8. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of the Announcement and up to the Latest Practicable Date and are or may be material:

- (i) the Placing Agreement.

9. EXPERTS AND CONSENTS

The following are the qualification of the experts who have been named in this circular or have given opinions, letters or advices contained in this circular:

Name	Qualification
Elite Partners CPA Limited	Certified Public Accountant
Kingsway Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, the above experts 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 experts 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.

As at the Latest Practicable Date, the above experts had given and had not withdrawn their written consent to the issue of this circular, with the inclusion of the references to their name and/or their opinion or report in the form and context in which they are included.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Executive Directors	Mr. Zhang Hengxin 1707, Building D Huaqiang Garden, 4 Fu Hong Lu, Futian District Shenzhen City Guangdong The People's Republic of China
	Mr. Jia Minghui 6/F., 454 Hennessy Road Causeway Bay, Hong Kong
Independent non-executive Directors	Mr. Chan Tsz Keung Flat C, 9/F. Chung Ching Building 48-52 Tai Po Road Sham Shua Po, Kowloon Hong Kong
	Mr. Au Yeung Ming Yin Gordon Room 4, 1/F., Oi Wai House Tsz Oi Court, Tsz Wan Shan Kowloon, Hong Kong
	Mr. Guo Zhenhui Room 11C, Block 17 Xing Chen Plaza West District Zhongshan City Guangdong Province The People's Republic of China

Authorised representatives	Mr. Zhang Hengxin Unit 1104, Crawford House 70 Queen's Road Central Central Hong Kong
	Ms. Chan Mei Wah Unit 1104, Crawford House 70 Queen's Road Central Central Hong Kong
Company secretary	Ms. Chan Mei Wah Unit 1104, Crawford House 70 Queen's Road Central Central Hong Kong
Registered office	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Principal place of business in Hong Kong	Unit 1104, Crawford House 70 Queen's Road Central Central Hong Kong
Principal share registrar and transfer office in Bermuda	MUFG Fund Services (Bermuda) Limited 4th Floor North Cedar House 41 Cedar Avenue Hamilton HM12 Bermuda
Branch share registrar and transfer office in Hong Kong	Tricor Standard Limited 17/F Far East Finance Centre 16 Harcourt Road Hong Kong
Principal bankers	Fubon Bank (Hong Kong) Limited Bank of China (Hong Kong) Limited

Independent reporting accountant	Elite Partners CPA Limited <i>Certified Public Accountants</i> 10/F., 8 Observatory Road Tsim Sha Tsui Hong Kong
Stock code	630
Company's website	www.amco-united.com
Placing Agent to the Company	Suncorp Securities Limited Unit 2305, 23/F The Center 99 Queen's Road Central Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Kingsway Capital Limited 7/F, Tower One Lippo Centre, 89 Queensway Hong Kong
Legal advisers to the Company as to Hong Kong laws	TANG TSO & LAU Solicitors Room 209, 2/F, China Insurance Group Building, 141 Des Voeux Road Central Hong Kong

11. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY**Executive Directors**

Mr. ZHANG Hengxin, aged 38, joined the Company as an Executive Director on 6 September 2016. He was appointed as the Chairman and Managing Director of the Company and the chairman of the nomination committee of the Company (“**Nomination Committee**”) on 31 January 2017 and a member of the remuneration committee of the Company (“**Remuneration Committee**”) on 1 January 2017. Mr. Zhang is also a director of certain subsidiaries of the Company. He obtained a Bachelor Degree in Human Resources Management from Huazhong Agricultural University in 2006 and Master Degree of Arts in Industrial Relations and Personnel Management from The University of Warwick, United Kingdom in 2007. Mr. Zhang has over 10 years of experience in human resources management in different industries.

Mr. JIA Minghui, aged 31, joined the Company as an Executive Director on 30 September 2016. He is the Vice President of Zhongminjinda Investment Management Limited and also the Vice President and Executive Director of Zhongminjinda International Investment Management Limited. He obtained a Master Degree of Development Economics from the School of Oriental and African Studies, University of London, United Kingdom in 2013. Mr. Jia has extensive experience in the international finance and project management. He had been working in the financial conglomerate in the People’s Republic of China and responsible for client’s project management, projects merger and acquisition activities.

Independent non-executive Directors

Mr. CHAN Tsz Keung, aged 32, joined the Company as an Independent Non-executive Director on 11 October 2017. He was appointed as the chairman of the Remuneration Committee and a member of each of the audit committee of the Company (“**Audit Committee**”) and Nomination Committee on 11 October 2017. He obtained his Bachelor of Arts in Economics from The University of Southern California in the United States in 2011. Mr. Chan had worked as an analyst in the loan administration department of corporate banking division of a French investment bank. He had also worked in a United States listed company and was a sales manager for the Asia Pacific region to handle clients’ listing projects. Mr. Chan has extensive experience in business development, sales and marketing and operation management.

Mr. AU YEUNG Ming Yin Gordon, aged 46, joined the Company as an Independent Non-executive Director on 15 March 2018. He was appointed as the chairman of the Audit Committee and a member of the Remuneration Committee on 15 March 2018. Mr. Au Yeung is the company secretary of China Finance Investment Holdings Limited (stock code: 875) since May 2019, the company secretary of Values Cultural Investment Limited (stock code: 1740) since June 2019. He is also the company secretary of Cocoon Holdings Limited (stock code: 428) since February 2019, and was the chief financial officer and company secretary of Huge China Holdings Limited (now known as Cocoon Holdings Limited) since May 2015 until August 2017. He was also the company secretary of On Real International Holdings Limited (stock code: 8245) since August 2017 until February 2019, and the company secretary of Success Dragon International Holdings Limited (stock code: 1182) since October 2017 until September 2019. Since May 2000, Mr. Au Yeung held management positions in an accounting team in ASR Logistics Holdings Limited (now known as Beijing Sports and Entertainment Industry Group Limited) (stock code: 1803) until January 2015. He has over 20 years of experience in the areas of accounting, taxation, finance and auditing.

Mr. Au Yeung is a member of the Hong Kong Institute of Certified Public Accountants. He obtained a degree in Bachelor of Business (Business Administration) from the RMIT University in Australia and a post-graduate diploma in Professional Accounting from the Hong Kong Baptist University.

Mr. GUO Zhenhui, aged 58, joined the Company as an Independent Non-executive Director on 15 March 2018. He was appointed as a member of each of the Audit Committee and Nomination Committee on 15 March 2018. Mr. Guo held managerial positions of companies incorporated in the People's Republic of China which engage in manufacturing electronic parts. He has over 35 years of experience in manufacturing and management.

Audit committee

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Mr. Chan Tsz Keung, Mr. Au Yeung Ming Yin Gordon and Mr. Guo Zhenhui. Mr. Au Yeung Ming Yin Gordon is the chairman of the Audit Committee. The duties of the Audit Committee include, among others, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing the Company's financial statements, the annual report and accounts, the half-year report and significant financial reporting judgments contained therein; and (c) reviewing the financial controls, internal control and risk management systems.

Company Secretary

Ms. Chan Mei Wah is an associate member of The Hong Kong Institute of Chartered Secretaries and has over 15 years of experience in company secretarial practice.

12. EXPENSES

The expenses in connection with the Rights Issue and the Placing Arrangement, including professional fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$1.9 million in maximum, and are payable by the Company.

13. MISCELLANEOUS

- (i) The company secretary of the Company is Ms. Chan Mei Wah.
- (ii) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (iii) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities.
- (iv) As at the Latest Practicable Date, save as disclosed elsewhere in this circular, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group's business.
- (v) The English text of this circular and the accompanying form of proxy shall prevail over the respective Chinese text in the case of inconsistency.

14. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.amco-united.com>) for 14 days from the date of this circular:

- (i) the annual reports of the Company for the three (3) years ended 31 December 2019, 2020 and 2021;
- (ii) the interim report of the Company for the six (6) months ended 30 June 2022;
- (iii) the letter from the Board, the text of which is set out on pages 7 to 27 of this circular;
- (iv) the letter from the Independent Board Committee, the text of which is set out on pages 28 to 29 of this circular;
- (v) the letter from the Independent Financial Adviser, the text of which is set out on pages 30 to 54 of this circular;
- (vi) the letter issued by the independent reporting accountant regarding the unaudited pro forma financial information of the Company as set out in appendix II of this circular;
- (vii) the written consents referred to in the paragraph headed “9. Experts and Consents” in this appendix; and
- (viii) the material contracts referred to in the paragraph headed “8. Material contracts” in this appendix.

NOTICE OF SGM



(Incorporated in Bermuda with limited liability)

(Stock Code : 630)

NOTICE IS HEREBY GIVEN that an Special General Meeting of the shareholders of AMCO United Holding Limited (the “**Company**”) will be held at Portion 2, 12/F, The Center, 99 Queen’s Road Central, Central, Hong Kong on Thursday, 1 December 2022 at 11:00 a.m. to consider and, if thought fit, to pass with or without amendments the following ordinary resolutions (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 10 November 2022 (the “**Circular**”)):

ORDINARY RESOLUTIONS

1. “**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant and not having revoked the listing of and permission to deal in the Rights Shares (as defined below):
 - (a) the issue by way of rights (the “**Rights Issue**”) of no more than 483,775,896 new Shares of HK\$0.05 each (“**Rights Shares**” and each a “**Rights Share**”) at the subscription price of HK\$0.10 per Rights Share on the basis of every one (1) Rights Share for every one (1) Share of the Company held by the shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company as at the close of business on 13 December 2022 (or such other date as may be determined by the directors of the Company (the “**Directors**”)) (the “**Record Date**”) other than those shareholders (the “**Excluded Shareholders**”) of the Company whose addresses as shown on the register of members of the Company are outside Hong Kong, 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, and substantially on the terms and conditions set out in the Circular (a copy of

* For identification purposes only

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which marked “A” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification) and such other terms and conditions as may be determined by the Directors, be and is hereby approved;

- (b) the placing agreement dated 11 October 2022 (as amended and supplemented by a supplemental placing agreement dated 3 November 2022) entered into between the Company and Suncorp Securities Limited (“**Placing Agreement**”) in relation to the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares on a best effort basis (a copy of the Placing Agreement marked “B” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (c) the board of Directors (the “**Board**”) or a committee thereof be and is/are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Board may make such exclusions or other arrangements in relation to the Excluded Shareholders as it may deem necessary or expedient having regard to the legal restrictions under the laws of, or the requirements of the relevant regulatory body or stock exchange in, any territory outside Hong Kong; and
- (d) any one or more Directors be and is/are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder.”

Yours faithfully

For and on behalf of the Board of
AMCO United Holding Limited
Zhang Hengxin
Chairman and Managing Director

Hong Kong, 10 November 2022

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Notes:

- (i) Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and to vote instead of him. A proxy need not be a shareholder of the Company.
- (ii) For the purpose of determining the entitlement of any shareholder of the Company to attend and vote at the meeting, the register of members of the Company will be closed from Friday, 25 November 2022 to Thursday, 1 December 2022 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 p.m. on Thursday, 24 November 2022.
- (iii) Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
- (iv) In order to be valid, the proxy form, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude members from attending and voting in person at the meeting.
- (v) The Meeting is expected to last for less than half a day. Members (in person or by proxy) attending the Meeting are responsible for their own transportation and accommodation expenses. Members or their proxies attending the Meeting shall present their identity certifications.
- (vi) If Typhoon Signal No. 8 or above, or extreme conditions caused by super typhoons or a "black" rainstorm warning is in effect any time after 8:00 a.m. on the date of the SGM, the SGM will be postponed. The Company will post an announcement on the websites of the Company at www.amco-united.com and the GEM at www.hkexnews.com to notify Shareholders of the date, time and place of the rescheduled meeting.
- (vii) Any voting at the meeting shall be taken by poll.

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As at the date of this notice, the executive Directors are Mr. Zhang Hengxin and Mr. Jia Minghui and the independent non-executive Directors are Mr. Chan Tsz Keung, Mr. Au Yeung Ming Yin Gordon and Mr. Guo Zhenhui.

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

This notice will remain on the “Latest Company Announcements” page of the Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its posting and on the Company’s website at <http://www.amco-united.com>.