

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Shin Hwa World Limited**, you should at once hand this Prospectus to the purchaser(s) or transferee(s) or to the bank, or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). The Prospectus Documents should not, however, be distributed, forwarded or transmitted to, into or from any jurisdiction where to do so might constitute a violation of the relevant local securities laws or regulations.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "14. Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility as to the contents of any of the Prospectus Documents or any other document(s) referred to above.

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

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



Shin Hwa World Limited 神話世界有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 00582)

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

Underwriter



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

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

It should also be noted that the Rights Issue is only underwritten on a best effort basis and is not on a fully underwritten basis. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue.

Dealings in the Shares have been on an ex-rights basis from Tuesday, 18 June 2024. Dealings in the Rights Shares in nil-paid form will take place from Tuesday, 2 July 2024 to Tuesday, 9 July 2024 (both days inclusive).

Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form up to the latest time when the conditions of the Rights Issue are fulfilled or (where applicable) waived (which is expected to be 5:00 p.m. on Monday, 15 July 2024) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

The latest time for acceptance of and payment for the Rights Shares and application for excess Rights Shares is 4:00 p.m. on Friday, 12 July 2024.

27 June 2024

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EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and is subject to change. Further announcement(s) will be made by the Company as and when appropriate should there be any changes to the expected timetable.

Events	Date (Hong Kong time)
Underwriter starts to stand in the market to provide matching services for odd lots of the Adjusted Shares	9:00 a.m. on Tuesday, 2 July 2024
Original counter for trading in the Adjusted Shares in board lots of 6,000 Adjusted Shares (in the form of new share certificates in light green colour) re-opens	9:00 a.m. on Tuesday, 2 July 2024
Parallel trading in the Adjusted Shares (in the form of both existing share certificates in light orange colour in board lots of 120 Adjusted Shares and new share certificates in light green colour in board lots of 6,000 Adjusted Shares) commences	9:00 a.m. Tuesday, 2 July 2024
First day of dealing in nil-paid Rights Shares (in board lots of 6,000 Rights Shares)	Tuesday, 2 July 2024
Latest time for splitting PALs	4:00 p.m. on Thursday, 4 July 2024
Last day of dealing in nil-paid Rights Shares (in board lots of 6,000 Rights Shares)	Tuesday, 9 July 2024
Latest time for acceptance of and payment for the Rights Shares and application of excess Rights Shares	4:00 p.m. on Friday, 12 July 2024
Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional	5:00 p.m. on Monday, 15 July 2024
Announcement of results of the Rights Issue	Monday, 22 July 2024
Underwriter ceases to provide matching services for odd lots of the Adjusted Shares	4:00 p.m. on Monday, 22 July 2024
Temporary counter for trading in board lots of 120 Adjusted Shares (in the form of existing share certificates in light orange colour) closes	4:10 p.m. on Monday, 22 July 2024

EXPECTED TIMETABLE

Parallel trading in Adjusted Shares (represented by both existing share certificates in light orange colour in board lots of 120 Adjusted Shares and new share certificates in light green colour in board lots of 6,000 Adjusted Shares) ends 4:10 p.m. on Monday, 22 July 2024

Despatch of share certificates for fully-paid Rights Shares and refund cheques in relation to wholly or partially unsuccessful applications for excess Rights Shares Tuesday, 23 July 2024

Commencement of dealings in fully-paid Rights Shares Wednesday, 24 July 2024

Last day for free exchange of existing share certificates in light orange colour for new share certificates in light green colour for the Adjusted Shares Wednesday, 24 July 2024

All times and dates in this Prospectus refer to Hong Kong local times and dates. In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the website of the Stock Exchange and on the website of the Company as and when appropriate.

Pursuant to Rule 2.07A1 of the Listing Rules and the bye-laws of the Company, the Company will disseminate the future Corporate Communication to its Shareholders electronically and only send Corporate Communications in printed form to the Shareholders upon request.

On 8 January 2024, the Company sent the one-time notification letter to its Shareholders. As set out in the notification letter, the Company will send (i) the Actionable Corporate Communications to its Shareholders individually in electronic form by email. If the Company does not possess the email address of a Shareholder or the email address provided is not functional, the Company will send the Actionable Corporate Communications in printed form together with a request form for soliciting the Shareholder's functional email address to facilitate electronic dissemination of Actionable Corporate Communications in the future; and (ii) the Company will make the Corporate Communications available on its website (<http://www.shw.com.hk>) and the Stock Exchange's website (<http://www.hkexnews.hk>). A notice of publication of the Website Version of Corporate Communications, in both English and Chinese, will be sent by the Company to Shareholders by email or by post (only if the Company does not possess the functional email address of a Shareholder) on the publication date of the Corporate Communications.

This Prospectus will be made available to the Shareholders by way of publication on the website of the Company (<http://www.shw.com.hk>) and the Stock Exchange's website (<http://www.hkexnews.hk>), and a notice will be sent to the relevant Shareholders by email or by post.

EXPECTED TIMETABLE

The EAF shall be sent to the Qualifying Shareholders (other than PRC Southbound Trading Investors) by email; but if the Company does not possess the email address of a Shareholder or the email address provided is not functional, the Company will send the EAF in printed form together with a request form for soliciting the Shareholder's functional email address to facilitate electronic dissemination of Actionable Corporate Communications in the future.

The PAL shall be sent to the Qualifying Shareholders by post in printed form.

For those Shareholders who wish to receive a printed version of the Prospectus Documents or, if for any reason, have difficulty in gaining access to the Company's website, the Company will, upon receipt of request in writing by the Shareholder to the Company's branch share registrar in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email to shinhwa582-ecom@vistra.com, send the Prospectus Documents to such Shareholders in printed form free of charge.

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 will not take place as scheduled if there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning or "extreme conditions" caused by super typhoons 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 the Latest Time for Acceptance falls. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warning 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, the dates mentioned in the section headed "Expected Timetable" in this Prospectus may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

If, at any time prior to the Latest Time for Termination there occurs, in the reasonable opinion of the Underwriter:

- (a) any of the following which will or is likely to materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudices the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue: (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or (ii) the occurrence, happening, coming into effect or becoming public knowledge of (1) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; (2) a suspension or a material limitation in trading in securities generally on the Stock Exchange; (3) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange for more than ten consecutive Business Days (other than pending publication of the Rights Issue Announcement or any other document relating to the Capital Reorganisation and the Rights Issue); (4) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authority or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; or (5) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof; or
- (b) any change in the circumstances of the Company or any member of the Group occurs which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- (c) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, military conflict, strike or lock-out which in the reasonable opinion of the Underwriter materially or adversely affects the business or financial or trading position or prospects of the Group as a whole; or
- (d) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Underwriting Agreement which, in the reasonable opinion of the Underwriter, is or might be material to the Group taken as a whole; or
- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not ejusdem generis with any of the foregoing,

TERMINATION OF THE UNDERWRITING AGREEMENT

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

If, at or prior to the Latest Time for Termination:

- (a) the Company commits any material breach of or omits to materially observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement, where, in the reasonable opinion of the Underwriter, such breach or omission will or is likely to have a material and adverse effect on its business, financial or trading prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (b) the Underwriter shall receive notification pursuant to the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations, warranties or undertakings contained in the Underwriting Agreement was, when given, untrue or inaccurate or incomplete or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable discretion, determine that any such untrue representation, warranty or undertaking represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (c) the Company's application to the Listing Committee of the Stock Exchange for the permission for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) on the Stock Exchange is withdrawn by the Company and/or refused or revoked by the Stock Exchange;

the Underwriter shall be entitled (but not bound) by notice in writing issued by it to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement and rescind the Underwriting Agreement. Any such notice shall only be served by the Underwriter prior to the Latest Time for Termination.

Upon the giving of notice referred to above, all obligations of the Underwriter thereunder shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, but without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. Further announcement(s) will be made if the Underwriting Agreement is terminated by the Underwriter.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Actionable Corporate Communications”	any corporate communications that seek instructions from the Shareholders on how they wish to exercise their rights or make elections as the Shareholders
“Adjusted Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	for the purpose of the Underwriting Agreement, any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no.8 or above or black rainstorm signal is hoisted or the “extreme conditions” is announced in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours; and for all other purposes, a day on which the Stock Exchange is open for transaction of business
“Bye-Laws”	the bye-laws of the Company as amended from time to time
“Capital Reduction”	the proposed reduction of the issued share capital of the Company by (a) rounding down the total number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the total number of Consolidated Shares in the issued share capital of the Company following the Share Consolidation; and (b) reducing the par value of each issued Consolidated Share from HK\$0.10 to HK\$0.01 by cancelling the paid-up share capital to the extent of HK\$0.09 on each issued Consolidated Share

DEFINITIONS

“Capital Reorganisation”	the proposed capital reorganisation of the share capital of the Company involving (i) the Share Consolidation, (ii) the Capital Reduction, and (iii) the transfer of all the credits arising from the Capital Reduction to the contributed surplus account of the Company within the meaning of the Companies Act which may be applied to reduce the accumulated losses of the Company in full or in part and/or be applied by the Board in any other manner in accordance with the Bye-Laws and all applicable laws of Bermuda from time to time without further authorisation from the Shareholders
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 1,200 Existing Shares to 6,000 Adjusted Shares
“China Clear”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“Circular”	the circular of the Company dated 24 May 2024 in relation to, among other things, the Rights Issue
“Company”	Shin Hwa World Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00582)
“Companies Act”	the Companies Act 1981 of Bermuda (as amended and supplemented from time to time)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company immediately following and arising from the Share Consolidation becoming effective but prior to the Capital Reduction
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“core connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Corporate Communications”	include any document(s) issued or to be issued by the Company for the information or action of holders of any of its securities or the investing public, including but not limited to (a) the directors’ report and its annual accounts together with a copy of the auditors’ report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) the quarterly report, if any; (d) a notice of meeting; (e) a listing document; (f) a circular; and (g) a proxy form
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for the excess Rights Shares
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue 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
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Capital Reorganisation having become effective
“Extreme Condition”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Li Chun Kei, Mr. Shek Lai Him Abraham and Mr. Du Peng, being all of the independent non-executive Directors, which has been established to give recommendation to the Independent Shareholders in respect of the Rights Issue

DEFINITIONS

“Independent Financial Adviser”	Messis Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being an independent financial adviser appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders on the terms of the Rights Issue
“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) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
“Last Trading Day”	17 April 2024, being the last trading day of the Existing Shares on the Stock Exchange immediately prior to the publication of the Rights Issue Announcement
“Latest Practicable Date”	20 June 2024, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this Prospectus prior to its publication
“Latest Time for Acceptance”	4:00 p.m. on Friday, 12 July 2024 or such other time and date as may be agreed between the Company and the Underwriter, being the latest time for application for, and payment for, acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares as described in the Prospectus
“Latest Time for Termination”	5:00 p.m. on Monday, 15 July 2024 being the first Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MGO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code

DEFINITIONS

“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	this prospectus having been sent or made available (as the case may be) to the Qualifying Shareholders (and the Excluded Shareholder(s) for information only) in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“PRC Southbound Trading Investor(s)”	the PRC investor(s) who hold Shares through China Clear as nominee under the Shenzhen-Hong Kong Stock Connect and the Shanghai-Hong Kong Stock Connect
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholders”	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Wednesday, 26 June 2024, being the record date to determine entitlements to the Rights Issue
“Registrar”	Tricor Standard Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Rights Issue”	the proposed issue of 1,014,300,462 Rights Shares at the Subscription Price on the basis of two (2) Rights Shares for every one (1) Adjusted Share held at the close of business on the Record Date payable in full on acceptance
“Rights Issue Announcement”	the announcement dated 18 April 2024 in relation to among other things, the Capital Reorganisation, the Change in Board Lot Size, the Rights Issue and the appointment of Independent Financial Adviser
“Rights Share(s)”	the new Adjusted Share(s) to be allotted and issued under the Rights Issue

DEFINITIONS

“Scale-Down EAF Shares”	such number of Rights Shares applied for as excess application under the EAF(s) which would, if allotted by the Company, result in the incurring of an MGO Obligation on the part of the applicant
“Scale-Down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in the incurring of an MGO Obligation on the part of the applicant
“Scaling-down”	the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares, whether under the PALs or EAFs, or transferees of nil-paid Rights Shares shall be subject to, to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may trigger any MGO Obligation
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)(as amended and supplemented from time to time)
“SGM”	the special general meeting of the Company convened and held at 3:00 p.m. on Thursday, 13 June 2024, in which resolutions in relation to the Capital Reorganisation and the Rights Issue have been approved
“Shanghai-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited, Shanghai Stock Exchange and China Clear
“Share(s)”	the Existing Share(s) or the Consolidated Share(s) or the Adjusted Share(s) (as the case may be)
“Share Consolidation”	the consolidation of every ten (10) issued Existing Shares of HK\$0.01 each into one (1) issued Consolidated Share of HK\$0.10 each
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited, Shenzhen Stock Exchange and China Clear
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.26 per Rights Share

DEFINITIONS

“substantial shareholder(s)”	has the meaning as ascribed to this term under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Underwriter”	SR Wealth Securities Limited, a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 18 April 2024 and entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	up to 1,014,300,462 Rights Shares to be underwritten by the Underwriter
“Untaken Shares”	such number of Rights Shares (if any) in respect of which duly completed PAL(s) or EAF(s) have not been lodged for acceptance or not fully paid or otherwise rejected on or before the Latest Time for Acceptance, including any Rights Shares to which the Excluded Shareholders would otherwise have been entitled under the Rights Issue if they were to be Qualifying Shareholders, together with the Scale-down PAL Shares and the Scale-down EAF Shares not being applied (whether validly or otherwise) and/or fully paid for under the EAFs, and unsold aggregation of fractions of Rights Shares
“%”	per cent.

LETTER FROM THE BOARD



Shin Hwa World Limited **神話世界有限公司**

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 00582)

Executive Directors:

Ms. Chan Mee Sze (*Acting Chairperson*)
Dr. Wong Hoi Po
Mr. Huang Wei

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

Mr. Li Chun Kei
Mr. Shek Lai Him Abraham
Mr. Du Peng

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

Units 1412-1413, 14th Floor
China Merchants Tower
Shun Tak Centre
Nos. 168-200 Connaught Road Central
Hong Kong

27 June 2024

To the Qualifying Shareholders and, for information only, the Excluded Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Rights Issue Announcement and the Circular in relation to, among other things, the Capital Reorganisation, the Change in Board Lot Size, the Rights Issue and the appointment of Independent Financial Adviser.

At the SGM, the necessary resolutions approving, among other things, the Capital Reorganisation and the Rights Issue, were duly passed by the Shareholders by way of poll. The Capital Reorganisation became effective on 17 June 2024.

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with further information on the Rights Issue, including information on dealing in, transfer and acceptance of the Rights Shares, and certain financial and other general information of the Group.

THE RIGHTS ISSUE

The terms of the Rights Issue are set out below:

Basis of the Rights Issue	: Two (2) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	: HK\$0.26 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	: Approximately HK\$0.255 per Rights Share
Number of Adjusted Shares in issue as at the Latest Practicable Date	: 507,150,231 Adjusted Shares
Number of Rights Shares	: up to 1,014,300,462 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date)
Aggregate nominal value of the Rights Shares	: up to HK\$10,143,004.62
Total number of Adjusted Shares in issue upon completion of the Rights Issue	: up to 1,521,450,693 Adjusted Shares (assuming there is no change in the total number of issued Shares from the date of the Latest Practicable Date up to and including the Record Date)
Gross proceeds from the Rights Issue	: up to approximately HK\$263.7 million before expenses (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date)
Right of excess applications	: Qualifying Shareholders (other than the PRC Southbound Trading Investor(s)) may apply for the Rights Shares in excess of their provisional allotment
Theoretical dilution impact (Note)	: Approximately 22.22%

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Note: Theoretical dilution effect of the Rights Issue is calculated according to Rule 7.27B of the Listing Rules and refers to the discount of the “theoretical dilution price” to the “benchmarked price” of shares. “Theoretical diluted price” refers to the sum of (i) the Company’s total market capitalization (by reference to the “benchmarked price” and the number of issued Existing Shares or the Adjusted Shares immediately before the Rights Issue) and (ii) the total funds raised and to be raised from the Rights Issue, divided by the total number of Existing Shares or the Adjusted Shares as enlarged by the issue. While the “benchmarked price” means the higher of: (i) the closing price on the date of the Underwriting Agreement; and (ii) the average closing price in the 5 trading days immediately prior to the earlier of: (1) the date of Rights Issue Announcement; (2) the date of the Underwriting Agreement; and (3) the date on which the Subscription Price is fixed. If there is a premium or no discount of subscription price over to the closing price per share on the respective last trading day, the dilution impact is deemed to be not applicable.

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

Assuming no Shares are issued or repurchased on or before the Record Date and assuming all Rights Shares will be taken up, 1,014,300,462 Rights Shares to be issued pursuant to the terms of the Rights Issue represents 200% of the total number of issued Adjusted Shares upon the Capital Reorganisation becoming effective and approximately 66.67% of the total number of issued Adjusted Shares as enlarged immediately upon completion of the Rights Issue.

The Rights Issue is only underwritten on a best-effort and non-fully underwritten basis. Pursuant to the Company’s constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or waiver of the conditions precedent of the Rights Issue and the Underwriting Agreement, the Rights Issue shall proceed regardless of the ultimate subscription level, and up to 1,014,300,462 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date) are available to be subscribed subject, however, to any Scaling-down.

In the event that the Rights Issue is under-subscribed, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by the Underwriter or subscribers procured by it pursuant to the Underwriting Agreement will not be issued, and hence, the size of the Rights Issue will be reduced accordingly.

Subscription Price

The Subscription Price of HK\$0.26 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, upon an application of excess Rights Shares, or where a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 5.45% to the closing price of HK\$0.275 per Adjusted Share as quoted on the Stock Exchange on the Latest Practicable Date;

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- (b) a discount of approximately 33.33% to the theoretical closing price of HK\$0.39 per Adjusted Share based on the closing price of HK\$0.039 per Existing Share as quoted on the Stock Exchange on the date of the Rights Issue Announcement;
- (c) a discount of approximately 33.33% to the theoretical closing price of HK\$0.39 per Adjusted Share based on the closing price of HK\$0.039 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a discount of approximately 32.29% to the theoretical closing price of HK\$0.384 per Adjusted Share based on the average closing price of approximately HK\$0.0384 per Existing Share as quoted on the Stock Exchange on the Last Trading Day for the five (5) consecutive trading days up to and including the Last Trading Day;
- (e) a discount of approximately 32.82% to the average closing price of approximately HK\$0.387 per Adjusted Share based on the average closing price of approximately HK\$0.0387 per Existing Share as quoted on the Stock Exchange on the Last Trading Day for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (f) a discount of approximately 22.31% to the theoretical ex-rights price of approximately HK\$0.303 per Adjusted Share based on the closing price of HK\$0.039 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (g) a discount of approximately 98.24% to the net asset value of the Company of approximately HK\$14.765 per Adjusted Share based on the unaudited net asset value attributable to owners of the Company of approximately HK\$7,488,020,000 as at 30 June 2023 and 507,150,231 Adjusted Shares assuming the Capital Reorganisation has become effective; and
- (h) a discount of approximately 98.22% to the net asset value of the Company of approximately HK\$14.603 per Adjusted Share based on the unaudited net asset value attributable to owners of the Company of approximately HK\$7,405,721,000 as at 31 December 2023 and 507,150,231 Adjusted Shares assuming the Capital Reorganisation has become effective.

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, the size of the Rights Issue, the market price of the Existing Shares under the prevailing market conditions, the financial condition of the Company and the reasons and benefits of Rights Issue as discussed in the section headed "Reasons for and Benefits of the Rights Issue and Use of Proceeds" in this Prospectus. The Board considers 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.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) passing of all the necessary resolution(s) at the SGM to approve the Capital Reorganisation, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Shareholders (other than those who are required to abstain from voting according to the Listing Rules or other applicable laws and regulations if necessary);

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- (b) the Capital Reorganisation and the Change of Board Lot Size having become effective;
- (c) delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the date of this prospectus;
- (d) posting of the Prospectus Documents to the Qualifying Shareholders and posting of the Prospectus for information purpose only to the Excluded Shareholders on or before the date of the Prospectus;
- (e) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares, in nil-paid and fully-paid forms;
- (f) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement not being terminated in accordance with the terms thereof on or before the Latest Time for Termination; and
- (g) the representation, warranties and undertakings of the Company as set out in the Underwriting Agreement remain true and accurate in all material respects.

The Company shall on a best-effort basis procure the fulfillment or waiver (as the case may be) of all the conditions precedent by the Latest Time for Termination or such other date as the Company and the Underwriter may agree.

As at the Latest Practicable Date, conditions precedent in paragraphs (a) and (b) have been fulfilled.

The Underwriter may at any time by notice in writing to the Company waive the condition precedent set out in (g) above. Save and except the condition precedent set out in (g) above, the other conditions precedent are incapable of being waived. If the conditions precedent are not satisfied and/or waived in whole or in part by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank pari passu in all respects among themselves and with the Adjusted Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares. 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.

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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 as at the close of business on the Record Date and not be an Excluded Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Adjusted Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the Registrar in Hong Kong, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Wednesday, 19 June 2024.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company would send or make available (as the case may be) the Prospectus Documents to the Qualifying Shareholders on the date of this Prospectus and would send or make available (as the case may be) the Prospectus only (without the PAL and the EAF) to the Excluded Shareholders for their information only.

The register of members of the Company has been closed from Thursday, 20 June 2024 to Wednesday, 26 June 2024 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of the Adjusted Shares will be registered during the above book closure period.

Basis of Provisional Allotments

The Rights Shares will be allotted on the basis of two (2) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made only by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

Rights of PRC Southbound Trading Investors

According to the "Stock Connect Southbound Shareholding Search" available on the Stock Exchange's website, as of the Latest Practicable Date, China Clear held 10,333,440 Shares, representing approximately 2.04% of the total number of Shares in issue.

The PRC Southbound Trading Investors may participate in the Rights Issue through China Clear.

China Clear will provide nominee services for the PRC Southbound Trading Investors to (a) sell their nil-paid Rights Shares on the Stock Exchange; and/or (b) subscribe for their provisional allotment in respect of Rights Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations. However, China Clear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. In addition, the PRC Southbound Trading Investors (or the relevant China Clear participants

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as the case may be) whose stock accounts are credited with nil-paid Rights Shares could only sell those nil-paid Rights Shares on the Stock Exchange under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect but could not purchase any other nil-paid Rights Shares nor transfer any nil-paid Rights Shares to other PRC Southbound Trading Investors.

The PRC Southbound Trading Investors should consult their intermediaries (including brokers, custodians, nominees or China Clear participants) and/or other professional advisers for details of the logistical arrangements as required by China Clear and provide such intermediary with instructions on the acceptance and/or sale of the nil-paid Rights Shares. Such instructions should be given in advance of the relevant dates stated under the section headed “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of the intermediary of the PRC Southbound Trading Investors and/or China Clear in order to allow sufficient time to ensure that such instructions are given effect.

According to the PRC legal adviser of the Company, as the Prospectus Documents are not intended to be filed with or approved by the China Securities Regulatory Commission (中國證券監督管理委員會) (the “CSRC”) other than in accordance with the notice of the CSRC “Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect” (關於港股通下香港上市公司向境內原股東配售股份的備案規定) (Announcement [2016] No. 21) (the “CSRC Notice”) and, if necessary, the “Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies” (境內企業境外發行證券和上市管理試行辦法) promulgated by the CSRC effective from 31 March 2023, the Rights Shares in nil-paid and fully-paid forms issued to the PRC Southbound Trading Investors may not be offered or sold directly or indirectly in the PRC to any person or entity, unless through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, or such person or entity has otherwise been exempt by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations. The Prospectus Documents may not be publicly distributed in or forwarded to the PRC or used in connection with any offer for subscription or sale of the Rights Shares (in nil-paid and fully-paid forms) in the PRC, except that the same may be despatched to China Clear or to the extent in compliance with applicable PRC laws and regulations, and the Prospectus Documents may not be made publicly available in the PRC.

Rights of Overseas Shareholders (other than PRC Southbound Trading Investors) (if any)

The Prospectus Documents issued in connection with the Rights Issue are not intended to be registered or filed under the applicable securities law of any jurisdiction other than Hong Kong and the PRC in accordance with CSRC Notice and, if necessary, the “Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies”. According to the register of members of the Company as at the Latest Practicable Date, there was no Overseas Shareholder (other than PRC Southbound Trading Investors). For PRC Southbound Trading Investors to participate in the Rights Issue, please refer to the section headed “Rights of PRC Southbound Trading Investors” above for further details. Accordingly, there was no Excluded Shareholder as at the Latest Practicable Date. The register of members of the Company has been closed from Thursday, 20 June 2024 to Wednesday, 26 June 2024 (both days inclusive), therefore, the Company will not have Overseas Shareholders (other than PRC Southbound Trading Investors) as at the Record Date.

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Overseas Shareholders (other than PRC Southbound Trading Investors) are not eligible to take part in the Rights Issue as explained below.

In order to comply with Rule 13.36 of the Listing Rules, the Board has to make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on the relevant overseas legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares would be made to such Overseas Shareholders. In such circumstances, the Rights Issue would not be extended to the Excluded Shareholders.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before dealings in the nil-paid Rights Shares end, if a premium in excess of all expenses of sale can be obtained. The aggregate net proceeds of such sale will be distributed by the Company to the Excluded Shareholders (pro-rata to their respective entitlements on the Record Date and round down to the nearest cent) in Hong Kong dollars, provided that if any of such Excluded Shareholders would be entitled to a net sum not less than HK\$100 after deducting all relevant expenses. In view of administrative costs, the Company will retain the remaining balance of the sale proceeds after the said distribution for its own benefit. Any unsold nil-paid Rights Shares to which such Excluded Shareholders (if any) would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders (other than PRC Southbound Trading Investors) under the EAFs.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Shareholders and beneficial owners of the Shares (including, without limitation, their respective agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Procedures for acceptance and payment and/or transfer

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

If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. on Friday, 12 July 2024 (or, under bad weather conditions, such later date as

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mentioned in the paragraph “Effect of bad weather and/or extreme conditions on the latest time for acceptance of and payment for the Rights Shares” in the section headed “Expected Timetable” in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “**Shin Hwa World Limited — Provisional Allotment Account**” and crossed “**Account Payee Only**”.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Friday, 12 July 2024, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders (other than PRC Southbound Trading Investors). The Company may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicant at a later stage.

If the Qualifying Shareholders wish to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or transfer part of his/her/its rights to more than one person, the entire and original PAL must be surrendered and lodged for cancellation by no later than 4:00 p.m. on Thursday, 4 July 2024 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or banker’s cashier orders accompanying completed PALs will be presented for payment immediately upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of the PAL with a cheque or a banker’s cashier order, whether by a Qualifying Shareholder or by any nominated transferees, will constitute a warranty by the applicant that the cheque or the banker’s cashier order will be honoured on first presentation. If any cheque or cashier’s order is dishonored on first presentation, this form is liable to be rejected. You must pay the exact amount payable upon application for the Rights Shares, and underpaid application will be rejected.

If any of the conditions of the Rights Issue as set forth in the paragraphs under “Conditions of the Rights Issue” above is not fulfilled by the latest time for the Rights Issue to become unconditional, the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on Tuesday, 23 July 2024. It should be noted that no receipt will be issued in respect of any PAL and/or remittances received.

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Scale-down mechanisms

Pursuant to the Underwriting Agreement, as the Rights Issue is only underwritten by the Underwriter on a best-effort and non-fully underwritten basis, and so as to avoid the unwitting triggering of the MGO Obligation, all applications for Rights Shares whether under the PAL(s) or the EAF(s), or by transferees of nil-paid Rights Shares, or by subscribers procured by the Underwriter will be made on the basis that the applications are to be scaled-down by the Company to a level which does not trigger any MGO Obligation on the part of the applicant or parties acting in concert with him/her/it. Any subscription monies for the Scale-down PAL Shares or the Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares and the Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s).

In addition, under and/or pursuant to the Scaling-down, any application for Rights Shares, whether under PAL(s) or EAF(s), shall be subject to the scale-down mechanisms of the Rights Issue as determined by the Company to levels which do not trigger any MGO Obligation. Such scale-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (i) EAF(s) should be scaled down before PAL(s); and (ii) where the scale-down is necessitated by the exceeding of shareholding by a group rather than an individual Shareholder, the allocations of EAF(s) and PAL(s) to members of the affected group should be made on a pro-rata basis by reference to the number of Shares held by the affected applicants on the Record Date, but for avoidance of any doubt, any or any such onward allocation(s) shall be subject to the Scaling-down as well.

Application for the excess Rights Shares

Qualifying Shareholders (other than PRC Southbound Trading Investors) are entitled to apply for, by way of excess application:

- (i) any unsold entitlements to the Rights Shares of the Excluded Shareholder(s) (if any);
- (ii) any unsold Rights Shares created by aggregating fractions of the Rights Shares;
- (iii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares;
- (iv) the Scale-down PAL Shares (if any); and
- (v) the Scale-down EAF Shares (if any).

(i) to (v) are collectively referred to as “**Untaken Rights**”.

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Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for. The Directors will, subject to the compliance with the Listing Rules (including but not limited to the Public Float Requirement), allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders (other than PRC Southbound Trading Investors) who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and
- (iv) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees.

The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares underlying the Untaken Rights is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will, subject to the compliance with the Listing Rules, allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Investors whose Shares are held by a nominee (or which are held in CCASS) should note that the Board will regard the nominee (including HKSCC Nominees Limited) whose name appears on the register of members (the “**Registered Nominee**”) as a single Shareholder under the aforesaid arrangement in relation to the allocation of excess Rights Shares.

Qualifying Shareholders (other than PRC Southbound Trading Investors) who wish to apply for excess Rights Shares in addition to their provisional allotment must complete and sign an EAF (in accordance with the instructions printed thereon) and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, on or before the Latest Time for Acceptance. All remittances must be made by cheque or banker’s cashier’s order in Hong Kong dollars. Cheques must be drawn on an account with, and banker’s cashier orders must be issued by, a licensed bank in Hong Kong and made payable to “**Shin Hwa World Limited — Excess Application Account**” and crossed “**Account Payee Only**”.

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Certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Tuesday, 23 July 2024, to those entitled thereto by ordinary post, at their own risk, to their registered addresses. All applicants, except HKSCC Nominees Limited, will receive one share certificate for the Rights Shares allotted to them.

If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on or before Tuesday, 23 July 2024 by ordinary post, at the respective Shareholders' own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Tuesday, 23 July 2024, by ordinary post to the applicants, at their own risk, to their registered addresses.

Fractional Entitlements to the Rights Shares

The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares and the entitlements of the Qualifying Shareholders will be rounded down to the nearest whole number. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) and sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before the dealings in nil-paid Rights Shares end, for the benefit of the Company if a premium in excess of all expenses of sale can be obtained, and the Company will retain the proceeds from such sale. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders (other than PRC Southbound Trading Investors) under the EAFs.

Odd lots arrangements and matching services

In order to alleviate difficulties in relation to the existence of odd lots of the Shares arising from the Capital Reorganisation, the Change in Board Lot Size and the Rights Issue, the Company has appointed the Underwriter as an agent to provide matching services on a best-effort basis to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Tuesday, 2 July 2024 to 4:00 p.m. on Monday, 22 July 2024 both dates inclusive. Holders of the Shares in odd lot represented by the existing share certificate for the Shares who wish to take advantage of this facility to either dispose of their odd lots of the Shares or top up their odd lots to a full new board lot may directly or through their brokers contact the Underwriter during office hours (i.e. 9:00 a.m. to 4:30 p.m.) within such period.

The Underwriter is an Independent Third Party. Holders of Shares in odd lots should note that the matching services mentioned above are on a "best-effort" basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on there being adequate amount of odd lots of Shares available for matching. Shareholders are advised to consult their financial advisers if they are in doubt about the above arrangements.

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Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and the 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 securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and the 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 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.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 6,000 Rights Shares. Dealings in the Rights Shares in both nil-paid and fully-paid forms, which are registered in the register of members of the Company in Hong Kong, 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.

Distribution of the Prospectus Documents

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send or make available (as the case may be) the Prospectus Documents to the Qualifying Shareholders.

Distribution of this Prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of the Prospectus Documents (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or beneficial owner of the Shares who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

Receipt of this Prospectus and/or a PAL and/or an EAF or the crediting of nil-paid Rights Shares to a stock account in CCASS does not and will not constitute an offer in any jurisdiction in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or a PAL and/or an EAF must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this Prospectus and/or a PAL and/or an EAF or whose stock account in CCASS is credited with nil-paid

LETTER FROM THE BOARD

Rights Shares should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer the nil-paid Rights Shares to any person in, into or from, any such jurisdiction. If a PAL or an EAF or a credit of nil-paid Rights Shares in CCASS is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL (or apply for any excess Rights Shares under the EAF) or transfer the nil-paid Rights Shares in CCASS unless the Company determines that such action would not violate any applicable legal or regulatory requirements.

Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this prospectus or a PAL or an EAF in, into or from any such jurisdiction (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

No part of the Prospectus Documents should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Company.

Beneficial owners of the Shares who reside outside Hong Kong should note that the Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

It is the responsibility of the relevant beneficial owners and/or their respective agents, custodians, nominees or trustees wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising their rights in, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of any person resulting from the purchase, holding or disposal of, or dealing in, the Rights Share in both their nil-paid and fully-paid forms.

LETTER FROM THE BOARD

THE UNDERWRITING ARRANGEMENT

On 18 April 2024 (after morning trading session of the Stock Exchange), the Company and the Underwriter entered into the Underwriting Agreement, pursuant to which the Underwriter has agreed to procure, on a best-effort and non-fully underwritten basis, the subscription for any unsubscribed Rights Shares subject to the terms and conditions set out in the Underwriting Agreement. The principal terms of the Underwriting Agreement are summarized below:

Date: 18 April 2024 (after morning trading session of the Stock Exchange)

Underwriter: SR Wealth Securities Limited, a corporation licensed to carry on Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the SFO.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. The Underwriter confirmed that it has complied with Rule 7.19(1) of the Listing Rules.

Number of Rights Shares underwritten by the Underwriter: Up to 1,014,300,462 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date)

Underwriting Commission: 1% of the aggregate Subscription Price in respect of the Underwritten Shares

The Rights Issue is underwritten by the Underwriter on a best-effort and non-fully underwritten basis pursuant to the terms of the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter shall use its best endeavours to ensure that (i) each subscriber of the Untaken Shares procured by it shall be an Independent Third Party, (ii) no subscriber of the Untaken Shares procured by it, together with any party acting in concert with it, will hold 30% (or such percentage which will trigger any MGO Obligation under the Takeovers Code) or more of the voting rights of the Company; and (iii) the Public Float Requirement remains to be fulfilled by the Company upon completion of the Rights Issue.

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The terms of the Underwriting Agreement, including the underwriting commission rate, were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial condition of the Group, the size of the Rights Issue, the prevailing market rate of commission and the prevailing market condition. The Directors consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) is fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Underwriting Agreement.

Subject to the fulfilment (or any waiver, as the case may be, by the Underwriter) of all the conditions contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe or procure the subscription, on a best-effort basis and non-fully underwritten basis, for the Underwritten Shares that are not otherwise taken up.

Conditions of the Underwriting

The conditions of the Underwriting Agreement have been set out in the paragraph headed "Conditions of the Rights Issue" above.

Termination of the Underwriting Agreement

If, at any time prior to the Latest Time for Termination there occurs, in the reasonable opinion of the Underwriter:

- (a) any of the following which will or is likely to materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudices the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue: (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or (ii) the occurrence, happening, coming into effect or becoming public knowledge of (1) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; (2) a suspension or a material limitation in trading in securities generally on the Stock Exchange; (3) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange for more than ten consecutive Business Days (other than pending publication of the Rights Issue Announcement or any other document relating to the Capital Reorganisation and the Rights Issue); (4) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authority or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; or (5) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof; or

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- (b) any change in the circumstances of the Company or any member of the Group occurs which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- (c) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, military conflict, strike or lock-out which in the reasonable opinion of the Underwriter materially or adversely affects the business or financial or trading position or prospects of the Group as a whole; or
- (d) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Underwriting Agreement which, in the reasonable opinion of the Underwriter, is or might be material to the Group taken as a whole; or
- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not ejusdem generis with any of the foregoing,

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

If, at or prior to the Latest Time for Termination:

- (a) the Company commits any material breach of or omits to materially observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement, where, in the reasonable opinion of the Underwriter, such breach or omission will or is likely to have a material and adverse effect on its business, financial or trading prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (b) the Underwriter shall receive notification pursuant to the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations, warranties or undertakings contained in the Underwriting Agreement was, when given, untrue or inaccurate or incomplete or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable discretion, determine that any such untrue representation, warranty or undertaking represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (c) the Company's application to the Listing Committee of the Stock Exchange for the permission for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) on the Stock Exchange is withdrawn by the Company and/or refused or revoked by the Stock Exchange;

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the Underwriter shall be entitled (but not bound) by notice in writing issued by it to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement and rescind the Underwriting Agreement. Any such notice shall only be served by the Underwriter prior to the Latest Time for Termination.

Upon the giving of notice referred to above, all obligations of the Underwriter thereunder shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, but without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. Further announcement(s) will be made if the Underwriting Agreement is terminated by the Underwriter.

Undertakings

The Company has not received, as at the Latest Practicable Date, any information or irrevocable undertaking from any Shareholder of the Company (including the substantial Shareholder) of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue.

CHANGES IN THE SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, the Company has 507,150,231 Adjusted Shares in issue.

The following tables set out the possible changes in the shareholding structure of the Company arising from the Rights Issue, for illustrative purpose only.

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
			Assuming full acceptance by the Qualifying Shareholders		Assuming no acceptance by the Qualifying Shareholders and all Untaken Shares are taken by the Underwriter or subscribers procured by the Underwriter	
			No. of Approximate Adjusted shareholding Shares	percentage	No. of Approximate Adjusted shareholding Shares	percentage
Substantial Shareholders						
Yang Zhihui (<i>Note 1</i>)	148,156,729	29.21%	444,470,187	29.21%	148,156,729	9.74%
Lam Pauline (<i>Note 2</i>)	91,093,400	17.96%	273,280,200	17.96%	91,093,400	5.99%
Zhang Tingting (<i>Note 3</i>)	84,525,000	16.67%	253,575,000	16.67%	84,525,000	5.56%
Public Shareholders	183,375,102	36.16%	550,125,306	36.16%	183,375,102	12.05%
Underwriter and/or subscribers procured by it	—	—	—	—	1,014,300,462	66.67%
Total	507,150,231	100%	1,521,450,693	100%	1,521,450,693	100%

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Note:

- (1) Landing International Limited, the entire issued share capital of which is held by Mr. Yang Zhihui, is interested in 148,156,729 Adjusted Shares, representing approximately 29.21% of the total number of issued shares of the Company.
- (2) Wealth Millennium Limited, the entire issued share capital of which is held by Ms. Pauline Lam, is interested in 70,437,480 Adjusted Shares. Together with 20,655,920 Adjusted Shares beneficially owned by Ms. Pauline Lam, Ms. Pauline Lam is deemed to be interested in a total of 91,093,400 Adjusted Shares, representing approximately 17.96% of the total number of issued shares of the Company.
- (3) Resplendence Investment Development Limited, the entire issued share capital of which is held by Ms. Zhang Tingting, is interested in 84,525,000 Adjusted Shares, representing approximately 16.67% of the total number of issued shares of the Company.

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

The Company is an investment holding company. The principal activities of the Group are (i) development and operation of the integrated leisure and entertainment resort (the “**Resort Business**”); (ii) operation of gaming and entertainment facilities (the “**Gaming Business**”); and (iii) property development.

In 2018, the Group inaugurated the Jeju Shinhwa World, an integrated leisure entertainment resort featuring facilities such as a theme park, a water park, a foreigner-only casino, MICE, serviced apartments, and hotels. These services and amusements have been in place for over 5 years to cater for domestic visitors and international tourists. Faced with keen competition from newly built hotels in Jeju that provide top-notch services and facilities, the Group’s top priority is to regain and grow its market share. Additionally, the Group is attempting to reformulate its marketing strategy to adapt to new post-pandemic customer behavior and market trends. The challenging market environment had led to ongoing cash net outflow of the Group since 2021. As disclosed in the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”), the cash and cash equivalents balances of the Group amounted to approximately HK\$266.04 million as at 31 December 2023. Such cash resources are not idle and have already been allocated for maintaining the ongoing operations of the Group which are anticipated to be utilised during the second half of 2024. The remaining unutilised proceeds from the issue of new Shares under general mandate announced in March 2024 are also expected to be fully utilised by the end of June 2024.

In early 2023, mainland China and some other Asian countries gradually eased their travel restrictions. It was expected that the lifting of pandemic control measures and restrictions would benefit the tourism industry. However, by end of 2023, the business performance of the Group had yet to return to a satisfactory level. In order to turn around the situation, the Group believes that increasing the attractiveness of Jeju Shinhwa World by means of enhancing its services and amenities in its theme park, water park, hotels, gaming area, MICE, catering outlets and etc., would enable the Group to seize the opportunity to capture the post-pandemic rebound of tourism. In addition, apart from improving its hardware, implementing more marketing programs and human resources development are also crucial for rebuilding the image of Jeju Shinhwa World.

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Having considered the (i) increasing costs in maintaining the ordinary and usual operation of Jeju Shinhwa World as disclosed in the 2023 Annual Report; (ii) readily available cash required at the satisfactory level to satisfy the funding needs of business developments; (iii) strong and healthy financial position as prerequisite to sustain the continuous improvements in Jeju Shinhwa World; and (iv) interest rate remaining at high level that adversely affecting the rebound of global economy, thus adversely impacting the Group's revenue, the Group believes that it has the imminent funding need to stay competitive in the market. As such, the Rights Issue is necessary for allowing the Group to utilize the additional fund raised to enhance the core business of the Group and facilitate its growth.

Apart from the Rights Issue, the Board has considered other mean of fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, and equity fund raising such as placing of new shares and open offer. The Board notes that debt financing, if available, would result in additional interest burden of the Company and create pressure on the liquidity of the Company. Hence, the Board considers debt financing to be less beneficial to the Company.

In relation to other equity fund raising means, the fund-raising scale of placing of new shares would be relatively small as compared to a rights issue and it would not allow the Qualifying Shareholders to participate in the fund raising exercise and their respective shareholdings in the Company would be diluted without an equal opportunity to maintain their proportionate interests in the Company. As for open offer, while it is similar to a rights issue, offering Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. As opposed to open offer, Rights Issue would offer more flexibility to the Qualifying Shareholders to choose whether (a) to maintain their respective pro-rata shareholding interests of the Company; (b) to increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market or by applying for excess Rights Shares under the EAF (subject to availability); or (c) to reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to market demand). As such, the Board considers an open offer to be less favourable to the Shareholders.

The Board considers that the Rights Issue represents an opportunity to raise additional funding to strengthen the Group's financial position by relieving the financial burden and provide working capital to the Group to meet any financial obligations of the Group without additional interest burden, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company on equal terms. Since the Rights Issue will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and therefore avoid dilution, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

Assuming full acceptance by the Qualifying Shareholders, the estimated net proceeds from the Rights Issue will be approximately HK\$258.6 million which will be used as follows:

- (i) approximately HK\$80.1 million, is intended for maintenance, renovation and upgrade of facilities in Jeju Shinhwa World, among which approximately HK\$24.6 million will be used during the year ending 31 December 2024, and approximately HK\$55.5 million will be used during the year ending 31 December 2025;

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- (ii) approximately HK\$19.9 million will be used for water supply construction for the development of Jeju Shinhwa World during the year ending 31 December 2025;
- (iii) approximately HK\$73.0 million is intended for the development of the Resort Business and the Gaming Business of the Group such as service enhancement, supply chain management, human resources development as well as sales and marketing activities, among which:
 - (a) HK\$ 8.2 million and HK\$11.2 million will be utilised for service enhancement, supply chain management, human resources development for the Resort Business during the year ending 31 December 2024 and 2025, respectively;
 - (b) HK\$ 8.2 million and HK\$14.1 million will be utilized for service enhancement for the Gaming Business during the year ending 31 December 2024 and 2025, respectively;
 - (c) HK\$ 7.9 million and HK\$7.7 million will be utilised for sales and marketing for the Resort Business during the year ending 31 December 2024 and 2025, respectively;
 - (d) HK\$ 6.9 million and HK\$8.8 million will be utilised for sales and marketing for the Gaming Business during the year ending 31 December 2024 and 2025, respectively;
- (iv) approximately HK\$50.0 million for interest expense during the year ending 31 December 2024; and
- (v) remaining of approximately HK\$35.6 million, for general working capital of the Company during the year ending 31 December 2024.

If the Rights Issue is undersubscribed and the size of the Rights Issue is reduced, the net proceeds are expected to be utilised in the above sequential order. The Board considers that the usage on maintenance, renovation and upgrade of facilities, and the water supply construction in Jeju Shinhwa World is a development plan as a whole and the plan will require over one year to implement and complete progressively. As the core business of the Group is an integrated resort development, where a wide range of amenities and amusements form the fundamental elements to achieve the Group's competitive advantages, maintaining and improving the facilities and construction of Jeju Shinhwa World is considered as the key to the Group's sustainability and success. Hence, it has a higher priority than the other intended usages. Besides, given the Rights Issue is expected to be completed in the third quarter of 2024 and the uncertainty of the operating environment of the Group, the Board considers that it is prudent and in the interests of the Company and the Shareholders as a whole to raise additional fund for use by the Group for the year ending 31 December 2025.

Nevertheless, in the event that there is any shortfall in net proceeds from the Rights Issue, the Company will evaluate the available options and consider to finance the shortfall by other means of financing, including but not limited to debt financing or equity fund raising such as placing of new shares, as and when appropriate.

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In view of the above, the Board considers that it is in the interests of the Company and the Shareholders as a whole to proceed with the Rights Issue.

FUND RAISING EXERCISE IN THE PRECEDING TWELVE-MONTH PERIOD

Set out below is the fundraising activities conducted by the Company during the past twelve months immediately prior to the Latest Practicable Date:

Date of announcement	Fund-raising activities	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
4 March 2024	Issue of new Shares under general mandate	HK\$28.5 million	The Company intended to use the net proceeds from the subscription of Shares under general mandate in the following manner: (i) approximately HK\$14 million for upgrade, repair and maintenance of the existing building, equipment and facilities within Jeju Shinhwa World, an integrated leisure and entertainment resort located in Jeju Island, South Korea owned and operated by the Group; (ii) approximately HK\$10 million for payment of interest expense; (iii) approximately HK\$4.5 million for sales and marketing promotion and advertising expense; and (iv) the remaining balance, if any, for general working capital.	The net proceeds from the subscription of Shares under general mandate has been used as follows: (i) approximately HK\$12.8 million has been used for upgrade, repair and maintenance of existing building, equipment and facilities within Jeju Shinhwa World as planned; (ii) approximately HK\$10 million has been used for payment of interest expense as planned; (iii) HK\$4.5 million has been used for sales and marketing promotion and advertising expenses as planned. The remaining unutilised proceeds will be utilised as intended and are expected to be fully utilised by the end of June 2024.

Save for the above and the Rights Issue, the Company has not engaged in any equity fund raising activities or any rights issue exercise during the past 12 months immediately before the Rights Issue Announcement.

LETTER FROM THE BOARD

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

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

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares, the Adjusted Shares or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Adjusted Shares and nil-paid Rights Shares.

LISTING RULES IMPLICATIONS

As the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the SGM by way of poll, in accordance with Rule 7.19A of the Listing Rules. Pursuant to Rule 7.27A(1) of the Listing Rules, where minority shareholders’ approval is required for a rights issue under Rule 7.19A of the Listing Rules, the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting the ordinary resolution to approve the Rights Issue at the SGM.

As at the date of the SGM, the Company has no controlling shareholders and no Directors or chief executive of the Company, and their respective associates are interested in any Shares. Accordingly, no Shareholder is required to abstain from voting in favour of the relevant resolution(s) of the Rights Issue at the SGM. At the SGM, the necessary resolutions approving, among other things, the Capital Reorganisation and the Rights Issue, were duly passed by the Shareholders by way of poll.

ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of
Shin Hwa World Limited
Chan Mee Sze
Acting Chairperson and Executive Director

I. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three financial years ended 31 December 2021, 2022 and 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (https://www.shw.com.hk/en/ir_reports.php):

- Annual report of the Company for the financial year ended 31 December 2023 (pages 82 to 220)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042501630.pdf>
- Annual report of the Company for the financial year ended 31 December 2022 (pages 78 to 220)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042500969.pdf>
- Annual report of the Company for the financial year ended 31 December 2021 (pages 72 to 224)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0426/2022042600734.pdf>

The management discussion and analysis of the Company for each of the financial years ended 31 December 2021, 2022 and 2023 are disclosed in the annual reports of the Company for the financial years ended 31 December 2021, 2022 and 2023 respectively.

II. INDEBTEDNESS

As at the close of business on 30 April 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the publication of this Prospectus, the Group had the following indebtedness:

- (a) Interest-bearing bank borrowings of approximately HK\$1,380,464,000; and
- (b) Lease liabilities of approximately HK\$4,033,000.

The interest-bearing bank borrowings amounted to HK\$1,380,464,000 were unguaranteed and secured by the Group's certain property, plant and equipment, investment properties, properties under development and completed properties for sale.

Save as aforesaid and apart from intra-group liabilities, normal trade and other payables and accruals in the ordinary course of business, as at the close of business on 30 April 2024, the Group did not have any debt securities issued and outstanding or agreed to be issued but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade payables) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, guarantees or material contingent liabilities.

III. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the financial resources presently available to the Group, including the existing borrowing facilities available, the existing cash and bank balances, and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

IV. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up, and up to and including the Latest Practicable Date.

V. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in development and operation of the integrated leisure and entertainment resort (the “**Resort Business**”), operation of gaming and entertainment facilities (the “**Gaming Business**”), and property development (the “**Property Development Business**”).

Looking forward, the Group will allocate its resources and focus on its business in Jeju Shinhwa World, South Korea. With the cease of the travel restrictions and control measure, the Board believes that the tourism industries in Jeju will gradually return to pre-pandemic level. To seize the opportunities for the rebound of tourism and to cope with the development of its Resort Business and Gaming Business, the Group has made progress and will continue its maintenance, renovation, and upgrading of facilities in Jeju Shinhwa World. The Group will also continue to make efforts in repositioning in marketing and service enhancements to offer better guests experience.

With respect to the Property Development Business, as disclosed in the annual report of the Company for the year ended 31 December 2023, the Group has appraised the feasibility of a further residential development in zone R of Jeju Shinhwa World. The Group expects that the new residential development may better utilise the use of land in Jeju Shinhwa World, thereby broadening the income stream of the Group in the long run.

Despite the positive expectation, the outlook for the Group’s business remains complicated by number of negative factors weigh on global economic activities, such as high interest rate, continual inflation as well as the ongoing geopolitical conflicts between Ukraine and Russia, and Gaza and Israel. It is believed that interest rates will remain high for some time which may dampen the rebound of the global economy, and the forthcoming years will remain challenging for the Group’s business. Taking these macro factors into consideration, the Group will remain cautious in capital commitments and will act prudently in future development and investment plans so as to maintain a healthy liquidity position of the Group. The Group will continue to evaluate its funding needs and financial position periodically and will explore fund raising and financing facilities if and when opportunities arise.

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

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Listing Rules is set out to illustrate the effects of the Rights Issue on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2023 as if the Rights Issue had been completed on 31 December 2023.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared for illustrative purpose 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 the owners of the Company immediately or any future date after the completion of the Rights Issue.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2023, as extracted from the published annual report for the year ended 31 December 2023 of the Company, and is adjusted for the effect of the Rights Issue.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2023	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue as at 31 December 2023	Audited consolidated net tangible assets of the Group attributable to the owners of the Company per Consolidated Share before completion of the Rights Issue	Unaudited pro forma of adjusted consolidated net tangible assets attributable to the owners of the Company per Consolidated Share immediately after completion of the Rights Issue
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>	<i>(Note 4)</i>
Based on 1,014,300,462 Right Shares to be issued at Subscription Price of HK\$0.26 per Rights Share	7,268,883	258,600	7,527,483	17.20	4.95

Notes:

- The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2023 is based on the consolidated net assets of the Group attributable to owners of the Company of approximately HK\$7,405,721,000, after deducting goodwill and other intangible assets of approximately HK\$136,838,000 as at 31 December 2023, extracted from the published annual report of the Group for the year ended 31 December 2023.

2. The estimated net proceeds from the Rights Issue are calculated based on gross proceeds of approximately HK\$263,700,000 from the issue of 1,014,300,462 Rights Shares at the Subscription Price of HK\$0.26 per Rights Share after deduction of the estimated professional fees and other related expenses payable by the Company of approximately HK\$5,100,000 attributable to the Rights Issue. The estimated net proceeds are approximately HK\$258,600,000.
3. The audited consolidated net tangible assets of the Group attributable to the owners of the Company per Consolidated Share before completion of the Rights Issue is determined based on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2023 of approximately HK\$7,268,883,000, divided by 422,625,231 Consolidated Shares which being adjusted for immediately after the Share Consolidation having become effective.
4. The unaudited pro forma of adjusted consolidated net tangible assets attributable to the owners of the Company per Consolidated Share immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue as at 31 December 2023 of approximately HK\$7,527,483,000, divided by 1,521,450,693 shares which comprise (i) 422,625,231 Consolidated Shares in issue as at 31 December 2023; (ii) 84,525,000 Consolidated Shares issued under general mandate on 20 March 2024; and (iii) 1,014,300,462 Rights Shares to be issued immediately after the completion of the Rights Issue.
5. 1,014,300,462 Rights Shares to be issued, which is calculated based on 4,226,252,310 Shares of the Company as at 31 December 2023 and additional 845,250,000 Shares of the Company issued under general mandate on 20 March 2024 and taking into account the Share Consolidation.
6. No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 31 December 2023.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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

**Moore CPA Limited**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF SHIN HWA WORLD LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shin Hwa World Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) consists of the unaudited pro forma statement of consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2023 and related notes as set out in Part A of Appendix II to the prospectus dated 27 June 2024 (the “**Prospectus**”) issued by the Company in connection with the proposed rights issue on the basis of two rights share for one adjusted share of the Company (the “**Rights Issue**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Part A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group's consolidated net tangible assets attributable to owners of the Company as at 31 December 2023 as if the Rights Issue had taken place on 31 December 2023. As part of this process, information about the Group's consolidated financial position as at 31 December 2023 has been extracted by the Directors from the annual report of the Company for the year ended 31 December 2023, dated 27 March 2024, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Management

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

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

Reporting Accountant's Responsibilities

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

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

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

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2023 would have been as presented.

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

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

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

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

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

Opinion

In our opinion:

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

Moore CPA Limited

Certified Public Accountants

Chu Mei Yue, Michelle

Practising Certificate Number: P05826

Hong Kong, 27 June 2024

1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL**(a) As at the Latest Practicable Date**

		<i>HK\$</i>
Authorised share capital:		
<u>1,000,000,000,000</u>	Adjusted Share of HK\$0.01 each	<u>10,000,000,000</u>
Issued and fully paid-up or credited as fully paid-up share capital:		
<u>507,150,231</u>	Adjusted Share of HK\$0.01 each	<u>5,071,502.31</u>

(b) Immediately following the completion of the Rights Issues (assuming there is no change in the total number of issued Shares from the date of the Announcement up to and including the Record Date)

		<i>HK\$</i>
Authorised share capital:		
<u>1,000,000,000,000</u>	Adjusted Share of HK\$0.01 each	<u>10,000,000,000</u>
Issued and fully paid-up or credited as fully paid-up share capital:		
<u>1,521,450,693</u>	Adjusted Share of HK\$0.01 each	<u>15,214,506.93</u>

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank pari passu in all respects among themselves and with the Adjusted Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares. 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.

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

As at the Latest Practicable Date, the Company had no other outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert into or subscribe for Shares and there was no share or loan capital of any member of the Group which was under option, or agreed conditionally or unconditionally to be put under option.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives of the Company

As at Latest Practicable Date, none of the Directors was a director or employee of a company which had interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO and none of the Directors, the chief executive of the Company nor their associates had any interests or short positions in the shares of the Company, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or the chief executive of the Company is taken or deemed to have under such provisions of the SFO); or (ii) to be entered into the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) to be notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(b) Interests of substantial Shareholders

As far as was known to any Director or chief executive of the Company, as at the Latest Practicable Date, the persons or companies (not being a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Nature of interests	Number of Adjusted Shares	Approximate shareholding percentage
Mr. Yang Zhihui (“ Mr. Yang ”)	Held by controlled corporation ⁽¹⁾	148,156,729	29.21%
Landing International Limited (“ Landing International ”)	Beneficial owner ⁽¹⁾	148,156,729	29.21%
Ms. Xu Ning (“ Ms. Xu ”)	Interest of spouse ⁽¹⁾	148,156,729	29.21%
Ms. Lam Pauline (“ Ms. Lam ”)	Held by controlled corporation ⁽²⁾	70,437,480	13.89%
	Beneficial owner ⁽²⁾	20,655,920	4.07%
Wealth Millennium Limited (“ Wealth Millennium ”)	Beneficial owner ⁽²⁾	70,437,480	13.89%
Ms. Zhang Tingting (“ Ms. Zhang ”)	Held by controlled corporation ⁽³⁾	84,525,000	16.67%
Resplendence Investment Development Limited (“ Resplendence ”)	Beneficial owner ⁽³⁾	84,525,000	16.67%

Notes:

- (1) Landing International, the entire issued share capital of which is held by Mr. Yang, is interested in 148,156,729 Adjusted Shares, representing approximately 29.21% of the total number of issued shares of the Company. Ms. Xu is the spouse of Mr. Yang. Under the SFO, Ms. Xu is deemed to be interested in the same number of Adjusted Shares in which Mr. Yang is interested in.
- (2) Wealth Millennium, the entire issued share capital of which is held by Ms. Lam, is interested in 70,437,480 Adjusted Shares. Together with 20,655,920 Adjusted Shares beneficially owned by Ms. Lam, Ms. Lam is deemed to be interested in a total of 91,093,400 Adjusted Shares, representing approximately 17.96% of the total number of issued shares of the Company.
- (3) Resplendence, the entire issued share capital of which is held by Ms. Zhang, is interested in 84,525,000 Adjusted Shares, representing approximately 16.67% of the total number of issued shares of the Company.

Save as disclosed above, so far as the Directors were aware, as at the Latest Practicable Date, there were no other persons who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. LITIGATION

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

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which would not expire or was not determinable within one year without payment of compensation, other than statutory compensation.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors had any business or interest that competes or may compete with the business of the Group and had any other conflict of interest with the Group.

7. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP

As at the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group. As at the Latest Practicable Date, save as disclosed in this Prospectus, none of the Directors had any interest, directly or indirectly, in any assets which have been, since 31 December 2023 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) of the Group have been entered into by the members of the Group during the period commencing two years preceding the date of this Prospectus which are or may be material:

- (a) the subscription agreement dated 1 March 2024 entered into between the Company, Resplendence Investment Development Limited and Ms. Zhang Tingting in relation to the subscription of 845,250,000 Existing Shares; and
- (b) the Underwriting Agreement.

9. EXPERT AND CONSENT

The following is the qualifications of the expert who has given opinion, letter or advice contained in this Prospectus:

Name	Qualifications
Moore CPA Limited	Registered Public Interest Entity Auditor

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which it appears.

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

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had been, since 31 December 2023 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Head Office and Principal Place of Business in Hong Kong	Units 1412-1413, 14th Floor, China Merchants Tower, Shun Tak Centre Nos. 168-200 Connaught Road Central Hong Kong
Authorised Representatives	Mr. Huang Wei Ms. Lam Suk Nga
Directors	<i>Executive Directors:</i> Ms. Chan Mee Sze (Acting Chairperson) Dr. Wong Hoi Po Mr. Huang Wei <i>Independent Non-executive Directors:</i> Mr. Li Chun Kei Mr. Shek Lai Him Abraham Mr. Du Peng

Company Secretary	Ms. Lam Suk Nga <i>Chartered Secretary, Chartered Governance Professional and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom</i>
Business address of Directors and the Authorised Representatives	Units 1412-1413, 14th Floor, China Merchants Tower, Shun Tak Centre Nos. 168-200 Connaught Road Central Hong Kong
Legal Advisers to the Company	Deacons 5th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Messis Capital Limited Room 1303, 13/F, OfficePlus@Wan Chai No. 303 Hennessy Road Wan Chai, Hong Kong
Auditor/Reporting Accountants of the Company	Moore CPA Limited Registered Public Interest Entity Auditor 801-806 Silvercord, Tower 1 30 Canton Road Tsimshatsui, Kowloon Hong Kong
Principal Bankers	KEB Hana Bank 35 Euljiro Jung-gu Seoul, South Korea Shinhan Bank 20 Sejong-daero 9-gil, Jung-gu Seoul, South Korea Woori Bank 51 Sogong-ro(Hoehyeon-dong 1-ga), Jung-gu, Seoul, South Korea
Principal Share Registrar and Transfer Office	4th Floor North Cedar House 41 Cedar Avenue Hamilton HM 12 Bermuda

Branch Share Registrar and
Transfer Office in Hong Kong

Tricor Standard Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

11. EXPENSES

The expenses in connection with the Rights Issue, including but not limited to the underwriting commission, printing, registration, translation, financial advisory, legal and accounting fees are estimated to be approximately HK\$5.1 million, subject to the final subscription, and are payable by the Company.

12. PARTICULARS OF DIRECTORS

Executive Directors

Ms. Chan Mee Sze (“**Ms. Chan**”), aged 49, has been an executive director of the Company since 1 September 2018 and the Acting Chairperson of the Board since 18 November 2022. She holds several directorships in certain subsidiaries of the Group as well. Ms. Chan obtained a Bachelor’s degree in Laws from the University of London and a Master’s degree in Business Administration from the University of Dundee, United Kingdom. Ms. Chan has been admitted to practice as a solicitor in England and Wales. She is also a chartered secretary, a chartered governance professional and a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Chan has extensive experience in corporate administration and corporate finance and she has over 13 years of experience as director of listed companies in Hong Kong.

Dr. Wong Hoi Po (“**Dr. Wong**”), aged 47, has been an executive director of the Company since 3 February 2020. Dr. Wong holds a Doctoral Degree in Business Administration, a Master’s Degree of Business Administration in Finance, and a Bachelor’s Degree in Accounting from the United States. He currently serves as Chief Financial Officer at Jeju Shinhwa World, the flagship integrated resort project of the Group, which is operated and developed by Landing Jeju Development Co., Ltd. (“**Landing Jeju**”). He served as Senior Vice President at Landing Jeju from 1 March 2019 to 5 January 2020. In addition, Dr. Wong holds several directorships in certain subsidiaries of the Group. Prior to joining Landing Jeju, he worked as Chief Financial Officer at Creative Brilliant Investment Company Limited, Macau from 2016 to 2019. Before 2016, Dr. Wong had worked as an executive director of finance at Venetian Macau Limited for 10 years. As an external auditor, he started his finance and accounting career for an accounting firm in the United States in 2000. With approximately 20 years of professional and practical experience in the field of accounting and finance, Dr. Wong also served as a part-time visiting associate professor at Macau University of Science & Technology, lecturing a number of business administration programs at the master’s degree level.

Mr. Huang Wei (“**Mr. Huang**”), aged 42, has been an executive director of the Company since 14 April 2021. He graduated from Zhongnan University of Economics and Law with bachelor degree of International Economics and Trading and obtained a master degree of Business Administration. Mr. Huang is responsible for the senior operation and management of hotels and theme parks of the Group. He also holds a directorship in a subsidiary of the Group. Mr. Huang was a director of Guanghe Landscape Culture Communication Co., Ltd, ShanXi (shares of which are listed on the Shanghai Stock Exchange, stock code: 600234) until October 2020. He has 20 years of experience in finance and travel industries.

Independent Non-Executive Directors

Mr. Li Chun Kei (“**Mr. Li**”), aged 40, has been an independent non-executive director of the Company since 15 January 2020. Mr. Li graduated from the University of Hull, United Kingdom with a Bachelor’s degree in Law in July 2007. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Li has over 10 years of experience in corporate finance and accounting. He also worked at PricewaterhouseCoopers from 2008 to 2011.

Mr. Shek Lai Him Abraham (“**Mr. Shek**”), aged 78, has been an independent non-executive Director of the Company since 14 August 2020. Mr. Shek graduated from the University of Sydney and holds a Bachelor of Arts Degree and a Diploma in Education. He was appointed as a Justice of the Peace in 1995 and was awarded the Silver Bauhinia Star and the Gold Bauhinia Star by the government of the Hong Kong Special Administrative Region (the “**HKSAR**”) in 2007 and 2013 respectively. Mr. Shek was a member of the HKSAR Legislative Council representing the Real Estate and Construction Functional Constituency from 2000 to 2021. He is a member of the Court and Council of The University of Hong Kong, an honorary member of Court of The Hong Kong University of Science & Technology, a court member of City University of Hong Kong and a court member of Hong Kong Metropolitan University.

Previously, Mr. Shek was the Chairman and an executive director of Goldin Financial Holdings Limited (shares of which were listed on the main board of the Stock Exchange, in liquidation and was delisted on 31 October 2023, stock code: 530). He is also an independent non-executive director of China Resources Building Materials Technology Holdings Limited (formerly known as China Resources Cement Holdings Limited) (stock code: 1313), Chuang’s China Investments Limited (stock code: 298), Chuang’s Consortium International Limited (stock code: 367), Cosmopolitan International Holdings Limited (stock code: 120), CSI Properties Limited (stock code: 497), Everbright Grand China Assets Limited (stock code: 3699), Far East Consortium International Limited (stock code: 35), Hao Tian International Construction Investment Group Limited (stock code: 1341), Alliance International Education Leasing Holdings Limited (formerly known as International Alliance Financial Leasing Co., Ltd) (stock code: 1563), ITC Properties Group Limited (stock code: 199), Lai Fung Holdings Limited (stock code: 1125), NWS Holdings Limited (stock code: 659) and Paliburg Holdings Limited (stock code: 617), all being listed public companies in Hong Kong. Mr. Shek is also an independent non-executive director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust (stock code: 2778)) and Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust (stock code: 1881)), both trusts are listed on the Stock Exchange.

During the last three years, Mr. Shek was an independent non-executive director of SJM Holdings Limited (stock code: 880), Lifestyle International Holdings Limited (shares of which were listed on the main board of the Stock Exchange, stock code:1212) and Country Garden Holdings Company Limited (stock code: 2007).

Mr. Du Peng (“**Mr. Du**”), aged 42, has been an independent non-executive Director of the Company since 12 March 2021. Mr. Du graduated from Zhongnan University of Economics and Law with a Doctoral degree of marketing in June 2009. He is the Professor of School of Business and Administration in Zhongnan University of Economics and Law , the Academic Director of MBA Education Centre and the Head of Department of Marketing. He has years of experience in marketing consultancy and training. In addition, Mr. Du is an independent director of Zhongbai Holdings Group Co., Ltd. (shares of which are listed on the Shenzhen Stock Exchange, stock code: 000759).

13. LEGAL AND BINDING EFFECT

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

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

A copy of each of the Prospectus Documents and the written consent as referred to the paragraph headed “9. Expert and Consent” in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

15. MISCELLANEOUS

- (a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) The English text of this Prospectus shall prevail over the respective Chinese text in the case of inconsistency.

16. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and on the website of the Company (http://www.shw.com.hk/en/ir_stock.php), for a period of 14 days from the date of this Prospectus:

- (a) the annual reports of the Company for the financial year ended 31 December 2021, 2022 and 2023;

- (b) the report from Moore CPA Limited on the unaudited pro forma financial information of the Group as set out in Appendix II to this Prospectus;
- (c) the material contracts referred to in the section headed “8. Material Contracts” in this appendix;
- (d) the written consent referred to in the section headed “9. Expert and Consent” in this appendix; and
- (e) the Prospectus Documents.