

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "14. Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Registrar of Companies in Hong Kong nor The Stock Exchange of Hong Kong Limited nor the Securities and Futures Commission of Hong Kong takes any no responsibility for the contents of any of the Prospectus Documents.

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

Subject to certain limited exceptions, this Prospectus does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or in any other jurisdiction in which such an offer or solicitation is unlawful. The securities mentioned herein have not been, and will not be, registered under the US Securities Act, and may not be offered or sold in the United States unless registered under the US Securities Act or pursuant to an exemption from, or in a transaction not subject to, registration under the US Securities Act. The Company has no intention to register under the US Securities Act any portion of the Rights Issue or any of the securities referred to herein or to conduct a public offering of securities in the United States.

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and the distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this Prospectus (including, without limitation, agents, custodians, nominees and trustees) should acquaint themselves with and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability. In particular, subject to certain exceptions as determined by the Company, the Prospectus Documents should not be distributed, forwarded to or transmitted in, into or from any jurisdiction where such release or distribution might be unlawful.



遠東控股國際有限公司
Far East Holdings International Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 36)

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

Financial adviser to the Company



Placing Agent to the Rights Issue



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

The Rights Issue will proceed on a non-underwritten basis. There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. The Rights Issue is subject to fulfilment of the conditions of the Rights Issue as set out in the section headed "Letter from the Board — Conditions of the Rights Issue" in this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Wednesday, 5 February 2025). If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

If the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid Rights Shares together with the ES Unsold Rights Shares will be placed to Independent Places under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Deals in the Rights Shares in the nil-paid form will take place from Friday, 3 January 2025 to Friday, 10 January 2025 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 3 January 2025 to Friday, 10 January 2025 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

The latest time for acceptance of and payment for the Rights Shares and for application is 4:00 p.m. on Wednesday, 15 January 2025. The procedure for acceptance and payment or transfer is set out on pages 20 to 21 of this Prospectus.

31 December 2024

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EXPECTED TIMETABLE

Events	Date
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Shares	9:00 a.m. on Friday, 3 January 2025
Original counter for trading in Shares in board lots of 6,000 Shares (in the form of new share certificates) re-opens	9:00 a.m. on Friday, 3 January 2025
Parallel trading in the Shares (in the form of both existing share certificates and new share certificates for the Shares) commences	9:00 a.m. on Friday, 3 January 2025
First day of dealings in nil-paid Rights Shares (in the new board lot size of 6,000 Rights Shares)	Friday, 3 January 2025
Latest time for splitting the PALs	4:30 p.m. on Tuesday, 7 January 2025
Last day of dealings in nil-paid Rights Shares	Friday, 10 January 2025
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Wednesday, 15 January 2025
Announcement of the number of the Unsubscribed Rights Shares and ES Unsold Rights Shares subject to the Placing	Wednesday, 22 January 2025
Commencement of the Placing Period (if there are any Unsubscribed Rights Shares and ES Unsold Rights Shares available)	Thursday, 23 January 2025
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the Shares.....	4:00 p.m. on Thursday, 23 January 2025
Temporary counter for trading in Shares in board lots of 300 Shares (in the form of existing share certificates) closes.....	4:10 p.m. on Thursday, 23 January 2025

EXPECTED TIMETABLE

Events	Date
Parallel trading in Shares (in the form of both existing share certificates and new share certificates for the Shares) ends.....	4:10 p.m. on Thursday, 23 January 2025
Latest date and time for free exchange of existing share certificates for the new share certificate of the Shares	4:00 p.m. on Monday, 27 January 2025
Latest time for placing of Unsubscribed Rights Shares and ES Unsold Rights Shares (if any)	4:00 p.m. on Monday, 3 February 2025
Latest time for the Rights Issue and the placing of Unsubscribed Rights Shares and ES Unsold Rights Shares to become unconditional.....	4:00 p.m. on Wednesday, 5 February 2025
Announcement of the results of the Rights Issue (including the results of the Placing and the Net Gain)	Tuesday, 11 February 2025
Despatch of share certificates of fully-paid Rights Shares and/or refund cheques, if any, in respect of wholly or partially unsuccessful applications or, if the Rights Issue does not become unconditional, refund cheques	Wednesday, 12 February 2025
First day of dealings in fully-paid Rights Shares in the new board lots of 6,000 Rights Shares commence.....	Thursday, 13 February 2025
Payment of Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholders (if any)	Thursday, 27 February 2025
<i>Note:</i> All times and dates in this timetable 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.	

EXPECTED TIMETABLE

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

The Latest Time for Acceptance will not take place if a tropical cyclone warning signal no. 8 or above, or “extreme conditions” or a “black” rainstorm warning is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 15 January 2025. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 15 January 2025. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place at 4:00 p.m. on Wednesday, 15 January 2025, the dates mentioned in the expected timetable may be affected. The Company will notify the Shareholders by way of announcement on any change to the expected timetable as soon as practicable.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 11 November 2024 in relation to, among other things, the Rights Issue and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday and public holiday) on which licensed banks in Hong Kong are open for general business
“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 3,000 Shares to 6,000 Shares
“Circular”	the circular of the Company dated 22 November 2024 in relation to, among other things, the Share Consolidation, the Change in Board Lot Size, the Rights Issue and the Placing
“Company”	Far East Holdings International Limited (遠東控股國際有限公司), a company incorporated in Hong Kong with limited liability whose issued shares are listed on the Stock Exchange (stock code: 36)
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the section headed “Letter from the Board — Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements” in this Prospectus
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company held on Friday, 13 December 2024 at which the Share Consolidation, the Rights Issue and the respective transactions contemplated thereunder were approved by the Shareholders or the Independent Shareholders (as the case may be)
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholders (if any) in nil-paid form that has/have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“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 People’s Republic of China
“Independent Placee(s)”	any placee(s) who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and none of the placees shall be a party acting in concert (as defined in the Takeovers Code) with any of them or other placees
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons
“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the beneficial owner’s shares with a CCASS participant

DEFINITIONS

“Last Trading Day”	Monday, 11 November 2024, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of the Announcement
“Latest Practicable Date”	23 December 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus prior to its publication
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 15 January 2025 or such later time or date as may be determined by the Company, being the latest time for acceptance of and payment for the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Wednesday, 5 February 2025, being the latest time to terminate the Placing Agreement
“Listing Committee”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agent and/or its sub-placing agent(s) under the Placing Agreement) under the Compensatory Arrangements
“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, and/or the Excluded Shareholders (if any)
“Old Share(s)”	ordinary share(s) in the share capital of the Company prior to the Share Consolidation having become effective
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong, if any
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue

DEFINITIONS

“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agent(s), to the Independent Placee(s) who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be Independent Third Party(ies), during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 11 November 2024 and entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and ES Unsold Rights Shares
“Placing Period”	the period commencing from Thursday, 23 January 2025 and ending at 4:00 p.m. on Monday, 3 February 2025
“PRC”	the People’s Republic of China, and for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	this prospectus dated 31 December 2024 to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Tuesday, 31 December 2024 or such other date as may be determined by the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Public Float Requirement”	the public float requirement under Rule 8.08(1)(a) and Rules 13.32(1) of the Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Monday, 30 December 2024 or such other date as may be determined by the Company, being the date for determining entitlements of the Shareholders to participate in the Rights Issue

DEFINITIONS

“Registrar”	the Company’s share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Rights Issue”	the rights issue on the basis of two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	up to 217,823,718 Shares to be allotted and issued pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Share Consolidation”	the consolidation of every ten (10) issued and unissued Old Shares into one (1) Share
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.334 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“United States” or “US”	The United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights
“US Securities Act”	the US Securities Act of 1933, as amended
“%”	per cent.

LETTER FROM THE BOARD



遠東控股國際有限公司
Far East Holdings International Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 36)

Executive Directors:

Mr. Cheung Sze Ming
Ms. Li Kai Lai, Miranda

Non-executive Director:

Mr. Zhu Weiwen

Independent non-executive Directors:

Mr. Mak Ka Wing, Patrick
Mr. Lam Wai Hung
Mr. Lam Cheung Shing, Richard

Registered office:

Unit D1, 8/F.
Kingston International Centre
19 Wang Chiu Road
Kowloon Bay, Hong Kong

31 December 2024

*To the Qualifying Shareholders and,
for information only, the Excluded Shareholders (if any)*

Dear Sir or Madam,

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

INTRODUCTION

References are made to the Announcement and the Circular in relation to, among other matters, the Rights Issue and the Placing. On 11 November 2024, the Company proposed to raise gross proceeds of up to approximately HK\$72.75 million (assuming full subscription under the Rights Issue) by way of a rights issue of up to 217,823,718 Rights Shares at the Subscription Price of HK\$0.334 per Rights Share on the basis of two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholder(s) (if any).

At the EGM, the resolution approving the Rights Issue and the transactions contemplated thereunder was duly passed by the Independent Shareholders by way of poll. Kingston Finance Limited (holding 3,861,000 Old Shares as at the date of the EGM, representing approximately 0.35% of the issued share capital of the Company immediately prior to the Share Consolidation having become effective) and Turbo Kingdom International Limited (holding 50,384,000 Old

LETTER FROM THE BOARD

Shares as at the date of the EGM, representing approximately 4.63% of the issued share capital of the Company immediately prior to the Share Consolidation having become effective), each being an associate of Mrs. Chu Yuet Wah (who is considered to be interested in the Rights Issue), had abstained from voting on the resolution approving the Rights Issue at the EGM.

The purpose of this Prospectus is to provide you with, among other things, (i) further details of the Rights Issue; (ii) financial information of the Group; (iii) unaudited pro forma financial information of the Group; and (iv) other general information of the Group.

RIGHTS ISSUE

Rights Issue statistics

Basis of the Rights Issue	:	two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.334 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	108,911,859 Shares
Number of Rights Shares	:	up to 217,823,718 Rights Shares
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	up to 326,735,577 Shares (assuming that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue	:	approximately HK\$72.75 million before expenses (assuming full subscription under the Rights Issue)
Net proceeds from the Rights Issue	:	approximately HK\$69.55 million after expenses (assuming full subscription under the Rights Issue)
Net price (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	approximately HK\$0.3193 per Rights Share
Rights of excess application and underwriter	:	There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten.

LETTER FROM THE BOARD

Compensatory Arrangements : Any Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed to Independent Placees on a best effort basis under the Compensatory Arrangements.

Any of the Rights Shares which remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

As at the Latest Practicable Date, the Company did not hold any treasury shares. As at the Latest Practicable Date, the Group had no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible into or giving rights to subscribe for, convert or exchange into any Shares.

The 217,823,718 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 200.00% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 66.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

The Company had approached Kingston Securities Limited (i.e. the Placing Agent) to underwrite the Rights Issue. However, it agreed only to take up the role of Placing Agent to place down the Unsubscribed Rights Shares and the ES Unsold Rights Shares, if any, on a best effort basis. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent declined the offer to be an underwriter after considering various factors that, among others, the Placing Agent has recently been more inclined to be a placing agent rather than an underwriter during a period of a weak capital market sentiment.

In addition, the Company had also approached two other local securities houses but was informed that they had no interest in underwriting the Rights Issue notwithstanding the theoretical dilution effect being close to the maximum of 25% given that the Group is still loss making and has a high gearing ratio.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed to Independent Placees on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up

LETTER FROM THE BOARD

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

As at the Latest Practicable Date, the Board has not received any information or undertaking from any substantial shareholders of their intention in relation to the Rights Shares to be provisionally allotted to them under the Rights Issue.

Subscription Price

The Subscription Price of HK\$0.334 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 7.22% to the closing price of HK\$0.3600 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) discount of approximately 35.77% to the theoretical closing price of HK\$0.5200 per Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.0520 per Old Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 35.27% to the theoretical average closing price of approximately HK\$0.5160 per Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.0516 per Old Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 37.10% to the theoretical average closing price of approximately HK\$0.5310 per Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.0531 per Old Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 15.66% to the theoretical ex-rights price of approximately HK\$0.3960 per Share (after taking into account the effect of the Share Consolidation), based on the theoretical closing price of HK\$0.5200 per Share (after taking into account the effect of the Share Consolidation, based on the closing price of HK\$0.0520 per Old Share as quoted on the Stock Exchange on the Last Trading Day);

LETTER FROM THE BOARD

- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 23.85%, represented by the theoretical diluted price of approximately HK\$0.3960 per Share to the theoretical benchmarked price of HK\$0.5200 per Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.0520 per Old Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the date of the Announcement of approximately HK\$0.0518 per Old Share); and
- (vii) a discount of approximately 80.59% to the consolidated net asset value per Share of approximately HK\$1.7204 (based on the consolidated net asset value of the Company as at 30 June 2024 of approximately HK\$187.37 million and the total number of issued Shares after the Share Consolidation, which was 108,911,859 Shares).

The Subscription Price was determined by the Company with reference to (i) the prevailing market conditions and weak market sentiment of the capital market in Hong Kong as mentioned below; (ii) the prevailing market price of the Shares; (iii) low liquidity of the Shares for the six months preceding the Last Trading Day with the average daily trading volume of approximately 443,834 Shares, representing approximately 0.04% of the total number of issued Shares as at the Last Trading Day; (iv) the financial position of the Group, in particular, the loss for the year ended 31 December 2023 attributable to owners of the Company of approximately HK\$72.85 million; (v) the high gearing ratio as at 30 June 2024 of approximately 776% (which was calculated by dividing total debts (including the bank borrowing, loan from a non-controlling interest and other loans) over the equity attributable to owners of the Company) as shown in the interim report of the Company for the six months ended 30 June 2024; and (vi) the reasons for and benefits of the Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” below in this prospectus.

There is a weak market sentiment of the capital market in Hong Kong recently. The Hang Seng Index, which represents the most widely quoted indicator of the performance of the Hong Kong stock market, stood at 16,788 points on 2 January 2024 and increased to 20,926 points on 8 October 2024, with the liquidity of the capital market shooting up to HK\$11.26 billion. However, as at the Last Trading Day, although the Hang Seng Index remains around 20,426 points, the liquidity of the capital market has significantly decreased to HK\$3.65 billion.

The Board noted the relatively large discount of the Subscription Price as mentioned above. In order to assess the fairness and reasonableness of the terms of the Rights Issue, the Board has identified an exhaustive list of 25 rights issue transactions (the “**Comparables**”) announced by other companies listed on the Stock Exchange during the period from 1 July 2024 to the Last Trading Day (the “**Comparable Review Period**”), excluding those rights issue transactions that have been terminated or lapsed. Although the Comparables having rights issue on different bases, engaged in different business or with different financial performance and funding needs, having considered that (i) all of the Comparables and the Company are listed on the Stock Exchange; (ii) the analysis is mainly concerned with the principal terms of the rights issues; (iii) an approximately four months period for selection of the Comparables having generated a reasonable sampling size to reflect the market practice regarding rights

LETTER FROM THE BOARD

issue in the recent period; and (iv) the Comparables were sorted out without filtering so the Comparables represent a complete picture of the recent market trends for similar rights issue transactions conducted by other issuers listed on the Stock Exchange, the Board considers the list of Comparables to be representative. In addition, the Board considers that the Comparable Review Period is adequate and fair and representative given that (i) such period would provide the Shareholders with the recent and relevant information in relation to the rights issues to demonstrate the prevailing market practices prior to the Last Trading Day under the prevailing market conditions; and (ii) the Board is able to identify sufficient number of samples of 25 representative Comparables that meet the aforesaid criteria for comparison analysis in such period.

LETTER FROM THE BOARD

Set out below is an exhaustive list of the Comparables announced during the Comparable Review Period:

Company	Stock code	Date of initial announcement	Rights Issue basis	Expected maximum gross proceeds HK\$ million	Premium/(discount) of the subscription price to the closing price per share on the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "5-Day Discount") %	Premium/(discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately up to and including the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "10-Day Discount") %	Premium/(discount) of the subscription price to the average closing price per share for the last ten consecutive trading days immediately up to and including the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "10-Day Discount") %	Premium/(discount) of the subscription price to the theoretical price per share based on the benchmarked price in relation to the respective rights issue (the "TERP Discount") %	Premium/(discount) of the subscription price to the net assets attributable to owners of the Company in relation to the respective rights issue (the "NAV Discount") %	Theoretical dilution effect (the "Dilution Effect") %	Excess application/Compensatory arrangements	Placing commission
Tonking New Energy Group Holdings Limited	8326	2/7/2024	1 for 2	40.90	(41.18)	(41.18)	(41.18)	(33.30)	(69.70)	11.76%	Compensatory arrangements	HK\$100,000 or 1% (whichever is higher)
Guan Chao Holdings Limited	1872	12/7/2024	4 for 1	172.80	(29.08)	(29.08)	(13.98)	(4.76)	(89.86)	20.07%	Compensatory arrangements	0.75%
Trendon Holdings Group Limited	1865	19/7/2024	4 for 1	102.00	(14.30)	(17.40)	(17.40)	(4.30)	(93.70)	14.60%	Compensatory arrangements	1%
Roma (Meta) Group Limited	8072	22/7/2024	3 for 1	25.30	(23.08)	(24.24)	(Note 6)	(7.41)	(97.23)	18.18%	Compensatory arrangements	HK\$100,000 + 1.25%
Emperor International Holdings Limited	163	31/7/2024	1 for 2	459.70	(30.60)	(31.50)	(Note 6)	(23.60)	(96.10)	10.50%	Excess application	N/A
Asia Television Holdings Limited	707	2/8/2024	1 for 2	71.24	(46.80)	(46.80)	(45.70)	(37.00)	(Note 3)	15.60%	Compensatory arrangements	HK\$100,000 + 2%
Beijingwest Industries International Limited	2339	22/8/2024	1 for 2	48.20	(13.85)	(13.85)	(15.58)	(9.68)	(88.72)	4.62%	Excess application	N/A
Guangdong — Hong Kong Greater Bay Area Holdings Limited	1396	2/9/2024	1 for 2	62.41	(22.03)	(21.77)	(26.63)	(15.85)	(90.50)	8.28%	Excess application	N/A
China New Consumption Group Limited	8275	4/9/2024	1 for 2	24.00	(5.66)	(7.41)	(9.09)	(4.76)	(61.09)	2.47%	Compensatory arrangements	HK\$250,000 or 3.5% (whichever is higher)
Crown International Corporation Limited	727	9/9/2024 (Note 4)	1 for 2	155.40	12.25	12.25	8.34	—	156.52	(Note 5)	Excess application	N/A
Shuang Century Holdings Limited	103	13/9/2024	1 for 5	129.25	10.00	8.20	7.84	8.20	(62.50)	6.80%	Excess application	N/A
Dragon Rise Group Holdings Limited	6839	13/9/2024	1 for 1	28.80	(48.70)	(48.20)	(61.70)	(33.10)	(89.20)	24.90%	Compensatory arrangements	HK\$100,000 or 1.0% (whichever is higher)
Shougang Fushan Resources Group Limited	639	23/9/2024	1 for 30	427.00	1.96	2.52	2.04	1.90	(21.21)	0.06%	Excess application	N/A
Hatchet Group Limited	8365	23/9/2024	3 for 1	32.10	(31.50)	(24.00)	(22.40)	(10.40)	(84.10)	23.60%	Compensatory arrangements	0%
Innovax Holding Limited	2080	26/9/2024	1 for 2	12.00	(67.35)	(68.35)	(70.13)	(59.02)	(83.59)	22.78%	Compensatory arrangements	1%
China National Culture Group Limited	845	21/10/2024	2 for 1	15.60	(31.97)	(31.31)	(25.93)	(13.29)	(Note 6)	21.31%	Compensatory arrangements	2%
Panda Group Holdings Limited	8179	4/10/2024	1 for 2	71.70	(18.70)	(19.42)	(19.83)	(13.29)	(66.10)	6.23%	Excess application	N/A
V & V Technology Holdings Limited	8113	8/10/2024	1 for 2	24.20	(31.51)	(26.04)	(18.30)	(23.47)	(32.23)	10.50%	Excess application	N/A
Emmence Enterprise Limited	616	15/10/2024	2 for 1	62.20	(8.00)	(24.34)	(25.99)	(2.85)	(98.98)	21.30%	Excess application	N/A
Goodi Holdings Limited	1676	18/10/2024	1 for 2	30.80	37.90	38.90	30.30	12.10	(65.50)	—	Compensatory arrangements	1%
Kingsley Financial International (Holdings) Limited	1468	18/10/2024 (Note 7)	1 for 2	417.51	(2.56)	(6.17)	(2.49)	(Note 6)	87.58	2.06%	Excess application	N/A
China 33 Media Group Limited	8087	21/10/2024	3 for 2	19.40	(7.41)	(8.54)	(9.64)	(3.23)	(Note 6)	5.12%	Compensatory arrangements	HK\$100,000 or 1.5% (whichever is higher)
IRC Limited	1029	22/10/2024	1 for 2	362.09	(15.00)	(17.20)	(20.40)	(10.50)	(67.30)	4.90%	Excess application	N/A
Yuzhou Group Holdings Company Limited	1628	31/10/2024	49 for 100	112.20	(73.68)	(72.99)	(73.86)	(65.27)	(Note 3)	24.23%	Excess application	N/A
China Water Industry Group Limited	1129	6/11/2024	1 for 1	93.68	(49.85)	(49.54)	(49.54)	(33.20)	(93.95)	24.92%	Compensatory arrangements	2%
Minimum				12.00	(73.68)	(72.99)	(73.68)	(65.27)	(98.98)	0.00%		
Mean				62.41	(20.00)	(24.00)	(18.30)	(10.45)	(88.59)	11.13%		
Max				459.70	37.90	38.90	30.30	12.10	156.52	24.92%		
Average				120.02	(22.16)	(22.10)	(22.61)	(16.11)	(58.21)	12.70%		
The Company				72.75	(35.77)	(35.27)	(37.10)	(15.66)	(80.59)	23.85%	Compensatory arrangements	2.5%

Source: the website of the Stock Exchange

Notes:

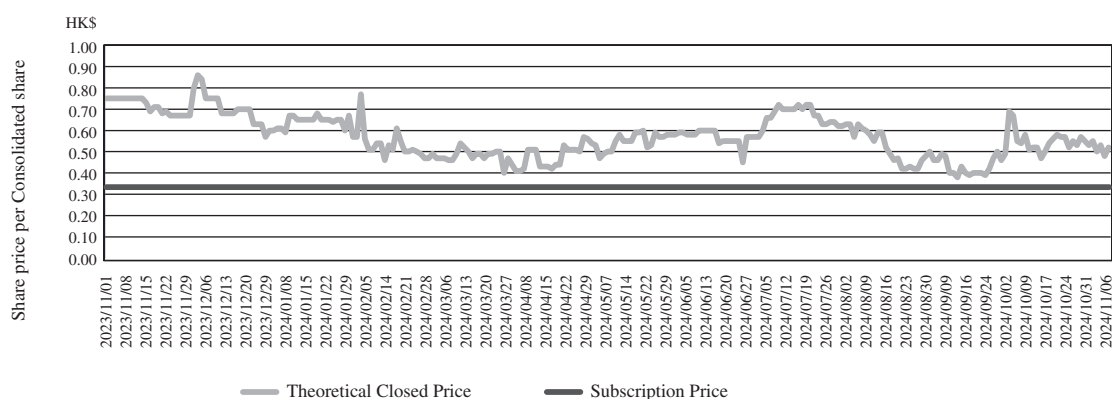
- The dilution effect represented by the theoretical diluted price per share of the respective Comparables to the theoretical benchmarked price per share of the respective Comparables (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the last trading day of per share of the respective Comparables and the average closing prices per share of the respective Comparables as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the publication of the announcement.
- It represented a discount to the theoretical benchmarked price per consolidated share (after taking into account the effect of the share consolidation) based on the benchmarked price per existing share.
- The company was in a net deficit position based on the information disclosed in its announcement.
- The company announced a classification announcement on 10 September 2024 in relation to the classification on the subscription price and the results of such classification.
- Based on the announcement of the Company, the rights issue was in compliance with the theoretical dilution limit under Rule 7.27B of the Listing Rules but no disclosure on the percentage of the theoretical dilution effect.
- No disclosure was made on the announcement.
- The Company announced a supplemental announcement on 4 November 2024 in relation to the revision of the subscription price.

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It is observed that the discounts of the LTD Discount, 5-Day Discount, 10-Day Discount, TERP Discount and the NAV Discount of approximately 35.77%, 35.27%, 37.10%, 15.66% and 80.59%, respectively, are within the market range of the Comparables. The discounts are lower than the minimum of the respective Comparables which are approximately 73.68%, 72.99%, 73.86%, 65.27% and 98.98% and higher than the median of the respective Comparables, which are approximately 20.00%, 24.00%, 18.30%, 10.45% and 88.59%, respectively. The discounts are also higher than most of the average of the respective Comparables of approximately of 22.16%, 22.10%, 22.61%, 16.11% and 58.21%, respectively. The theoretical dilution effect of approximately of 23.85% is similar with the maximum of the Comparables of approximately of 24.92%. The Board believes that it is reasonable to offer discount for the Subscription Price to promote its attractiveness given the generally thin average daily trading volume for the six months preceding the Last Trading Day as mentioned above.

In order to assess the fairness and reasonableness of the Subscription Price, the Board has performed a review on the theoretical closing prices of the Share (after taking into account the effect of the Share Consolidation) from 1 November 2023 to the Last Trading Day (the “**Share Price Review Period**”) (being a period of approximately 12 months prior to and including the Last Trading Day) and compared with the Subscription Price. The Board considered that the Share Price Review Period is a reasonably long period covering the annual operating cycle of the Company for analysis purpose to illustrate the general trend and level of movement of the theoretical closing price of the Old Shares and thus the Share Price Review Period is fair and representative to reflect the market assessment on the financial performance of the Group and the general market sentiment.

Chart 1: Historical theoretical closing prices of the Old Shares during the Share Price Review Period



Source: website of the Stock Exchange

As shown in Chart 1, the theoretical closing price of the Old Shares during the Share Price Review Period showed a decreasing trend in general from the highest theoretical closing price of HK\$0.860 per Old Share on 4 December 2023 to the lowest theoretical closing price of HK\$0.380 on 13 September 2024, which represents a decrease of approximately 55.81%. The average theoretical closing price over the Share Price Review Period is approximately HK\$0.571 per Old Share.

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During the Share Price Review Period, there were 253 trading days in total. However, there were 88 trading days with no trading record for the Existing Shares. The percentage of the average daily trading volume of the Old Shares over total number of Old Shares in issue were in the range of approximately 0.0033% to approximately 0.1101% with an average of approximately 0.0330%. Given that the theoretical closing price of the Old Shares showed a decreasing trend in general and the trading liquidity of the Old Shares was relatively thin during the Share Price Review Period as discussed above, the Board considered that it is reasonable for the Subscription Price to be set at an attractive discount to the prevailing closing prices of the Shares in order to raise the fund amount as discussed in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” below.

In addition, the Board considers, despite the potential dilution impact of the proposed Rights Issue of approximately 23.85% on the shareholding of the Shareholders, 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, after taking into account that (i) the Rights Issue under the non-underwritten basis is in compliance with the Listing Rules; (ii) the Company had used its best endeavors to approach three securities firms to act as underwriters but all of them declined the offers; (iii) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (iv) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; (v) the proceeds from the Rights Issue can fulfil the funding needs of the Group; and (vi) the reasons for and benefits of the of the Rights Issue as mentioned in the section headed “Reasons for and benefits of the Rights Issue and use of Proceeds” below.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the avoidance of doubt, unless Qualifying Shareholders submit their requests in writing to the Company for printed copies of the Prospectus, the Company will send the Prospectus to Qualifying Shareholders in electronic form, while the PAL will be sent in printed copies.

For the Excluded Shareholders, the Company will send copies of the Prospectus in electronic form to them for their information only, but no PAL will be sent to the Excluded Shareholders.

To qualify for the Rights Issue, a Shareholder must at the close of business on the Record Date: (i) be registered on the register of members of the Company; and (ii) not be an Excluded Shareholder.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.

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Rights of Overseas Shareholders

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue. The Company will send this Prospectus (without the PAL) to the Excluded Shareholders for their information only.

As at the Latest Practicable Date, there were 24 Overseas Shareholders with the following shareholding structure:

Jurisdiction	Number of Overseas Shareholder(s)	Aggregated number of Shares held by Overseas Shareholder(s) in the jurisdiction	Approximate % of the issued share capital of the Company <i>(Note)</i>
Australia	1	10	0.0000%
Canada	1	184	0.0002%
PRC	1	440	0.0004%
United Kingdom	3	17	0.0000%
Macau	14	3,282	0.0030%
Philippines	1	117	0.0001%
United States	3	162	0.0001%
	<u>24</u>	<u>4,212</u>	<u>0.0039%</u>

Note: The percentage figures have been subject to rounding adjustment. Any discrepancies between totals and sums of amount listed herein are due to rounding adjustment.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company has made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. Based on the results of such enquiries obtained from the legal advisers of Canada engaged by the Company as at the Latest Practicable Date, the Directors are of the view that it is necessary or expedient not to offer the Rights Shares (in their nil-paid and fully paid forms) to Overseas Shareholders located in Canada and the United States due to the time and costs involved in the registration or filing of the Prospectus Documents and/or any required approvals by the relevant authorities in Canada and the United States and/or additional steps the Company and/or Overseas Shareholders need to take to comply with the relevant legal or regulatory requirements therein. Accordingly, the Overseas Shareholders whose registered addresses on the Record Date were in Canada or the United States are treated as Excluded Shareholders and therefore will not be entitled to participate in the Rights Issue.

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On the other hand, based on the results of such enquiries obtained from the legal advisers of the relevant jurisdictions engaged by the Company as at the Latest Practicable Date, the Directors consider that as there are no legal restrictions under the laws of or the requirements of the relevant regulatory bodies or stock exchange in Australia, the PRC, the United Kingdom, Macau and the Philippines with respect to the offer of the Rights Shares to the Overseas Shareholders with registered addresses in such jurisdictions as at the Latest Practicable Date, the Directors have decided to extend the Rights Issue to the Overseas Shareholders having registered addresses in Australia, the PRC, the United Kingdom, Macau and the Philippines and such Overseas Shareholders are considered as Qualifying Shareholders.

As the register of members of the Company had already been closed as at the Latest Practicable Date and will remain closed up to the Record Date, there will be no additional Overseas Shareholder and save for the Overseas Shareholders with registered addresses in Canada and the United States, there were no Excluded Shareholder on the Record Date.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Excluded Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company.

It is the responsibility of any person (including, without limitation, a nominee, agent and trustee) receiving the Prospectus Documents outside Hong Kong and wishing to take up the Rights Shares to satisfy themselves as to the full compliance with the laws of the relevant jurisdictions including the obtaining of any governmental or other consents and observing other formalities which may be required in such jurisdictions, and to pay any taxes, duties and other amounts required to be paid in such jurisdictions in connection therewith. Any acceptance of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that such local laws, regulations and requirements of the relevant territory or jurisdiction have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, the above representation and warranty. If you are in any doubt as to your position, you should consult a professional adviser.

Notwithstanding any other provision in this Prospectus or the PAL, the Company reserves the right to permit any Shareholder to take up his/her/its rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions as to the offer and issue of the Rights Shares. If the Company is so satisfied, the Company will, if requested, arrange for the relevant Shareholder to be sent a PAL.

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Receipt of any of the Prospectus Documents or the crediting of nil-paid Rights to a stock account in CCASS does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, the relevant Prospectus Document(s) must be treated as sent for information purposes only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of any of the Prospectus Documents or whose stock account in CCASS is credited with nil-paid Rights should not, in connection with the Rights Issue, distribute or send the same to, or transfer nil-paid Rights to any Excluded Shareholder. If a PAL is received by, or any nil-paid Rights are credited to any stock account in CCASS of, any person in any such territory (or his/her/its agent or nominee), he/she/it should not take up such nil-paid Rights, transfer the PAL, or transfer the nil-paid Rights credited to any stock account in CCASS unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this Prospectus or a PAL to any Excluded Shareholder (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

Basis of provisional allotment

The basis of the provisional allotment shall be two (2) Rights Shares for every one (1) Share in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. There will be no excess application arrangements in relation to the Rights Issue.

No fractional entitlements to the Rights Shares

On the basis of provisional allotment of two (2) Rights Shares for every one (1) Share held on the Record Date, no fractional entitlements to the Rights Shares shall arise under the Rights Issue. No odd lot matching services in relation to the Rights Issue will be provided.

Procedures for acceptance and payment or transfer

A PAL will be sent to the Qualifying Shareholder(s) in printed form which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by not later than 4:00 p.m. on Wednesday, 15 January 2025 (or, under bad weather conditions and/or extreme conditions, such later time or date as mentioned in the section headed "**EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**" in the

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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 “**FAR EAST HOLDINGS INTERNATIONAL LIMITED**” and crossed “**ACCOUNT PAYEE ONLY**”. It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Wednesday, 15 January 2025, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Tuesday, 7 January 2025 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, 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 cashier’s orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier’s order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier’s order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier’s order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” below are not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed. Under such circumstances, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Wednesday, 12 February 2025.

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

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Beneficial owners' instructions to their Intermediary

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

Status of the Rights Shares

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

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

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Wednesday, 12 February 2025. Refund cheques, if the Rights Issue is terminated, are expected to be posted on or before Wednesday, 12 February 2025 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

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

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to Independent Places for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 11 November 2024 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Independent Places on a best effort basis.

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Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares during the Placing Period to Independent Placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Monday, 3 February 2025, subscribers for all (or as many as possible) of those Unsubscribed Rights Shares and ES Unsold Rights Shares. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

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

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

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

Details of the Placing Agreement are summarised as follows:

Date	:	11 November 2024 (after trading hours of the Stock Exchange)
Issuer	:	The Company
Placing Agent	:	Kingston Securities Limited, a corporation licensed to engage in type 1 (dealing in securities) regulated activity under the SFO, was appointed as the Placing Agent to procure, on a best effort basis, Independent Placees to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares during the Placing Period.

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To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Placing Agent is ultimately controlled by Mrs. Chu Yuet Wa, who is a substantial shareholder of a subsidiary of the Company. Therefore, the Placing Agent is an associate (as defined in the Listing Rules) of Mrs. Chu Yuet Wa and is a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules.

- Placing Period : The period commencing from Thursday, 23 January 2025 and ending at 4:00 p.m. on Monday, 3 February 2025.
- Commission and expenses : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong Dollars, of 2.5% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent and/or its sub-placing agent(s) pursuant to the terms of the Placing Agreement. Assuming none of the Qualifying Shareholders has taken up their entitled Rights Shares and all Unsubscribed Rights Shares and the ES Unsold Rights Shares have been placed by the Placing Agent, the total placing commission will be approximately HK\$1.82 million in cash to be deducted from the gross proceeds of the Rights Issue.
- Placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and the ES Unsold Rights Shares shall be not less than the Subscription Price.

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

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Placees : The Unsubscribed Rights Shares and the ES Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and none of the placees shall be a party acting in concert (as defined in the Takeovers Code) with any of them or other placees.

The Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing. The Company will continue to comply with the Public Float Requirement upon completion of the Placing and the Rights Issue.

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

Conditions of the Placing Agreement : The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:

- (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;
- (ii) the Share Consolidation and Change in Board Lot Size having become effective;
- (iii) the passing of all necessary resolutions to be proposed at the EGM to be convened to consider and, approve, among others, the Share Consolidation, the Rights Issue and the respective transactions contemplated thereunder;

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- (iv) all necessary consents and approvals to be obtained on the part of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;
- (v) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion of the Placing Agreement; and
- (vi) the Placing Agreement not having been terminated accordance with the provisions thereof.

Save for condition (v) which may be waived by either party by notice in writing to the other party, none of the above conditions is capable of being waived.

The condition (v) above being waivable may confer flexibility on the parties to proceed with completion of the Placing despite any minor breach of the representations, warranties or undertakings under the Placing Agreement, if any, which would not have any material adverse impact on the Rights Issue and/or the Placing. That said, neither party to the Placing Agreement intended to waive condition (v) above as at the Latest Practicable Date.

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In the event that the above condition precedents have not been fulfilled or waived (as the case may be) on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the approvals from the Board and the board of directors of the Placing Agent authorising the entering into of the Placing Agreement, there were no consents and approvals as mentioned in condition (iv) above being required to be obtained by the Placing Agent and/or the Company in respect of the Placing Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, save for conditions (i), (ii) and (vi), other conditions have been fulfilled or waived (as the case may be).

Termination : Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Unsubscribed Rights Shares and the ES Unsold Rights Shares or otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

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- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industry, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or

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- (v) any breach of any of the representations and warranties given by the Company as set out in the Placing Agreement having come to the knowledge of the Placing Agent or any event having occurred or any matter having arisen on or after the date of the Placing Agreement and prior to the completion of the Rights Issue which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (vi) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Basis of the placing commission

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

To assess the fairness and reasonableness of the placing commission under the compensatory arrangements under the Rights Issue, the Board identified an exhaustive list of 13 placing comparables (the "**Placing Comparables**") during the Comparable Review Period (excluding 12 Comparables that were involved in excess application for the rights issue, as opposed to the case where the Company provides Compensatory Arrangements). Details of the Comparables (including the Placing Comparables) are set out in the paragraph headed "Subscription Price" under the section headed "Rights Issue".

Having considered that (i) all of the Placing Comparables and the Company are listed on the Stock Exchange; (ii) the analysis is mainly concerned with the placing commission; (iii) an approximately four months period for the selection of the Comparables has generated a reasonable sampling size to reflect the market practice regarding the compensatory arrangements under rights issues in the recent period; and (iv) the Placing Comparables were directly sorted out in the Comparable Review Period without filtering such that the Placing Comparables represent a complete picture of the recent market practice on the placing commission payable by the company under the compensatory arrangements as compared to the

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rights issue transactions conducted by other issuers listed on the Stock Exchange, the Board considers the list of Placing Comparables to be representative. In addition, the Board considers that the Comparable Review Period is adequate and fair and representative given that (i) such period would provide the Shareholders with the recent and relevant information in relation to the compensatory arrangements under the rights issues to demonstrate the prevailing market practices prior to the Last Trading Day under the prevailing market conditions; and (ii) the Board is able to identify sufficient number of samples of 13 representative Placing Comparables that meet the aforesaid criteria for comparison analysis in such period.

Based on the 13 Placing Comparables, the expected maximum gross proceeds from the Placing Comparables ranged from HK\$12.00 million to HK\$172.80 million, with an average of approximately HK\$51.43 million, where the size of the fundraising of the Company is within the range of the Placing Comparables. Among the Placing Comparables, the placing agent of the subject companies for the relevant rights issue charged a commission ranging from nil to 3.5%, or with a minimum charge ranging from HK\$100,000 to HK\$250,000. The commission of 2.5% charged by the Placing Agent is within the range of the Placing Comparables. The Board (including the independent non-executive Directors) consider that the terms of Placing Agreement in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (including the placing commission) are (i) fair and reasonable; (ii) on normal commercial terms or better; and (iii) in the interests of the Company and its Shareholders as a whole.

As explained above, the Unsubscribed Rights Shares and the ES Unsold Rights Shares will be placed by the Placing Agent and/or its sub-placing agent(s) to Independent Placees on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and ES Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

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

- (i) the arrangements are in compliance with the requirements under Rule 7.21(1)(b) of the Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and ES Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by the licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the placing Shares. The terms and the conditions of the Placing Agreement (including the placing commission) are normal commercial terms or better, are in the best interest of the Company and the Shareholders as a whole; and

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

Application for listing of the Rights Shares

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 their nil-paid and fully-paid forms. 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.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the new board lot size of 6,000 Rights Shares.

Rights Shares will be eligible for admission into CCASS

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

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

Stamp duty and other applicable fees

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

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, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales 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.

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Conditions of the Rights Issue

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

- (i) the passing of all the necessary resolution(s) at the EGM to be convened to consider and, approve, among others, the Share Consolidation, the Rights Issue and the respective 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);
- (ii) the Share Consolidation and the Change in Board Lot Size having become effective;
- (iii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of the Prospectus Documents each duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolutions of the Directors (and all other documents required to be attached hereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date;
- (iv) the Prospectus Documents are made available to the Qualifying Shareholders and the Prospectus and a letter in the agreed form are made available to the Excluded Shareholders, if any, for information purpose explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (v) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares in their nil-paid and fully-paid forms;
- (vi) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events; and
- (vii) compliance with the requirements under the applicable laws and regulations of Hong Kong.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed. As at the Latest Practicable Date, save for the above condition (i), other conditions have not been fulfilled.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of the conditions of the Rights Issue set forth above. In the event that the Rights Issue is not fully subscribed and provided the Placing Agreement has not been terminated in

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accordance with the provisions thereof, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid Rights Shares together with the ES Unsold Rights Shares will be placed to Independent Placées on a best effort basis under the Compensatory Arrangements. In the event of any Unsubscribed Rights Shares or ES Unsold Rights Shares which are not placed under the Compensatory Arrangements, the Rights Issue will continue to proceed but such Unsubscribed Rights Shares or ES Unsold Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Meanwhile, in the event that the Rights Issue is not fully subscribed and the Placing Agreement is terminated for whatever reasons, the Rights Issue will not proceed.

For the avoidance of doubt, given the Placing will be proceeded on a best effort basis, there is no guarantee that all the Unsubscribed Rights Shares or ES Unsold Rights Shares could eventually be successfully placed by the Placing Agent.

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

The Company is an investment holding company mainly engaged in property investment. The Company operates its business through two segments, comprising the property investment segment and the securities investment segment. The property investment segment focuses on commercial units located in Hong Kong, while the securities investment segment is involved in short term securities investment.

Assuming full subscription under the Rights Issue, the gross proceeds from the Rights Issue will be approximately HK\$72.75 million and the relevant expenses would be approximately HK\$3.20 million. The net subscription price per Rights Share is expected to be approximately HK\$0.3193. Accordingly, the maximum net proceeds (after deducting the estimated expenses) of the Rights Issue are estimated to be approximately HK\$69.55 million.

The Company intends to use approximately HK\$44.00 million (representing approximately 63.26%) of the net proceeds from the Rights Issue for the partial repayment of a loan due to Mrs. Chu Yuet Wah (“**Mrs. Chu**”) (who is a substantial shareholder of a subsidiary of the Company), while the remaining HK\$25.55 million (representing approximately 36.74%) will be used for the Group’s general working capital.

In the event that there is an undersubscription of the Rights Issue, the use of proceeds raised from the Rights Issue will be allocated on a pro-rata basis for the purpose as disclosed above, i.e., (i) approximately 63.26% of the net proceeds from the Rights Issue will be used for the partial repayment of a loan due to Mrs. Chu; and (ii) approximately 36.74% of the net proceeds from the Rights Issue will be used for the Group’s general working capital.

Funding needs of the Group

According to the Company’s interim report for the six months ended 30 June 2024, the Group’s total assets amounted to approximately HK\$867.51 million, which were financed by current liabilities of approximately HK\$680.13 million and capital and reserves of approximately HK\$187.37 million. The gearing ratio, expressed as a percentage of total debts (including the bank borrowing, loan from a non-controlling interest and other loans) to equity

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attributable to owners of the Company was 776% as at 30 June 2024, representing an increase of approximately 606.9% compared to the gearing ratio of 169.1% as at 31 December 2023. However, the Group's current assets as at 30 June 2024, which mainly included held-for trading investment and bank balance and cash, were approximately HK\$4.83 million only.

As mentioned in the Announcement, there was a loan in the amount of approximately HK\$49.43 million with interest rate of 15% per annum falling due. Such loan has been extended to a maturity date falling on 9 January 2026, on the condition that part of the net proceeds (i.e., approximately HK\$44.00 million if the Rights Issue is fully-subscribed; or approximately 63.26% of the net proceeds if the Rights Issue is undersubscribed) from the Rights Issue will be used to settle the loan upon the completion of the Rights Issue. The loan will be repaid wholly or partly upon completion of Rights Issue on or before 12 February 2025 based on the use of proceeds as mentioned above. In view of the Group's bank balance and cash of approximately HK\$0.63 million as at the Latest Practicable Date, the Directors consider that there is a need for the Group to raise funds to lower its debts and maintain its working capital.

In the event that the Rights Issue is not fully-subscribed, as at the Latest Practicable Date, the Company has no plan or intention to conduct other fundraising activities in the next twelve (12) months. However, the Board cannot rule out the possibility that the Company may conduct further debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Group. The Company will make further announcement(s) in this regard in accordance with the Listing Rules as and when appropriate.

Rights Issue as the preferred fund raising activity of the Group

The Board has considered various ways of raising funds and believes that the Rights Issue is the most efficient way in terms of time and costs for the Company. The Board considers it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs.

The Board has considered other fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, given high gearing ratio of the Group, debt financing may not be achievable on favourable terms in a timely manner. As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue and offer Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease

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their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

The Board considers that the terms of the Rights Issue are fair and reasonable and raising funds through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

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

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders; and (iii) immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholders and the Unsubscribed Rights Shares and the ES Unsold Rights Shares have been placed by the Placing Agent, for illustration purposes only:

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming no acceptance by all Qualifying Shareholders and the Unsubscribed Rights Shares and the ES Unsold Rights Shares have been placed by the Placing Agent	
	<i>No. of issued Shares</i>	<i>%</i>	<i>No. of issued Shares</i>	<i>%</i>	<i>No. of issued Shares</i>	<i>%</i>
Shareholders						
Public shareholders	108,911,859	100.00	326,735,577	100.00	108,911,859	33.33
Independent Placees	—	—	—	—	217,823,718	66.67
Total	<u>108,911,859</u>	<u>100.00%</u>	<u>326,735,577</u>	<u>100.00%</u>	<u>326,735,577</u>	<u>100.00%</u>

Note:

- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

The public float requirement under Rule 8.08 of the Listing Rules shall be fulfilled by the Company at all times. The Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 8.08 of the Listing Rules.

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FUND RAISING EXERCISE IN THE PAST 12 MONTHS

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

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

Dealings in the Rights Shares in nil-paid form in the board lot size of 6,000 Rights Shares are expected to take place from Friday, 3 January 2025 to Friday, 10 January 2025 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Please refer to the section headed “Conditions of the Rights Issue” in this Prospectus above.

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

Any Shareholder or other person dealings in the Shares and/or the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional 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).

ADDITIONAL INFORMATION

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

For and on behalf of
Far East Holdings International Limited
Cheung Sze Ming
Executive Director

A. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 December 2021, 2022 and 2023 and the financial information of the Group for the six months ended 30 June 2024 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.0036.com.hk/>), respectively:

- annual report of the Company for the year ended 31 December 2021 from pages 46 to 104 published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042901396.pdf>);
- annual report of the Company for the year ended 31 December 2022 from pages 48 to 104 published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0420/2023042001789.pdf>);
- annual report of the Company for the year ended 31 December 2023 from pages 68 to 134 published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0418/2024041800855.pdf>);
- interim report of the Company for the six months ended 30 June 2024 from pages 14 to 36 published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0925/2024092500922.pdf>)

B. STATEMENT OF INDEBTEDNESS

At the close of business on 30 November 2024, being the latest practicable date for the purpose of ascertaining this indebtedness statement prior to the date of this prospectus, the details of the Group's indebtedness are as follows:

Bank borrowing

As at 30 November 2024, the Group had outstanding guaranteed bank borrowing of approximately HK\$390,024,000. The bank borrowing was secured by an investment property of the Group.

Amount due to a non-controlling interest and loan from a non-controlling interest

As at 30 November 2024, the Group had outstanding amount of due to a non-controlling interest of approximately HK\$60,296,000 and loan from a non-controlling interest of approximately HK\$152,700,000, which were unguaranteed and unsecured.

Other loans

As at 30 November 2024, the Group had outstanding other loans due to Mrs. Chu of approximately HK\$51,385,000, which were unguaranteed and unsecured.

Leases liabilities

As at 30 November 2024, the Group had total lease liabilities of approximately HK\$598,000 of which current portion was approximately HK\$165,000 and non-current portion was approximately HK\$433,000.

Save as aforesaid and apart from intra-group liabilities and normal trade payables and other payables and accruals in the ordinary course of business, at the close of business on 30 November 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.

C. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that, taking into account the financial resources available to the Group, the currently available facilities, and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this Prospectus.

D. MATERIAL ADVERSE CHANGE

As disclosed in note 4 of the notes to the condensed consolidated financial statements set out in the interim report of the Company for the six months ended 30 June 2024, the Group's fair value loss on investment properties amounted to approximately HK\$485.20 million.

Save as disclosed above, as at the Latest Practicable Date, the Directors confirmed that there has been no material adverse change in the financial or trading position of the Company since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is an investment holding company mainly engaged in property investment. The Company operates its business through two segments, comprising the property investment segment and the securities investment segment. The property investment segment is focus on commercial units located in Hong Kong, while the securities investment segment is involved in short term securities investment.

For the year ended 31 December 2023, the Group recorded revenue of approximately HK\$9.3 million, representing an increase of approximately 97.9% as compared to the same period of last year of approximately HK\$4.7 million due to a higher number of vacant units being rented. The Group's loss attributable to owners of the Company was approximately HK\$72.9 million (2022: HK\$68.8 million). The loss and total comprehensive income of the

Group for the year ended 31 December 2023 was approximately HK\$122.6 million (2022: HK\$108.0 million), which was mainly attributable to the increase in finance costs during the year.

Property investment

The portfolio of investment properties comprises commercial units located in Hong Kong. According to the Hong Kong Property Review 2024 issued by Rating and Valuation Department of The Government of the Hong Kong Special Administrative Region in April 2024, the overall sale market was subdued across all property sub-sectors in Hong Kong, with prices falling and trading activities shrinking during 2023. The carrying amount of the investment properties were amounted to approximately HK\$1,331.8 million as at 31 December 2023 and approximately HK\$846.6 million as at 30 June 2024. The decrease in the carrying amount represented a fair value loss of approximately HK\$485.2 million, which mainly comprised a fair value loss of approximately HK\$470 million (representing approximately 96.87% of the total fair value loss) from Silver Fortune Plaza, a commercial podium (shop) and office located at No. 1 Wellington Street, Central, Hong Kong. The fair value loss was calculated based on the valuation report as at 30 June 2024, prepared by the independent valuer using the direct comparison approach. The Group recorded rental income of approximately HK\$9.3 million for the year ended 31 December 2023.

Management of the Company reviews its investment properties and tenants portfolio from time to time with aims to generate stable income to the Group and for capital appreciation. Management will diversify its tenant mix, if necessary, in order to minimize the financial impact to the Group. In addition, the Group will seek to optimise the composition of the property portfolio based on the outlook of the property market and expand the property portfolio with suitable additional investment properties. The Group will also investigate with reference to the rate of returns and market price to identify for any potential disposals.

Securities investment

During the year ended 31 December 2023, the Group recorded fair value gain on held-for-trading investments of approximately HK\$3.2 million.

Prospects

Looking ahead, with the full reopening of the economies of the nearby areas, the resumption of the economic activity and the growth in consumer confidence, demand for rental properties is expected to rise, resulting in quicker occupancy rates for the vacant units. As such, it will have a positive impact to the Group's property investment. It was also expected that the Group's rental income will be increased in the coming future as well as the fair value of investment properties and held-for-trading investments.

The Group is devoted to increasing the occupancy rate of the properties and looking for potential acquisition/disposal of properties to generate stable income and capital appreciation from the properties. In view of the above, management will closely monitor

the investment portfolio and capture opportunities in a prudent manner and balance investment risks of the Group. As at the Latest Practicable Date, there was no definitive plan for acquisition/disposal.

The demand for office space, particularly from retail business, entertainment enterprises, financial institutions and professional services companies, should increase and may lead to a better performance of the Group's financial results in future.

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

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial positions at the relevant time.

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 as if the Rights Issue had been completed on that date.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2024, as extracted from the unaudited condensed consolidated financial statements for the six months ended 30 June 2024 set out in the published interim report of the Company, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company had the Rights Issue been completed as at 30 June 2024 or at any future date.

Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 HK\$'000 (Note 1)	Estimated net proceeds from the Rights Issue HK\$'000 (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 HK\$'000	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2024 before the Share Consolidation and the completion of the Rights Issue HK\$ (Note 4)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2024 immediately after the Share Consolidation and the completion of the Rights Issue HK\$ (Note 5)
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Based on 217,823,718
Rights Shares to be
issued at the
Subscription Price of
HK\$0.334 per Rights
Share

<u>76,273</u>	<u>69,551</u>	<u>145,824</u>	<u>0.07</u>	<u>0.45</u>
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Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 is extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 set out in the published interim report of the Company, which is based on the unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2024.
2. The Board proposes to implement the Share Consolidation on the basis that every ten issued Old Shares in the share capital of the Company will be consolidated into one consolidated Share. As at 30 June 2024, there were 1,089,118,593 Old Shares in issue. The number of consolidated Shares in issue upon the Share Consolidation becoming effective will be 108,911,859 consolidated Shares in issue assuming that no change in the number of Old Shares in issue from 30 June 2024 until the effective date of Share Consolidation.

3. The estimated net proceeds from the Rights Issue are based on the issuance of 217,823,718 Rights Shares (according to the number of consolidated Shares disclosed in Note 2) at HK\$0.334 each, after deducting the estimated cost directly attributable to the Rights Issue of approximately HK\$3,202,000 to be incurred by the Group assuming full subscription under the Rights Issue or placed by the Placing Agent.
4. The unaudited consolidated net tangible assets of Group attributable to the owners of the Company per Share as at 30 June 2024 before the Share Consolidation and the completion of the Rights Issue is calculated based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 of approximately HK\$76,273,000 divided by 1,089,118,593 Shares (according to the number of Old Shares disclosed in Note 2) which represents Shares in issue as at 30 June 2024.
5. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2024 immediately after the Share Consolidation and the completion of the Rights issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 of approximately HK\$145,824,000 divided by 326,735,577 Shares in issue upon completion of the Share Consolidation and Rights Issue as at 30 June 2024, which comprises 108,911,859 consolidated Shares in issue as at 30 June 2024 according to the number of Shares before the Rights Issue and 217,823,718 Rights Shares to be issued under the Rights Issue.
6. Save as disclosed in the above notes, no adjustments have been made to reflect any trading or other transactions of the Group entered into subsequent to 30 June 2024.

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

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

To the directors of Far East Holdings International Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Far East Holdings International Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 and related notes as set out on pages 2 to 3 of Appendix II of the Company’s prospectus dated 31 December 2024 (the “**Prospectus**”) in connection with the proposed rights issue of the Company on the basis of two rights shares for every one consolidated share held on the record date (the “**Proposed Rights Issue**”). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Rights Issue on the Group's consolidated financial position as at 30 June 2024 as if the Proposed Rights Issue had taken place at 30 June 2024. As part of this process, information about the Group's consolidated financial position has been extracted by the directors of the Company from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2024, on which an interim report (with no audit or review report) has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company 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, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company 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 a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity 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 Proposed Rights Issue at 31 December 2024 would have been as presented.

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

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

The procedures selected depend on the reporting accountants’ judgement, having regard to the reporting accountants’ understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company 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.

BDO Limited

Certified Public Accountants

Hong Kong

31 December 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. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests in the Company or its associated Corporations

As at the Latest Practicable Date, none of the Directors or chief executive of the Company and their respective associates had interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers in Appendix C3 to the Listing Rules.

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

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, none of the Director was a Director or employee of a company which had an interest or short position in the Shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, the Directors are not aware of any person (other than Directors or chief executive of the Company) who, as at the Latest Practicable Date, had any interest, directly or indirectly, or short position in the Shares and underlying Shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. DIRECTORS' INTERESTS IN CONTRACT AND ASSET

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2023, the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

There was no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

4. DIRECTORS' SERVICE CONTRACTS

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

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

6. LITIGATION

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

7. MATERIAL CONTRACT

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

- (i) the Placing Agreement entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Independent Placees at the placing price of not less than the Subscription Price (i.e., HK\$0.334) on a best effort basis during the Placing Period, pursuant to which the Company shall pay to the Placing Agent a placing commission in Hong Kong Dollar, of 2.5% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent and/or its sub-placing agent(s) pursuant to the terms of the Placing Agreement.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this Prospectus or has given opinion, letters or advice contained in this Prospectus:

Name	Qualification
BDO Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letters and the 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 in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

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

9. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming the Rights Issue is not fully-subscribed and any Unsubscribed Rights Shares and ES Unsold Rights Shares are placed by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be up to approximately HK\$3.20 million, which are payable by the Company.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors

Executive Directors

Mr. Cheung Sze Ming
Ms. Li Kai Lai, Miranda

Non-executive Director

Mr. Zhu Weiwen

Independent Non-executive Directors

Mr. Mak Ka Wing, Patrick
Mr. Lam Wai Hung
Mr. Lam Cheung Shing, Richard

Audit committee	Mr. Lam Wai Hung (<i>Chairman</i>) Mr. Mak Ka Wing, Patrick Mr. Lam Cheung Shing, Richard
Remuneration committee	Mr. Lam Cheung Shing, Richard (<i>Chairman</i>) Mr. Mak Ka Wing, Patrick Mr. Lam Wai Hung
Nomination committee	Mr. Mak Ka Wing, Patrick (<i>Chairman</i>) Mr. Lam Wai Hung Mr. Lam Cheung Shing, Richard
Investment committee	Mr. Cheung Sze Ming (<i>Chairman</i>) Mr. Lam Wai Hung Ms. Li Kai Lai, Miranda
Registered office	Unit D1, 8/F. Kingston International Centre 19 Wing Chiu Road Kowloon Bay, Hong Kong
Authorised representatives	Mr. Cheung Sze Ming Mr. Zhu Weiwen
Business address of all Directors and authorised Representatives	Unit D1, 8/F. Kingston International Centre 19 Wing Chiu Road Kowloon Bay, Hong Kong
Company secretary	Mr. Cheung Sze Ming (<i>HKICPA, FCCA</i>)
Share registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712–1716 17th Floor, Hopewell Centre 183 Queen’s Road East Wan Chai Hong Kong
Principal banker	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong The Bank of East Asia, Limited 10 Des Voeux Road Central Central Hong Kong

Auditor	BDO Limited 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
Legal adviser to the Company as to Hong Kong laws	Michael Li & Co. Rooms 1901A, 1902 & 1902A, 19/F New World Tower I 16–18 Queen’s Road Central Central, Hong Kong
Placing Agent	Kingston Securities Limited 72/F., The Center 99 Queen’s Road Central Central, Hong Kong

11. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Cheung Sze Ming (“Mr. Cheung”)

Mr. Cheung, aged 55, joined the Group in February 2023 as an executive Director, the chief financial officer, the company secretary and was appointed as the chairman of the investment committee of the Company. Mr. Cheung has over 30 years of working experience from an international audit firm and public listed companies. Mr. Cheung is currently an executive director, the company secretary and the chief financial officer of Affluent Partners Holdings Limited (stock code: 1466) since April 2018, a company listed on the Stock Exchange, an independent non-executive director of Ocean Line Port Development Limited (stock code: 8502) since November 2020, a company listed on the GEM of the Stock Exchange and Yuk Wing Group Holdings Limited (stock code: 1536) since January 2024, which is listed on the Stock Exchange.

Mr. Cheung holds a bachelor’s degree in Accountancy from the Hong Kong Polytechnic University. He is also a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He had spent about 8 years in an international audit firm and was an audit manager before he left the firm. Thereafter, Mr. Cheung has held different senior positions in various public listed companies. He was an executive director and chief financial officer of Dingyi Group Investment Limited (stock code: 508), from October 2011 to March 2018, and an independent non-executive director of Great Wall Terroir Holdings Limited (stock code: 524), from March 2021 to November 2024, which are both listed on the Stock Exchange.

Ms. Li Kai Lai, Miranda (“Ms. Li”)

Ms. Li, aged 50, joined the Group in December 2024 as an executive Director and the member of the investment committee of the Company. Ms. Li obtained a Diploma in Computer Programming and Analysis from Seneca College of Applied Arts and Technology in Canada in June 2004. She has more than 15 years of experience in corporate management. From 2009 to 2014, she was a director of Soho Workstation Limited, a private company which was dissolved by deregistration in January 2018, and was mainly responsible for formulating marketing strategies and working on ad-hoc projects related to business centre field. From 2009 to 2022, she was a director of Trusty Surveyors Limited, mainly responsible for rental related service to tenants and assisting with lease renewal. Since November 2010, she has also been a director of Soho Funds Investment Limited, mainly responsible for providing a spectrum of yachting solutions, including insurance, berthing, captains and crew, management and emergency support services for luxury yacht charter. From 2018 to 2022, she was an independent non-executive director of Hing Ming Holdings Limited (stock code: 8425) which is listed on GEM of the Stock Exchange.

Since January 2021, Ms. Li has been an executive director of Yuk Wing Group Holdings Limited (stock code: 1536) which is listed on the Stock Exchange.

Non-executive Director

Mr. Zhu Weiwen (“Mr. Zhu”)

Mr. Zhu, aged 46, joined the Group in March 2023 as an executive Director and was re-designated as non-executive director in February 2024. Mr. Zhu obtained a Master of Business Administration degree from the National University of Singapore. Mr. Zhu has over 10 years of working experience in managerial positions from companies in the Mainland China and Australia in the areas of technology, dairy production and mining. Mr. Zhu is currently an executive director and a general manager of Ganzhou Shifeng Mining Company Limited* (贛州市鑫豐礦業有限責任公司) since July 2011 and an executive director and a general manager of Xiamen Zhengrong Investment Company Limited* (廈門正嶸投資有限公司) since August 2012. He also had been the chairman of Australia Deloraine Dairy Pty Ltd from January 2016 to April 2019 and was an executive director and a general manager of Xiamen Oriental Hong Yu Technology Company Limited* (廈門東方虹宇科技有限公司) from May 2004 to May 2024. (*The English translation of the Chinese names are for identification purpose only.)

Independent non-executive Directors

Mr. Mak Ka Wing, Patrick (“Mr. Mak”)

Mr. Mak, aged 60, joined the Group in July 2017 and was appointed as an independent non-executive Director, the chairman of the nomination committee and a member of each of the audit committee and remuneration committee of the Company. Mr. Mak is a registered solicitor of the High Court of Hong Kong and Managing Partner of Patrick Mak & Tse, Solicitors. Mr. Mak has over 20 years’ legal experience in the legal

field. He was awarded the Common Professional Examination Certificate in Laws by the University of Hong Kong in 1995 and was awarded his Postgraduate Certificate in Laws (P.C.LL) by the University of Hong Kong in 1998.

Mr. Mak is currently an independent non-executive director of Macau Legend Development Limited (stock code: 1680), the securities of this company are listed on the Main Board of the Stock Exchange.

Mr. Mak was an independent non-executive director of Fresh Express Delivery Holdings Group Co., Limited (stock code: 1175) (“**Fresh Express**”) from July 2013 to December 2021, the securities of Fresh Express were listed on the Main Board of the Stock Exchange and delisted on 9 February 2023.

Mr. Lam Wai Hung (“Mr. Lam”)

Mr. Lam, aged 44, joined the Group in September 2022 and was appointed as an independent non-executive Director, the chairman of audit committee and a member of each of the nomination committee and the remuneration committee of the Company. Mr. Lam holds a Bachelor of Accounting and Finance Degree from Leeds Metropolitan University and is a member of the Association of Chartered Certified Accountants. He had been working in various companies listed on the Stock Exchange, and was responsible for works related to financial management, corporate finance, merger and acquisition, investor relationship and corporate governance. Mr. Lam is currently an executive director of NOVA Group Holdings Limited (stock code: 1360) whose securities are listed on the Main Board of the Stock Exchange. Mr. Lam is currently an independent non-executive director of Kin Shing Holdings Limited (stock code: 1630) whose securities are listed on the Main Board of the Stock Exchange.

Mr. Lam is currently an independent non-executive director of Smart City Development Holdings Limited (formerly known as Deson Construction International Holdings Limited) (stock code: 8268) whose securities are listed on GEM of the Stock Exchange. Mr. Lam was an independent non-executive director of Jimu Group Limited (stock code: 8187) for the period from 25 May 2021 to 14 January 2022 whose securities are listed on GEM of the Stock Exchange.

Mr. Lam Cheung Shing, Richard (“Mr. Lam”)

Mr. Lam, aged 66, joined the Group in November 2023 and was appointed as an independent non-executive Director, the chairman of the remuneration committee and a member of each of the audit committee and nomination committee of the Company. Mr. Lam is a fellow member of Hong Kong Institute of Certified Public Accountants and was admitted to the Master Degree of Business Administration in the Chinese University of Hong Kong in 2006. Mr. Lam spent over ten years in PricewaterhouseCoopers, an international accounting firm and promoted to a senior audit manager, and is equipped with extensive experience in accountancy, taxation and corporate finance.

Mr. Lam was the deputy chairman and chief executive officer of EverChina Int'l Holdings Company Limited (stock code: 202), whose shares are listed on the Main Board of the Stock Exchange from the period from June 2009 to October 2023 and is now a senior consultant of EverChina Int'l Holdings Company Limited. Mr. Lam is currently an independent non-executive director of Lajin Entertainment Network Group Limited (stock code: 8172), whose shares are listed on the GEM of the Stock Exchange. He is also an independent non-executive director of China Water Industry Group Limited (stock code: 1129) and Legend Strategy International Holdings Group Company Limited (stock code: 1355), whose shares are listed on the Main Board of the Stock Exchange.

Mr. Lam held senior positions in a number of listed companies in Hong Kong, including Sun Hung Kai & Co., Limited, Kingsway SW Asset Management Limited and U-Cyber Technology Holdings Limited. Besides, Mr. Lam was appointed as either an independent non-executive director or an executive director in various companies whose shares are listed on the Main Board of the Stock Exchange during the period from 2001 to 2014, including Eagle Legend Asia Limited, Kai Yuan Holdings Limited and China Pipe Group Limited.

12. AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) is principally responsible for reviewing with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal control system, and financial reporting matters including the review of the consolidated financial statements. As at the Latest Practicable Date, the Audit Committee comprises three independent non-executive Directors, namely, Mr. Lam Wai Hung (chairman of the Audit Committee), Mr. Mak Ka Wing, Patrick and Mr. Lam Cheung Shing, Richard. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “11. Particulars of the Directors and senior management” in this appendix.

13. BINDING EFFECT

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

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

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed “8. Expert and Consent” in this appendix, have been registered by the Registrar of Companies in Hong Kong as required by Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

15. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk/>) and the Company (<https://www.0036.com.hk/>) during the period of 14 days from the date of this Prospectus:

- (i) the Placing Agreement;
- (ii) the letter from the Board, the text of which is set out on pages 9 to 36 of this Prospectus;
- (iii) the accountant's report on the unaudited pro forma financial information of the Group issued by BDO Limited, the text of which is set out in Appendix II to this Prospectus;
- (iv) the material contract(s) referred to in the paragraph headed "7. Material contract" of this appendix;
- (v) the written consent referred to in paragraph headed "8. Expert and consent" of this appendix; and
- (vi) the Prospectus Documents.

16. MISCELLANEOUS

- (i) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) As at the Latest Practicable Date, there was no contract for the hire or hire purchase of plant to or by any member of the Group for a period of over one year which are substantial in relation to the Group's business.
- (iii) As at the Latest Practicable Date, the Group had no exposure to foreign exchange Liabilities.
- (iv) In the event of any inconsistency, the English texts of this Prospectus and the PAL shall prevail over their respective Chinese texts.