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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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

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**FUTURE WORLD HOLDINGS LIMITED**  
**未來世界控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 572)**

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

**Underwriter**



**Central Wealth Securities Investment Limited**  
**中達證券投資有限公司**

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



**INCU Corporate Finance Limited**

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A notice convening the EGM to be held at 2/F Meeting Room, Prudential Hotel, 222 Nathan Road, Tsim Sha Tsui, Kowloon, HK on Tuesday, 29 August 2023 at 11:00 a.m., is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed. Such form of proxy is also published on the website of the Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk).

Whether or not you intend to attend and vote at the EGM in person or any adjournment thereof, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

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

10 August 2023

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## EXPECTED TIMETABLE

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

### Expected Timetable

**2023**

|                                                                                                                            |                                                  |
|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| Latest time for lodging transfers of the Shares to qualify for attendance and voting at the EGM . . . . .                  | 4:30 p.m., on<br>Wednesday, 23 August            |
| Register of members of the Company closes (both days inclusive) . . . .                                                    | Thursday, 24 August to<br>Tuesday, 29 August     |
| Latest time for lodging proxy forms for the EGM . . . . .                                                                  | 11:00 a.m. – Sunday, 27 August                   |
| Record date for attendance and voting at the EGM . . . . .                                                                 | Tuesday, 29 August                               |
| Expected date of the EGM to approve the Rights Issue . . . . .                                                             | 11:00 a.m. Tuesday, 29 August                    |
| Announcement of the poll result of the EGM . . . . .                                                                       | Tuesday, 29 August                               |
| Register of members of the Company re-opens . . . . .                                                                      | Wednesday, 30 August                             |
| Last day of dealings in the Shares on a cum-rights basis relating to the Rights Issue . . . . .                            | Tuesday, 5 September                             |
| First day of dealings in the Shares on an ex-rights basis . . . . .                                                        | Wednesday, 6 September                           |
| Latest time for lodging transfer of Shares in order to qualify for the Rights Issue . . . . .                              | 4:30 p.m., on<br>Thursday, 7 September           |
| Closure of Register of members of the Company to determine eligibility of the Rights Issue (both days inclusive) . . . . . | Friday, 8 September to<br>Thursday, 14 September |
| Record Date for determining entitlements to the Rights Issue . . . . .                                                     | Thursday, 14 September                           |
| Register of members of the Company re-opens . . . . .                                                                      | Friday, 15 September                             |
| Despatch of Prospectus Documents (in the case of Excluded Shareholders, the Prospectus only) . . . . .                     | Monday, 18 September                             |

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## EXPECTED TIMETABLE

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### Expected Timetable

**2023**

|                                                                                                                                                                                                                                                 |                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| First day of dealing in nil-paid Rights Shares . . . . .                                                                                                                                                                                        | Wednesday, 20 September               |
| Latest time for splitting of the PAL . . . . .                                                                                                                                                                                                  | 4:30 p.m., on<br>Friday, 22 September |
| Last day of dealing in nil-paid Rights Shares . . . . .                                                                                                                                                                                         | Wednesday, 27 September               |
| Latest Time for Acceptance of and payment<br>for the Rights Shares and the Excess Rights Shares . . . . .                                                                                                                                       | 4:00 p.m. on<br>Tuesday, 3 October    |
| Latest time for the Rights Issue to become unconditional . . . . .                                                                                                                                                                              | 4:00 p.m. on<br>Friday, 6 October     |
| Latest Time for Termination for the Rights Issue<br>to become unconditional . . . . .                                                                                                                                                           | Monday, 9 October                     |
| Announcement of results of the Rights Issue . . . . .                                                                                                                                                                                           | Thursday, 12 October                  |
| Despatch of certificates for fully-paid Rights Shares and<br>refund cheques in relation to unsuccessful applications<br>for wholly or partially unsuccessful excess applications or<br>if the Rights Issue is terminated or rescinded . . . . . | Friday, 13 October                    |
| Expected first day of dealings in fully-paid Rights Shares . . . . .                                                                                                                                                                            | Monday, 16 October                    |

Dates or deadlines specified in expected timetable above or in other parts of this circular are indicative only and may be varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

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## EXPECTED TIMETABLE

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

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

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

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

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## DEFINITIONS

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

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “acting in concert”      | has the meaning ascribed to it under the Takeovers Code                                                                                                                                                                                                                                                                                                                                                                                        |
| “Announcement”           | the announcement of the Company dated 16 June 2023 in relation to the Rights Issue                                                                                                                                                                                                                                                                                                                                                             |
| “associates”             | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                                                                                                                                                                                                       |
| “Board”                  | the board of Directors                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Business Day(s)”        | a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business |
| “CCASS”                  | the Central Clearing and Settlement System established and operated by HKSCC                                                                                                                                                                                                                                                                                                                                                                   |
| “Company”                | Future World Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange                                                                                                                                                                                                                                                               |
| “connected person(s)”    | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                                                                                                                                                                                                       |
| “Director(s)”            | director(s) of the Company                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “EAF(s)”                 | the excess application form(s) for use by the Qualifying Shareholders who wish to apply for the Excess Rights Shares                                                                                                                                                                                                                                                                                                                           |
| “EGM”                    | the extraordinary general meeting of the Company to be convened and held to consider the Rights Issue                                                                                                                                                                                                                                                                                                                                          |
| “Excess Rights Share(s)” | consist of (i) Rights Shares that are not being taken up by the Qualifying Shareholders; and (ii) unsold entitlement of the Non-Qualifying Shareholders to the Rights Shares                                                                                                                                                                                                                                                                   |
| “Group”                  | the Company and its subsidiaries                                                                                                                                                                                                                                                                                                                                                                                                               |

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## DEFINITIONS

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|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “HKSCC”                                       | Hong Kong Securities Clearing Company Limited                                                                                                                                                                            |
| “Hong Kong”                                   | the Hong Kong Special Administrative Region of the People’s Republic of China                                                                                                                                            |
| “Independent Board Committee”                 | the independent board committee of the Company comprising all the independent non-executive Directors                                                                                                                    |
| “Independent Financial Adviser”<br>or “INCUB” | INCUB Corporate Finance Limited, a licensed corporation to carry out Type 6 regulated activities under the SFO and the independent financial adviser to the Independent Shareholders and the Independent Board Committee |
| “Independent Shareholders”                    | Shareholders other than the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates                                                         |
| “Independent Third Party(ies)”                | third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company                                                                           |
| “Last Trading Day”                            | 16 June 2023, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement                                                                                                      |
| “Latest Acceptance Date”                      | 3 October 2023, being the last day for acceptance and payment of the Rights Shares, or such other date as the Company may determine                                                                                      |
| “Latest Practicable Date”                     | 8 August 2023, being the latest practicable date prior to the printing of this circular to ascertain certain information contained herein                                                                                |
| “Latest Time for Acceptance”                  | 4:00 p.m. on the Latest Acceptance Date                                                                                                                                                                                  |
| “Latest Time for Termination”                 | 4:00 p.m. on 9 October 2023 or such later date as the Company and the Underwriter may agree in writing                                                                                                                   |
| “Listing Rules”                               | the Rules Governing the Listing of Securities on the Stock Exchange                                                                                                                                                      |

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## DEFINITIONS

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|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Non-Qualifying Shareholder(s)” | Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |
| “Overseas Shareholder(s)”       | Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong                                                                                                                                                                                 |
| “PAL(s)”                        | the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as the Company may approve                                                                                                                                                                                                                                                          |
| “PRC”                           | the People’s Republic of China, which for the purpose of this circular only excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan                                                                                                                                                                                                                       |
| “Prospectus Posting Date”       | 18 September 2023 or such other date as the Company may determine in writing for the despatch of the Prospectus Documents                                                                                                                                                                                                                                                           |
| “Prospectus”                    | the prospectus to be despatched to the Shareholders containing details of the Rights Issue                                                                                                                                                                                                                                                                                          |
| “Prospectus Documents”          | the Prospectus and the PAL and the EAF                                                                                                                                                                                                                                                                                                                                              |
| “Qualifying Shareholders”       | Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date                                                                                                                                                                                                         |
| “Record Date”                   | the date by reference to which entitlements under the Rights Issue are expected to be determined, which is currently scheduled to be on 14 September 2023 or such later date as announced by the Company                                                                                                                                                                            |



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## DEFINITIONS

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|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Registrar”            | the branch share registrar and transfer office of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong                                                                                                                          |
| “Rights Issue”         | the proposed issue of 116,095,491 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price by way of rights on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date payable in full on acceptance on a fully underwritten basis |
| “Rights Share(s)”      | the new Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue                                                                                                                                                                                                                                         |
| “SFC”                  | the Securities and Futures Commission of Hong Kong                                                                                                                                                                                                                                                                                      |
| “SFO”                  | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)                                                                                                                                                                                                                                                             |
| “Share(s)”             | ordinary share(s) in issue and unissued share capital of the Company                                                                                                                                                                                                                                                                    |
| “Shareholder(s)”       | the holder(s) of the issued Shares                                                                                                                                                                                                                                                                                                      |
| “Share Option(s)”      | 3,616,125 outstanding options to subscribe for 3,616,125 Existing Shares granted under the Share Options Scheme                                                                                                                                                                                                                         |
| “Share Options Scheme” | the share option scheme conditionally adopted by the Company on 30 June 2021                                                                                                                                                                                                                                                            |
| “Stock Exchange”       | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                                                                                                 |
| “Subscription Price”   | HK\$0.6 per Rights Share                                                                                                                                                                                                                                                                                                                |
| “Takeovers Code”       | The Code on Takeovers and Mergers of Hong Kong                                                                                                                                                                                                                                                                                          |
| “Underwriter”          | Central Wealth Securities Investment Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO                                                                                                                                                                                     |

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## DEFINITIONS

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|                          |                                                                                                                                                                            |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Underwriting Agreement” | the underwriting agreement entered into between the Company and the Underwriter on 16 June 2023 in relation to the underwriting arrangement in respect of the Rights Issue |
| “Underwritten Shares”    | the Rights Shares that are conditionally underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement                                               |
| “HK\$”                   | Hong Kong dollar, the lawful currency of Hong Kong                                                                                                                         |
| “%”                      | per cent.                                                                                                                                                                  |

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**LETTER FROM THE BOARD**

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**FUTURE WORLD HOLDINGS LIMITED**

**未來世界控股有限公司**

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

**(Stock Code: 572)**

*Executive Directors*

Mr. Liang Jian

Mr. Yu Zhenzhong

Ms. Wang Qian

Mr. Yu Qingrui

Mr. Su Wei

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Independent non-executive Directors*

Mr. He Yi

Mr. Gao Yaoli

Ms. Xia Liping

Mr. Bong Chin Chung

*Head office and principal  
place of business:*

Room 2601-2604 and  
2637-2640, 26/F.

Sun Hung Kai Centre  
30 Harbour Road

Wanchai

Hong Kong

10 August 2023

*To the Shareholders*

Dear Sir or Madam,

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

**INTRODUCTION**

Reference is made to the Announcement of the Company dated 16 June 2023, in relation to, among others, the proposed Rights Issue.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with the information in relation to the Rights Issue, and the notice convening the EGM.

### PROPOSED RIGHTS ISSUE

The Board proposed the Rights Issue, details of which are summarised below (assuming there have been no change in the issued share capital of the Company on or before the Record Date):

#### Issue statistics

|                                                                          |                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Basis of the Rights Issue:                                               | One (1) Rights Share for every one (1) existing Share held on the Record Date                                                                                                                                                        |
| Subscription Price:                                                      | HK\$0.6 per Rights Share                                                                                                                                                                                                             |
| Number of existing Shares in issue as at the Latest Practicable Date:    | 116,095,491 Shares                                                                                                                                                                                                                   |
| Number of Rights Shares:                                                 | 116,095,491 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)                                                                                                                         |
| Aggregate nominal value of the Rights Shares:                            | HK\$46,438,196.4 (assuming no change in the number of Shares in issue on or before the Record Date)                                                                                                                                  |
| Number of issued Shares immediately upon completion of the Rights Issue: | 232,190,982 Shares, (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) |
| Maximum funds raised before expenses:                                    | approximately HK\$69.65 million before costs and expenses                                                                                                                                                                            |
| Rights of excess application:                                            | Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment                                                                                                                                         |

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, there are 3,616,125 outstanding Share Options granted by the Company exercisable into 3,616,125 Shares. Save for the foregoing, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date. Assuming that all the outstanding Share Options will be exercised in full before the Record Date, the number of Rights Shares to be allotted and issued shall be 119,711,616 Rights Shares.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 116,095,491 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 100% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

### **Subscription price**

The Subscription Price is HK\$0.6 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, applies for Excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 27.71% to the closing price of HK\$0.83 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 23.27% to the average closing price of HK\$0.782 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 22.08% to the closing price of HK\$0.77 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (d) a discount of approximately 16.08% to the theoretical ex-rights price of HK\$0.715 per Share based on the closing price of HK\$0.83 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (e) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 13.86% of the theoretical diluted price of HK\$0.715 per Share to the benchmarked price of HK\$0.83 per Share.

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## LETTER FROM THE BOARD

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The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.56.

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

Whilst the Subscription Price represents discount to the prevailing market price, the Company considers that such discount will provide attraction for Shareholders to participate in the Rights Issue. Moreover, it is noted that the lowest closing price for the past 52 weeks prior to the entering into of the Underwriting Agreement was HK\$0.52 per Share and the Subscription Price represents a premium of approximately 15.38% over that. As such, the Company considers that the Subscription Price is fair and reasonable.

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

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

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

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 7 September 2023. It is expected that the last day of dealings in the Shares on a cum-rights basis is Tuesday, 5 September 2023 and the Shares will be dealt with on an ex-rights basis from Wednesday, 6 September 2023.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

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## LETTER FROM THE BOARD

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

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

### **Basis of provisional allotments**

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by duly completing a PAL and lodging the same with a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

### **Non-Qualifying Shareholders**

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

The Board will make enquiry regarding the legal restrictions under the laws of the relevant overseas place(s) and the requirements of the relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiry and based on legal opinion provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in the relevant place(s), no offer of the Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Non-Qualifying Shareholders.

As at the Latest Practicable Date, there are no Overseas Shareholder.

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## LETTER FROM THE BOARD

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The Non-Qualifying Shareholders (which are excluded from the Rights Issue) would not have any entitlement under the Rights Issue. Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to the Non-Qualifying Shareholders pro rata to their respective entitlements as at the close of business on the Record Date, provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders under the EAF(s).

Applications for Excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for. Pursuant to Rule 7.21(3)(a) of the Listing Rules, the Directors will allocate any Excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no references will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and
- (iii) no preferences will be given to applications for topping up odd-lot holdings to whole lot holdings.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, investors should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors whose Shares are held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

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



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## LETTER FROM THE BOARD

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

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated, rounded down to the nearest whole number and will be disposed by the Company in the open market if a premium (net of expenses) can be obtained. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAFs.

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

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

### **Application for listing**

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

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 4,000 Shares in one board lot.

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

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

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

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or before Friday, 13 October 2023 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk.

If the Rights Issue does not proceed, the monies received in respect of the relevant provisional allotments and excess applications (if applicable) will be refunded to the Qualifying Shareholders or such other person to whom the nil-paid rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on or around Friday, 13 October 2023. No receipt will be given for such remittance.

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## LETTER FROM THE BOARD

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

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

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

### **No irrevocable commitments**

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

### **Fully Underwritten Basis**

The Rights Issue will proceed on a fully underwritten basis. Please refer to the section headed “The Underwriting Agreement” below for further details of the Underwriting Agreement.

### **THE UNDERWRITING AGREEMENT**

Principal terms of the Underwriting Agreement are as follow:

|              |                                                                                                                                                                                                                                       |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date:        | 16 June 2023                                                                                                                                                                                                                          |
| Issuer:      | The Company                                                                                                                                                                                                                           |
| Underwriter: | Central Wealth Securities Investment Limited To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties |

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## LETTER FROM THE BOARD

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|                                                                 |                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of Underwritten Shares and the underwriting arrangement: | Pursuant to the Underwriting Agreement, the underwritten Shares to be underwritten by the Underwriter shall be equivalent to the number of the Rights Shares, i.e. 116,095,491 Rights Shares. The actual amount of Rights Shares to be underwritten by the Underwriter will depend on the level of subscriptions by the Qualifying Shareholders. |
| Commission and expenses:                                        | 2.5% of the aggregate Subscription Price in respect of the actual number of Underwritten Shares underwritten, subscribed for or procured subscription for by the Underwriter pursuant to the Underwriting Agreement                                                                                                                              |

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

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

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

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

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

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## LETTER FROM THE BOARD

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

The Company shall use all reasonable endeavours to procure the fulfilment of all the conditions precedent by the Latest Time for Termination or such other date as the Company and the Underwriter may agree. The conditions precedent, other than condition (f) above which can only be waived by the Underwriter, are incapable of being waived. If any of the conditions is not satisfied or waived (as the case may be) by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

As at the Latest Practicable Date, none of the conditions precedent have been fulfilled.

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## LETTER FROM THE BOARD

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### Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

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

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## LETTER FROM THE BOARD

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

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## LETTER FROM THE BOARD

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- (j) any moratorium, suspension or material restriction on trading of the shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

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

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

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

As at the Latest Practicable Date, the Board has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

### SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming full acceptance by the Shareholders (assuming that there is no change in the issued share capital of the Company other than the Rights Issue); and (iii) immediately after completion of the Rights Issue assuming nil acceptance by the Shareholders (assuming that there is no change in the issued share capital of the Company other than the Rights Issue).

|                                                     | As at the Latest Practicable Date |               | Immediately after completion of the Rights Issue (assuming all Shareholders have taken up all the entitled Rights Shares) |               | Immediately after completion of the Rights Issue (assuming none of the Qualifying Shareholders has taken up any entitled Rights Shares) |               |
|-----------------------------------------------------|-----------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------|---------------|
|                                                     | <i>Number of issued Shares</i>    | <i>%</i>      | <i>Number of issued Shares</i>                                                                                            | <i>%</i>      | <i>Number of issued Shares</i>                                                                                                          | <i>%</i>      |
| Directors                                           | 133,511                           | 0.12          | 267,022                                                                                                                   | 0.12          | 133,511                                                                                                                                 | 0.06          |
| Chu Mo Kwan                                         | 11,715,000                        | 10.09         | 23,430,000                                                                                                                | 10.09         | 11,715,000                                                                                                                              | 5.04          |
| Shareholder(s) procured by the Underwriter (Note 1) | –                                 | –             | –                                                                                                                         | –             | 116,095,491                                                                                                                             | 50.00         |
| Other public Shareholders                           | <u>104,246,980</u>                | <u>89.79</u>  | <u>208,493,960</u>                                                                                                        | <u>89.79</u>  | <u>104,246,980</u>                                                                                                                      | <u>44.90</u>  |
| Total                                               | <u>116,095,491</u>                | <u>100.00</u> | <u>232,190,982</u>                                                                                                        | <u>100.00</u> | <u>232,190,982</u>                                                                                                                      | <u>100.00</u> |

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## LETTER FROM THE BOARD

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*Notes:*

- (1) Pursuant to the Underwriting Agreement, the Underwriter undertakes to the Company that the Underwriter shall use all reasonable endeavours to ensure that each of the subscribers or purchasers of the Rights Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules); and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 30% or more of the voting rights of the Company upon completion of the Rights Issue.
- (2) The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
- (3) These scenarios are for illustrative purpose only.

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

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

### **INFORMATION ON THE UNDERWRITER**

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

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

### **REASONS FOR THE RIGHTS ISSUE**

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in (i) high technology business; (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) trading business and related services; and (vi) securities brokerage business.



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## LETTER FROM THE BOARD

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Reference is made to the announcement of the Company dated 24 February 2023 in relation to the change of proceeds for the rights issue in 2022. As disclosed in the announcement dated 24 February 2023, as at 24 February 2023, there was unutilized net proceeds of approximately HK\$34 million raised from the rights issue in 2022, which had originally been designated for the provision of margin financing services by the Group. As disclosed in the announcement of the Company dated 24 February 2023, it was intended that the remaining net proceeds of approximately HK\$34 million from the 2022 rights issue would be utilized as to HK\$8 million towards acquisition of a securities brokerage firm and as to the remaining approximately HK\$26 million towards expansion of investment portfolio. The Company subsequently decided to apply all the remaining net proceeds towards expansion of investment portfolio. The proceeds of HK\$34 million from the 2022 rights issue have been fully utilized towards expansion of investment portfolio as at the date of the Announcement. As such, the Company considers that the Rights Issue shall be in the interests of the Company and the Shareholders as a whole as disclosed herein.

As shown in the annual report of the Company for the year ended 31 December 2022, the Group had bank borrowings of approximately HK\$285,914,000 as at 31 December 2022.

The Company intends to utilize the proceeds from the Rights Issue to repay its bank borrowings and other borrowings. As disclosed in its annual report for the year ended 31 December 2022, the Group had total borrowings of approximately HK\$372,583,000 as at 31 December 2022, which are comprised of bank borrowings of approximately HK\$285,914,000 and other borrowings of approximately HK\$86,669,000. Among bank borrowings, approximately HK\$90,214,000 are repayable within one year. As such, the Company has genuine funding needs. In light of the recent increasing trend of interest rate, the interest expenses of such bank borrowings and other indebtedness of the Group will place burden on the Group. It is the intention of the Company to reduce the gearing and interest expenses.

Subject to the completion of the Rights Issue, the Company intends to utilize all the net proceeds from the Rights Issue of approximately HK\$64.5 million to repay the bank borrowings of the Group which are repayable within one year. It is intended that the full utilization of the proceeds shall be on or before the year end, i.e. 31 December 2023.

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

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

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## LETTER FROM THE BOARD

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

Save for the Rights Issue, there is no agreement, arrangement, understanding, intention, negotiation (concluded or otherwise) for any fund raising activity for the Company in the coming 12 months, and the Company has no intention to carry out any other corporate actions or arrangements that may affect the trading in the shares (including share consolidation, share subdivision and change in board lot size) in the coming 12 months.

### USE OF PROCEEDS

Assuming all the Rights Shares have been taken up and no change in the number of Shares in issue on or before the Record Date, the gross proceeds from the Rights Issue will be approximately HK\$69.65 million and the net proceeds from the Rights Issue after deducting the expenses are estimated to be up to approximately HK\$64.5 million. The Company intends to apply the net proceeds from the Rights Issue for repayment of indebtedness of the Group as disclosed above.

### LISTING RULES IMPLICATIONS

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

### GENERAL

The register of members of the Company will be closed from Thursday, 24 August 2023 to Tuesday, 29 August 2023 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, there are no controlling Shareholders and the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. As at the Latest Practicable Date, the Directors (excluding the independent non-executive Directors) hold an aggregate of 133,511 Shares, representing approximately 0.12% of the issued share capital of the Company.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM in respect of the Rights Issue. Please refer to the letter from the Independent Board Committee in this circular for further details.

INCUB, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Rights Issue. Please refer to the letter from INCUB in this circular for further details.

### **Warning of the risks of dealings in the shares and the nil-paid rights**

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

**The Shares are expected to be dealt in on an ex-rights basis from Wednesday, 6 September 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 20 September 2023 to Wednesday, 27 September 2023 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

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

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

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## LETTER FROM THE BOARD

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### **Form of proxy**

A form of proxy for use at the EGM is enclosed herewith. Whether or not you intend to be present at the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

### **RECOMMENDATIONS**

The Board considers that the Rights Issue to be proposed at the EGM is in the best interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of the proposed ordinary resolution to approve the Rights Issue at the EGM.

By order of the Board  
**Future World Holdings Limited**  
**Liang Jian**  
*Chairman*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**FUTURE WORLD HOLDINGS LIMITED**

未來世界控股有限公司

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

**(Stock Code: 572)**

10 August 2023

*To the Independent Shareholders*

Dear Sir or Madam,

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

We have been appointed to form an independent board committee to consider and advise you on the terms of the Rights Issue and the voting recommendation on the relevant resolution, details of which are set out in the circular issued by the Company to the Shareholders dated 10 August 2023 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from the Independent Financial Adviser set out on pages 6 to 23 and pages 26 to 52 of the Circular, respectively, and the additional information set out in the appendices to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the background of and reasons for the Rights Issue and having taken into consideration of the advice of the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution.

Yours faithfully,

For and on behalf of the Independent Board Committee of  
**Future World Holdings Limited**

**Mr. He Yi**

**Mr. Guo Yaoli**

**Ms. Xia Liping**

**Mr. Bong Chin Chung**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from INCU Corporate Finance Limited, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in connection with the Rights Issue.*



INCU Corporate Finance Limited  
Unit 1402, 14/F,  
Winsome House,  
73 Wyndham Street,  
Central, Hong Kong

10 August 2023

*To: The Independent Board Committee and  
the Independent Shareholders of  
Future World Holdings Limited*

Dear Sirs or Madams,

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

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue. Details of the Rights Issue are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company dated 10 August 2023, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in this circular unless the context requires otherwise.

Reference is made to the Announcement dated 16 June 2023. The Board proposed to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date at the Subscription Price of HK\$0.6 per Rights Share, to raise gross proceeds of approximately HK\$69.65 million by issuing 116,095,491 Rights Shares to the Qualifying Shareholders.

As the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rule 7.19A and 7.27A of the Listing Rules, the Rights Issue is subject to approval of the Independent Shareholders at the EGM by a resolution on which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. Since there is no controlling Shareholder as at the Latest Practicable Date, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Bong Chin Chung, Mr. He Yi, Mr. Guo Yaoli and Ms. Xia Liping, has been formed to advise the Independent Shareholders as to whether the Rights Issue is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, taking into account our recommendations.

As the Independent Financial Adviser, our role is to give independent opinions to the Independent Board Committee and the Independent Shareholders as to whether the Rights Issue is on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

We have not acted as an independent financial adviser and has not provided any other services to the Company during the past two years. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties that could reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Rights Issue, and accordingly, are eligible to give independent advice and recommendations on the Rights Issue. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Rights Issue.

### BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the statements, information, opinions and representations relating to the operations, financial condition and prospects of the Group contained or referred to in this circular and/or provided to us by the Company and the management of the Group. We have assumed that such information and any representation made to us were true, accurate and complete in all material respects as at the Latest Practicable Date and considered that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in this circular have been arrived at after due and careful consideration and there are no other material facts not contained in this circular, the omission of which would make any such statement made by them that contained in this circular misleading in all material respects. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We will notify the shareholders of any material change of information in the circular up to the date of EGM.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Our review and analyses were based upon, among others, the information provided by the Group including this circular, the Underwriting Agreement and certain published information from the public domain, including but not limited to, the annual report of the Company for the year ended 31 December 2022 (the “**Annual Report 2022**”). We have also discussed with the Directors and the management of the Group with respect to the reasons for the Rights Issue, the terms of the Underwriting Agreement, the businesses and outlook of the Group. We have not, however, for the purpose of this exercise, conducted any in-depth independent investigation into the businesses or affairs and future prospects of the Group nor have we carried out any independent verification of the information supplied.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinions and recommendations in respect of the Rights Issue, we have taken into consideration of the following principal factors and reasons:

#### **1. Background and financial information of the Group**

##### ***(a) Background of the Group***

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in (i) high technology business; (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) trading business and related services; and (vi) securities brokerage business.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**(b) Historical financial information of the Group**

Set out below are the audited consolidated financial information of the Group for the two financial years ended 31 December 2021 and 31 December 2022 (“FY2021” and “FY2022” respectively) as extracted from the Annual Report 2022:

*Consolidated financial performance of the Group*

|                                                                | <b>FY2021</b>   | <b>FY2022</b>   |
|----------------------------------------------------------------|-----------------|-----------------|
|                                                                | <i>HK\$'000</i> | <i>HK\$'000</i> |
|                                                                | (Audited)       | (Audited)       |
| <b>Revenue</b>                                                 |                 |                 |
| (i) High technology business                                   | 48,728          | 16,071          |
| (ii) Property investment                                       | 7,016           | 7,108           |
| (iii) Provision of financing services                          | 22,330          | 21,063          |
| (iv) Securities trading and investment                         | 4,028           | 1,016           |
| (v) Trading business and related services                      | 2,797           | 1,879           |
| (vi) Securities brokerage business                             | 1,092           | –               |
| <b>Total revenue</b>                                           | <b>85,991</b>   | <b>47,137</b>   |
| <b>Loss for the year attributable to owners of the Company</b> | <b>(7,637)</b>  | <b>(7,021)</b>  |

As set out in the table above, the revenue decreased by approximately HK\$38.85 million or 45.2% to approximately HK\$47.14 million for FY2022, as compared with approximately HK\$85.99 million for FY2021. Such decrease in revenue was mainly due to the decrease in revenue of high technology business of approximately HK\$32.66 million. According to the Annual Report 2022, the high technology business of the Group included but not limited to technology industry, intelligent robotics and related services and artificial intelligence products and application solutions. The revenue in high technology business was contributed by intelligent industrial welding robots and equipment business. The decrease in revenue of high technology business was mainly due to the implementation of strict transportation restrictions and boundary control in the PRC since resurgence of COVID-19 in the PRC during 2022.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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The Group recorded consolidated net loss attributable to owners of the Company of approximately HK\$7.64 million and HK\$7.02 million for FY2021 and FY2022 respectively. Such reduction of net loss of approximately HK\$0.62 million or 8.1% was mainly due to the combined effects of (i) the decrease in gross profit by approximately HK\$5.88 million resulted from the decrease in revenue as mentioned above; (ii) the net loss from change in fair value of investment properties amounted to approximately HK\$12.86 million for FY2022; (iii) the aggregate amount of credit loss allowances on trade and other receivables, corporate bond, loan and interest receivables and loan commitments, net of approximately HK\$36.82 million; and (iv) the net profit from change in fair value of financial assets through profit or loss amounted to approximately HK\$47.13 million for FY2022.

*Consolidated financial position of the Group*

|                                                                      | <b>As at<br/>31 December<br/>2021<br/>HK\$'000<br/>(Audited)</b> | <b>As at<br/>31 December<br/>2022<br/>HK\$'000<br/>(Audited)</b> |
|----------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------------|
| <b>Non-current assets</b>                                            |                                                                  |                                                                  |
| Property, plant and equipment                                        | 2,130                                                            | 2,353                                                            |
| Right-of-use assets                                                  | 472                                                              | 3,755                                                            |
| Investment properties                                                | 865,687                                                          | 840,454                                                          |
| Interest in associate                                                | 56                                                               | –                                                                |
| Financial assets at fair value through other<br>comprehensive income | 97,308                                                           | 66,197                                                           |
| Investment in corporate bond                                         | –                                                                | 15,010                                                           |
| Loan receivables                                                     | 300,512                                                          | 30,758                                                           |
| Deferred tax assets                                                  | 4,792                                                            | 8,237                                                            |
| Rental deposit                                                       | –                                                                | 1,485                                                            |
|                                                                      | <u>1,270,957</u>                                                 | <u>968,249</u>                                                   |
| <b>Current assets</b>                                                |                                                                  |                                                                  |
| Inventories                                                          | 13,586                                                           | 7,566                                                            |
| Loan and interest receivables                                        | 31,733                                                           | 169,704                                                          |
| Financial assets at fair value through profit or<br>loss             | 6,798                                                            | 120,033                                                          |
| Trade, bills and other receivables                                   | 41,469                                                           | 67,945                                                           |
| Contract assets                                                      | 4,672                                                            | 31                                                               |
| Cash and bank balances                                               | <u>12,077</u>                                                    | <u>38,983</u>                                                    |
|                                                                      | 110,335                                                          | 404,262                                                          |
| <b>Total assets</b>                                                  | <b>1,381,292</b>                                                 | <b>1,372,511</b>                                                 |

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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|                                             | <b>As at<br/>31 December<br/>2021</b> | <b>As at<br/>31 December<br/>2022</b> |
|---------------------------------------------|---------------------------------------|---------------------------------------|
|                                             | <i>HK\$'000</i>                       | <i>HK\$'000</i>                       |
|                                             | (Audited)                             | (Audited)                             |
| <b>Current liabilities</b>                  |                                       |                                       |
| Trade payables, accruals and other payables | 43,793                                | 52,018                                |
| Contract liabilities                        | 7,171                                 | 3,868                                 |
| Lease liabilities                           | 1,810                                 | 3,830                                 |
| Bank borrowings                             | 299,236                               | 285,914                               |
| Other borrowings                            | 108,970                               | 86,669                                |
| Tax payables                                | <u>717</u>                            | <u>979</u>                            |
|                                             | 461,697                               | 433,278                               |
| <b>Non-current liabilities</b>              |                                       |                                       |
| Lease liabilities                           | 4,343                                 | 3,772                                 |
| <b>Net current liabilities</b>              | <b>(351,362)</b>                      | <b>(29,016)</b>                       |
| <b>Net assets</b>                           | <b>915,252</b>                        | <b>935,461</b>                        |
| <b>Gearing ratio (Note)</b>                 | <b>44.6%</b>                          | <b>39.8%</b>                          |

*Note:* The gearing ratio represents the total borrowings divided by total equity.

The non-current assets of the Group decreased from approximately HK\$1,270.96 million as at 31 December 2021 to approximately HK\$968.25 million as at 31 December 2022, representing a decrease of approximately HK\$302.71 million or 23.8%. The decrease in non-current assets of the Group was mainly due to the decrease in loan receivables, which part of the receivables was reclassified as current assets during the FY2022.

The current assets of the Group increased from approximately HK\$110.34 million as at 31 December 2021 to approximately HK\$404.26 million as at 31 December 2022, representing an increase of approximately HK\$293.92 million or 266.4%. Such increase was mainly due to (i) the increase in loan and interest receivables, which part of the loan receivables was reclassified as current assets as mentioned above; and (ii) the increase in financial assets at fair value through profit or loss, which was resulted from the purchase of listed securities, and the increase in fair value of listed securities.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The current liabilities of the Group decreased from approximately HK\$461.70 million as at 31 December 2021 to approximately HK\$433.28 million as at 31 December 2022, representing a decrease of approximately HK\$28.42 million or 6.2%. Such decrease was mainly due to the decrease in borrowings, which were the margin loans and revolving loans as obtained from independent securities brokers and margin financiers.

The gearing ratio of the Group, which is calculated as the total borrowings (including current and non-current portion) divided by total equity, decreased from approximately 44.6% as at 31 December 2021 to approximately 39.8% as at 31 December 2022. The slight decrease in gearing ratio reflects the decrease in borrowings as discussed above.

### *Cash and debt position of the Group*

As stated in the Annual Report 2022, during FY2022, the Group mainly financed its operations by cash generated from the operation, bank borrowings and net proceeds from the rights issue in 2022 (“**Rights Issue 2022**”). The net proceeds from the Rights Issue 2022 after deducting the expenses were approximately HK\$52.5 million. According to the Letter from the Board, as at the Latest Practicable Date, the net proceeds from the Right Issue 2022 have been fully utilized.

As at 31 December 2022, the Group had total borrowings of approximately HK\$372.58 million, which included bank borrowings of approximately HK\$285.91 million and other borrowings of approximately HK\$86.67 million. Among the bank borrowings, approximately HK\$90.21 million was repayable within one year. The bank borrowings bear interest at (i) at a floating rate with reference to HK\$ prime rate or HIBOR; or (ii) a fixed rate at 3.85% per annum.

As discussed above, the other borrowings comprised margin loans and revolving loans. The margin loan payables bear fixed interest at 7.5% per annum. The margin loan payables are repayable within one year and were guaranteed by the Company. The revolving loans bear a fixed interest rate of the bank’s HK\$ prime rate – 2% per annum.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have discussed with the management of the Group, we note that the Group had bank borrowings of approximately HK\$285.91 million as at 31 December 2022, which approximately HK\$90.21 million was repayable within one year, and, based on the information provided by the Company, the Group has only cash and bank balances of approximately HK\$4.84 million as at 31 May 2023. Based on the above information, the Group may not have sufficient cash to repay the bank borrowings in 2023. Therefore, we consider that the equity fund raising by Rights Issue can assist the Company to fulfill its financial obligation when the debts become due (further details are set out in the section headed “2. Reasons for and benefits of the Rights Issue and use of proceeds” below) and is in the interests of the Company and the Shareholders as a whole.

### **2. Reasons for and benefits of the Rights Issue and use of proceeds**

#### **(a) *Intended use of proceeds***

As disclosed in the Letter from the Board, the Company intends to utilize the proceeds from the Rights Issue to repay its bank borrowings and other borrowings. As disclosed in the Annual Report 2022, the Group had total borrowings of approximately HK\$372.58 million as at 31 December 2022, which comprised bank borrowings of approximately HK\$285.91 million and other borrowings of approximately HK\$86.67 million. Among bank borrowings, approximately HK\$90.21 million are repayable within one year. As such, the Company has genuine funding needs. In light of the recent increasing trend of interest rates, the interest expenses of such bank borrowings and other indebtedness of the Group will place burden on the Group. With reference to the Annual Report 2022, the interest expenses from bank and other borrowings were approximately HK\$16.21 million and HK\$13.79 million for FY2021 and FY2022 respectively. It is the intention of the Company to reduce the gearing and interest expenses.

Subject to the completion of the Rights Issue, the Company intends to utilize all the net proceeds from the Rights Issue of approximately HK\$64.5 million to repay the bank borrowings of the Group which are repayable within one year. It is intended that the full utilization of the proceeds shall be on or before the year end, i.e. 31 December 2023. Upon completion of the Rights Issue and settlement of the bank borrowings by the net proceeds, the gearing ratio of the Group would decrease from approximately 39.83% as at 31 December 2022 to approximately 30.81%.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have obtained from the Company the bank facility letter of the bank borrowings to be repaid by net proceeds of the Rights Issue. According to the bank facility letter, the bank borrowings carry interest at 2.5% per annum over HIBOR or 0.5% per annum over the bank's cost of fund, whichever is higher. The bank borrowings are secured by the Group's investment properties located at No.1, Lincoln Road, Kowloon. According to the information provided by the Company, the balance of such bank borrowings has reached approximately HK\$80 million as at 31 May 2023 but the Group has only cash and bank balances of approximately HK\$4.84 million as at 31 May 2023.

We have discussed with the management of the Company that they intend to explore the possibility of the extension of loan or repay the remaining bank borrowings from operating cash flows, such as the settlement received from loan and interest receivables.

After reviewing the Group's financial position, debt level (as discussed in the section headed "1. Background and financial information of the Group" above) and the bank borrowings documents, we consider the equity fund raising by Rights Issue can reduce the Group's debt level and finance costs, therefore the Rights Issue is in the interests of the Company and the Shareholders as a whole.

***(b) Alternative sources of financing***

We have discussed with the management of the Group that the Group has considered the pros and cons of alternative fund-raising methods, including but not limited to debt financing and equity financing such as the placing of new Shares and open offer, before resolving to the Rights Issue, which are summarized as follows.

In respect of debt financing, the Directors have considered that the cost of debt financing may increase together with additional requirements with asset pledging or guarantees to be provided by the Group. Therefore, the Directors are of the view that the debt financing from financial institutions will increase the gearing of the Group and the Company will incur further interest expenses, which shall be contradictory to the Company's intention to reduce gearing and is not in the interests of the Company and its Shareholders as a whole. Taking into account the reduction in gearing ratio of the Group upon completion of the Rights Issue and settlement of the bank borrowings by the net proceeds as illustrated under the section headed "5. Possible financial effects of the Rights Issue" below in this letter, we consider that the Rights Issue could achieve the Company's intention to improve the financial position of Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In respect of equity financing, the Board considers that placing of new Shares would be less favourable as it will lead to an immediate and high dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company given that the size of the funding needs. The Board has also considered conducting pro rata fundraising by way of open offer, which is of similar nature as the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability) or through excess applications; or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). The Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market. However, an open offer does not allow the trading of rights entitlements. Therefore, the Board considers that the Rights Issue would be more preferable to an open offer as it offers the Qualifying Shareholders an option to sell their entitlement rights. Accordingly, after discussing with the Company, we concur with the Directors' view that fundraising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

In light of the above, in particular that (i) the Group intends to repay the bank borrowings to fulfill its financial obligation and avoid insolvency; (ii) the placing will dilute the interests of existing Shareholders without offering them the opportunity to take part in the exercise; and (iii) the open offer does not offer flexibility to the existing Shareholders in dealing with the nil-paid rights attaching to the Rights Shares while the Rights Issue offers flexibility to the Qualifying Shareholders to dispose of their entitled nil-paid rights in the open market if they do not wish to take up the entitlements, the Rights Issue is an equitable means to raise funding for the Group by allowing pro-rata participation of the Qualifying Shareholders after considering other financing alternatives by the Directors. We consider that the Rights Issue represents an opportunity to raise fund for the Group and it is in the interests of the Company and the Shareholders as a whole to proceed with the Rights Issue.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. Principal terms of the Rights Issue

#### (a) *Terms of the Rights Issue*

Set out below is summary of the principal terms of the Rights Issue, further details of which are set out in the Letter from the Board:

##### *Issue statistics*

|                                                                          |   |                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Basis of the Rights Issue                                                | : | one (1) Rights Share for every one (1) existing Share held on the Record Date                                                                                                                                                                                                                                                                           |
| Subscription Price                                                       | : | HK\$0.6 per Rights Share                                                                                                                                                                                                                                                                                                                                |
| Number of Shares in issue at the Latest Practicable Date                 | : | 116,095,491 Shares                                                                                                                                                                                                                                                                                                                                      |
| Number of Rights Shares:                                                 | : | 116,095,491 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)                                                                                                                                                                                                                                            |
| Aggregate nominal value of the Rights Shares                             | : | HK\$46,438,196.4 (assuming no change in the number of Shares in issue on or before the Record Date)                                                                                                                                                                                                                                                     |
| Number of issued Shares immediately upon completion of the Rights Shares | : | 232,190,982 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)                                                                                                                     |
| Maximum funds raised before expenses                                     | : | approximately HK\$69.65 million before costs and expenses                                                                                                                                                                                                                                                                                               |
| Rights of excess application                                             | : | Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment                                                                                                                                                                                                                                                            |
| Number of Underwritten Shares and the underwriting arrangement           | : | Pursuant to the Underwriting Agreement, the underwritten Shares to be fully underwritten by the Underwriter shall be equivalent to the number of the Rights Shares, i.e., 116,095,491 Rights Shares. The actual number of Rights Shares to be underwritten by the Underwriter will depend on the level of subscriptions by the Qualifying Shareholders. |

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, there are 3,616,125 outstanding Share Options granted by the Company exercisable into 3,616,125 Shares. Save for the foregoing, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date. Assuming that all the outstanding Share Options will be exercised in full before the Record Date, the number of Rights Shares to be allotted and issued shall be 119,711,616 Rights Shares.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 116,095,491 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 100% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

***(b) Analysis on the Subscription Price***

The Subscription Price is HK\$0.6 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for Excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 22.08% to the closing price of HK\$0.77 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 27.71% to the closing price of HK\$0.83 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 23.27% to the average of the closing prices of HK\$0.782 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 16.08% to the theoretical ex-rights price of HK\$0.715 per Share based on the closing price of HK\$0.83 per Share as quoted on the Stock Exchange on the Last Trading Day;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 13.86% of the theoretical diluted price of approximately HK\$0.715 per Share to the benchmarked price of HK\$0.83 per Share; and
- (vi) a discount of approximately 92.64% to the net asset value per Share attributable to the Shareholders of approximately HK\$8.15 per Share calculated based on the audited net asset value attributable to equity holders of the Company of approximately HK\$946.15 million as at 31 December 2022 and 116,095,491 Shares in issue as at the Latest Practicable Date.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.56.

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

Whilst the Subscription Price represents discount to the prevailing market price, the Company considers that such discount will provide attraction for Shareholders to participate in the Rights Issue. Moreover, it is noted that the lowest closing price for the past 52 weeks prior to the entering into of the Underwriting Agreement was HK\$0.52 per Share and the Subscription Price represents a premium of approximately 15.38% over that. As such, the Company considers that the Subscription Price is fair and reasonable.

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

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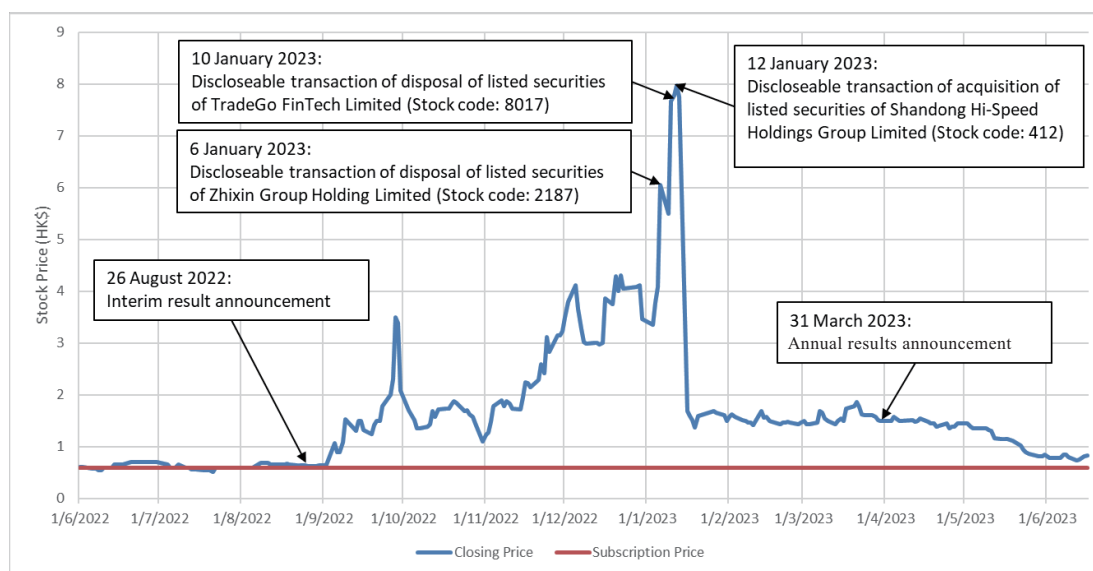
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### (c) Comparison with historical closing prices of the Shares

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the daily closing prices and trading volume of the Shares from 1 June 2022 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. We consider 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 daily closing price and trading volume of the Shares and 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 closing prices of the Shares



Source: website of the Stock Exchange

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As shown in the Chart 1 above, during the Share Price Review Period, the average closing price was approximately HK\$1.62 per Share (the “**Average Closing Price**”). The daily closing price ranged from HK\$0.52 per Share recorded on 21 July 2022 (the “**Lowest Closing Price**”) to HK\$7.97 recorded on 12 January 2023 (the “**Highest Closing Price**”). As shown in the Chart 1, we note that the Shares were traded above the Subscription Price after 21 July 2022, the date when the Lowest Closing Price was recorded. The Subscription Price of HK\$0.6 represents (i) a premium of approximately 15.4% over the Lowest Closing Price of HK\$0.52 per Share; (ii) a discount of approximately 92.5% to the Highest Closing Price of HK\$7.97 per Share; and (iii) a discount of approximately 63.0% to the Average Closing Price of HK\$1.62 per Share. Moreover, we note that the closing price per Share had been fluctuating during the Share Price Review Period, in particular during period of the Group announcing the transactions of acquisition and disposal of listed securities in January 2023, but demonstrated a downward trend after January 2023. As advised by the Directors, they are not aware of any specific reason for the aforesaid price increase in the closing price of the Shares.

As discussed in the section headed “Comparison with recent rights issue exercises” below, we note that it is a common market practice to set the subscription price at a discount to the prevailing market prices of the relevant shares in order to increase the attractiveness and encouraging shareholders to participate in the rights issue as to meet the companies’ need for additional funding. Considering (i) the poor financial performance of the Group as mentioned above; and (ii) the closing price of the Shares demonstrated a downward trend after January 2023, we consider the discount of the Subscription Price is fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**(d) Historical trading liquidity of the Shares**

| Month         | Number of trading days | Monthly turnover | Average daily turnover | Number of days with no turnover | % of average daily turnover over total number of Shares in issue (Note 1) | Average daily turnover by value on Stock Exchange (HK\$ million) | Total market capitalisation of listed securities on Stock Exchange (HK\$ billion) | Market Trading Turnover Ratio (Note 2) |
|---------------|------------------------|------------------|------------------------|---------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------------------|----------------------------------------|
| <b>2022</b>   |                        |                  |                        |                                 |                                                                           |                                                                  |                                                                                   |                                        |
| June          | 21                     | 2,449,437        | 116,640                | 2                               | 0.10%                                                                     | 150,675                                                          | 39,064.9                                                                          | 0.39%                                  |
| July          | 20                     | 482,872          | 24,144                 | 2                               | 0.02%                                                                     | 108,558                                                          | 35,888.6                                                                          | 0.30%                                  |
| August        | 23                     | 1,596,286        | 69,404                 | 6                               | 0.06%                                                                     | 92,392                                                           | 35,590.7                                                                          | 0.26%                                  |
| September     | 21                     | 18,737,501       | 892,262                | 1                               | 0.77%                                                                     | 92,872                                                           | 30,827.2                                                                          | 0.30%                                  |
| October       | 20                     | 25,737,575       | 1,286,879              | 0                               | 1.11%                                                                     | 104,595                                                          | 26,394.6                                                                          | 0.40%                                  |
| November      | 22                     | 21,679,979       | 985,454                | 0                               | 0.85%                                                                     | 140,358                                                          | 33,317.8                                                                          | 0.42%                                  |
| December      | 20                     | 30,600,208       | 1,530,010              | 0                               | 1.32%                                                                     | 135,471                                                          | 35,666.8                                                                          | 0.38%                                  |
| <b>2023</b>   |                        |                  |                        |                                 |                                                                           |                                                                  |                                                                                   |                                        |
| January       | 18                     | 78,000,746       | 4,333,375              | 0                               | 3.73%                                                                     | 139,960                                                          | 38,986.8                                                                          | 0.36%                                  |
| February      | 20                     | 5,141,740        | 257,087                | 0                               | 0.22%                                                                     | 118,381                                                          | 35,807.6                                                                          | 0.33%                                  |
| March         | 23                     | 14,405,419       | 626,323                | 0                               | 0.54%                                                                     | 126,528                                                          | 36,902.3                                                                          | 0.34%                                  |
| April         | 17                     | 1,595,331        | 93,843                 | 0                               | 0.08%                                                                     | 108,857                                                          | 35,855.4                                                                          | 0.30%                                  |
| May           | 21                     | 983,213          | 46,820                 | 0                               | 0.04%                                                                     | 101,042                                                          | 32,789.9                                                                          | 0.31%                                  |
| June (Note 3) | 12                     | 2,203,582        | 183,632                | 2                               | 0.16%                                                                     | 99,768                                                           | 33,869.6                                                                          | 0.29%                                  |
| Total         | <u>258</u>             |                  |                        | <u>13</u>                       |                                                                           |                                                                  |                                                                                   |                                        |

Source: website of the Stock Exchange

Note 1: Calculated based on the total number of the Shares at the end of each month.

Note 2: Calculated by the average daily turnover by value on Stock Exchange dividing by total market capitalisation of listed securities on Stock Exchange.

Note 3: Up to the Last Trading Day.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As demonstrated in the table above, no trading of the Shares was recorded on 13 trading days on the Stock Exchange during the Share Price Review Period. The average daily trading volume of the Shares by month were in the range of approximately 0.02% to 3.73% as to the total number of issued Shares with an average of 0.69%. Upon our review of the “HKEx Monthly Market Highlights” for the period from June 2022 to June 2023 (the “**Relevant Period**”) available on the website of the Stock Exchange ([https://www.hkex.com.hk/Market-Data/Statistics/Consolidated-Reports/HKEX-Monthly-Market-Highlights?sc\\_lang=en](https://www.hkex.com.hk/Market-Data/Statistics/Consolidated-Reports/HKEX-Monthly-Market-Highlights?sc_lang=en)), we note that the average daily trading turnover to total market capitalisation of listed securities (including Main Board and GEM listed issuers) (the “**Market Trading Turnover Ratio**”) during such period ranged from approximately 0.26% to approximately 0.42% with the average of approximately 0.34%. We consider the Market Trading Turnover Ratio, as extracted from “HKEx Monthly Market Highlights”, is a representative indicator for overall trading volume of the securities listed on the Stock Exchange. In view of this, we consider the trading of the Shares of the Company as a listed issuer of the Stock Exchange are relatively active during the Share Price Review Period, given that about half of the average daily trading volume of the Shares by month as to the total number of issued Shares during the Share Price Review Period is generally above the respective the Market Trading Turnover Ratio during the Relevant Period. Therefore, we consider the closing price of the Shares represent an appropriate reference for the Subscription Price.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(e) Comparison with recent rights issue exercises*

In order to further assess the fairness and reasonableness of the terms of the Rights Issue, we have identified an exhaustive list of 10 fully-underwritten rights issue transactions (the “**Comparables**”) announced by other companies listed on the Stock Exchange for the period from six months immediately prior to the Last Trading Day (the “**Comparable Review Period**”). Although the Comparables include rights issue in different basis, engaged in different business or have different financial performance and funding needs from the Company, having considered that (i) all of the Comparables and the Company are listed on the Stock Exchange; (ii) our analysis is mainly concerned with the principal terms of the rights issue and we are not aware of any established evidence showing any correlation between the entitlement basis of the rights issue and its underlying principal terms; (iii) including transactions conducted by the Comparables with different funding needs and business represent a more comprehensive overall market sentiment in our comparable analysis; (iv) a six months period for the selection of the Comparables has generated a reasonable samples size to reflect the market practice regarding rights issue in the recent period; and (v) the Comparables were included without any artificial selection or filtering on our part so the Comparables represent a true and fair view of the recent market trends for similar fully-underwritten rights issue transactions conducted by other issuers listed on the Stock Exchange, we consider the list of Comparables are fair and representative samples. In addition, we consider that the Comparable Review Period is adequate and fair and representative given that (i) such period would provide us with the recent and relevant information in relation to the rights issue to demonstrate the prevailing market practices prior to the Last Trading Day under the prevailing market conditions; and (ii) we are able to identify an exhaustive list of 10 representative Comparables meeting the aforesaid criteria for comparison analysis in such period.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| Date of announcement | Stock code | Company name                                              | Basis of entitlement | Premium/<br>discount of<br>the<br>subscription<br>price over/to<br>the closing<br>price on the<br>last trading<br>date prior to/<br>on the date<br>of the<br>relevant<br>announcement | Premium/<br>discount of<br>the<br>subscription<br>price over/to<br>the theoretical<br>ex-right price<br>base on the<br>last trading<br>day prior to/<br>on the date<br>of the<br>relevant<br>announcement | Premium/<br>discount of<br>the<br>subscription<br>price over/to<br>the<br>net asset<br>value per<br>share | Theoretical<br>dilution effect<br>(Note 2) | Underwriting<br>commission | Excess<br>application<br>Yes/No |
|----------------------|------------|-----------------------------------------------------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|---------------------------------|
| 25 May 2023          | 8187       | Jimu Group Limited                                        | 2 for 1              | 15.60%                                                                                                                                                                                | 4.70%                                                                                                                                                                                                     | 488.24%<br>(Note 1)                                                                                       | 4.70%                                      | HK\$100,000<br>(Note 4)    | Yes                             |
| 5 May 2023           | 383        | China Medical &<br>HealthCare Group<br>Limited            | 1 for 2              | -15.40%                                                                                                                                                                               | -11.10%                                                                                                                                                                                                   | -59.10%                                                                                                   | 5.70%                                      | 2.50%                      | Yes                             |
| 28 April 2023        | 372        | PT International<br>Development<br>Corporation<br>Limited | 1 for 2              | -69.20%                                                                                                                                                                               | -60.00%                                                                                                                                                                                                   | -87.30%                                                                                                   | 23.10%                                     | 0.50%                      | No                              |
| 13 April 2023        | 8317       | Finet Group Limited                                       | 1 for 2              | -52.40%                                                                                                                                                                               | -42.20%                                                                                                                                                                                                   | 96.10%                                                                                                    | 17.97%                                     | nil                        | No                              |
| 11 April 2023        | 1854       | China Wantian Holdings<br>Limited                         | 1 for 5              | -41.94%                                                                                                                                                                               | -37.61%                                                                                                                                                                                                   | 350.00%                                                                                                   | 6.99%                                      | 7.07%                      | Yes                             |
| 6 April 2023         | 8052       | Luk Hing Entertainment<br>Group Holdings<br>Limited       | 1 for 1              | -5.88%                                                                                                                                                                                | -3.03%                                                                                                                                                                                                    | N/A (Note 3)                                                                                              | 2.94%                                      | 3.00%                      | No                              |
| 27 March 2023        | 482        | Sandmartin International<br>Holdings Limited              | 3 for 2              | -16.67%                                                                                                                                                                               | -7.41%                                                                                                                                                                                                    | -22.38%                                                                                                   | 10.00%                                     | 1.00%                      | No                              |
| 16 March 2023        | 3919       | Golden Power Group<br>Holdings Limited                    | 1 for 2              | -19.70%                                                                                                                                                                               | -6.60%                                                                                                                                                                                                    | -87.40%                                                                                                   | 9.00%                                      | 4.00%                      | Yes                             |
| 11 January 2023      | 2623       | Add New Energy<br>Investment<br>Holdings Group<br>Limited | 1 for 3              | -13.60%                                                                                                                                                                               | -10.90%                                                                                                                                                                                                   | -10.50%                                                                                                   | 3.40%                                      | nil                        | No                              |
| 6 January 2023       | 8363       | SDM Education Group<br>Holdings Limited                   | 1 for 2              | 0%                                                                                                                                                                                    | 0%                                                                                                                                                                                                        | N/A (Note 3)                                                                                              | 0%                                         | 4.00%                      | Yes                             |
|                      |            |                                                           | Maximum              | 15.60%                                                                                                                                                                                | 4.70%                                                                                                                                                                                                     | 488.24%                                                                                                   | 23.10%                                     | 7.07%                      |                                 |
|                      |            |                                                           | Minimum              | -69.20%                                                                                                                                                                               | -60.00%                                                                                                                                                                                                   | -87.40%                                                                                                   | 0.00%                                      | 0.50%                      |                                 |
|                      |            |                                                           | Average              | -21.92%                                                                                                                                                                               | -17.42%                                                                                                                                                                                                   | 83.46%                                                                                                    | 8.38%                                      | 3.15%                      |                                 |
|                      |            |                                                           | Median               | -16.04%                                                                                                                                                                               | -9.16%                                                                                                                                                                                                    | -16.44%                                                                                                   | 6.35%                                      | 3.00%                      |                                 |
|                      |            | The Company                                               | 1 for 1              | -27.71%                                                                                                                                                                               | -16.08%                                                                                                                                                                                                   | -92.64%                                                                                                   | 13.86%                                     | 2.50%                      | Yes                             |

Source: website of the Stock Exchange

Note 1: The net asset value per share was extracted from the relevant announcement or circular of the Comparables, where such information is not available from the above published sources, computed based on the reported net asset value as shown in the latest interim results or annual results of the Comparables divided by the number of issued shares as at the date of the relevant announcement of the Comparables.

Note 2: The theoretical dilution effect is calculated in according to Rule 10.44A of the Rules Governing of the Listing of Securities on GEM or Rule 7.27B of the Listing Rules.

Note 3: It is not applicable due to the net liabilities position in the relevant public financial results.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Note 4:* Different from usual market practice of underwriting commission charging on a percentage, the underwriting commission of rights issue of Jimu Group Limited is equal to a lump sum amount of HK\$100,000. We have excluded the underwriting commission of rights issue of Jimu Group Limited in our analysis.

As illustrated from the above table, there are 8 out of 10 Comparables that the pricing of a rights issue represents a discount to both the closing share prices on the last trading day and to the theoretical ex-entitlement prices of the shares. Except for two Comparables that were in net liabilities position, there are 5 out of 8 Comparables that the pricing of a rights issue represents a discount to the consolidated net asset value per share. The subscription prices of the Comparables:

- (i) ranged from a discount of approximately 69.20% to a premium of approximately 15.60% (the “**Last Trading Date Range**”), with a median of a discount of approximately 16.04% and an average of a discount of approximately 21.92% (the “**Last Trading Date Average Discount**”) for their respective closing prices per share on the last trading day prior to/on the dates of the relevant announcements of the Comparables;
- (ii) ranged from a discount of approximately 60.00% to a premium of approximately 4.70% (the “**Theoretical Ex-Right Price Range**”), with a median of a discount of approximately 9.16% and an average of a discount of approximately 17.42% (the “**Theoretical Ex-Right Price Average Discount**”) for their respective average theoretical ex-rights prices per share based on the closing prices on the last trading day prior to/on the dates of the relevant announcements of the Comparables; and
- (iii) ranged from a discount of approximately 87.40% to a premium of approximately 488.24% (together, the “**NAV Range**”), with a median of a discount of approximately 16.44% and an average of a premium of approximately 83.46% for their respective subscription price to the net asset value per share of the Comparables.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Subscription Price of HK\$0.6 per Rights Share represents (i) a discount of approximately 27.71% to the closing price per Share on the Last Trading Day (the “**Last Trading Date Discount**”); (ii) a discount of approximately 16.08% to the theoretical ex-rights price per Share (the “**Theoretical Ex-Right Price Discount**”); and (iii) a discount of approximately 92.64% to the net asset value per Share (the “**NAV Discount**”). We note that, except for the NAV Discount, each of the Last Trading Date Discount and Theoretical Ex-Right Price Discount is within the Last Trading Date Range and Theoretical Ex-Right Price Range, respectively. Although the NAV Discount is out of NAV Range, we consider if the Subscription Price was made with reference to the consolidated net asset value per Share (i.e., HK\$8.15 per Share), the willingness of the Shareholders to participate in the Rights Issue would be significantly reduced, which would not be the Company’s intention and the objective of the Rights Issue to raise fund for repayment of the bank borrowings. Considering the closing price of the Shares on the Last Trading Day (i.e. HK\$0.83 per Share) was at a substantial discount to the consolidated net asset value per Share, we consider it would be more appropriate to make reference to the prevailing market price of the Shares which reflected the fair market value of the Shares traded on the Stock Exchange, instead of making reference to the net asset value per Share.

We note that, there are 8 out of 10 Comparables offer a discount to their prevailing market price, it is a common market practice that the pricing of a rights issue represents a discount to both the closing share prices on the last trading day and to the theoretical ex-entitlement prices of the shares in order to enhance the attractiveness of the Rights Issue for encouraging Qualifying Shareholders to participate in the Rights Issue.

Having considered that (i) the general downward trend of the closing price of the Shares in the recent months as discussed under the sub-section headed “(c) Comparison with historical closing prices of the Shares” above; (ii) the Last Trading Date Discount and Theoretical Ex-Right Price Discount is within the Last Trading Date Range and Theoretical Ex-Right Price Range, respectively; (iii) the Company is short of funds to repay its debt; (iv) the interest of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as long as they are offered with an equal opportunity to participate in the Rights Issue and subscribe for the Rights Shares; and (v) those Qualifying Shareholders who do not wish to subscribe for their pro-rata entitlement of the Rights Shares can receive economic benefits from selling their nil-paid Rights Shares in the market, we are of the view that the Subscription Price is justifiable so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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***(f) Application for excess Rights Shares***

Applications for Excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for. Pursuant to Rule 7.21(3)(a) of the Listing Rules, the Directors will allocate any Excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no references will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and
- (iii) no preferences will be given to applications for topping up odd-lot holdings to whole lot holdings.

As set out in table under the sub-section headed “(e) Comparison with recent rights issue exercises” above, 5 out of 10 of the Comparables have the arrangement for excess application for the qualifying shareholders. With the arrangement of application for excess Rights Shares, the Qualifying Shareholders shall be given a pre-emption right to subscribe for excess Rights Shares if they wish to do so. Moreover, the allocation basis adopted by the Company is in line with the normal market practice of other rights issue with arrangement of application for excess rights shares and the shareholding of each Qualifying Shareholder, except those who do not take up their full entitlements or those who apply for excess Rights Shares, will be largely maintained after the completion of the Rights Issue. Based on the above, we consider that the arrangement of application for excess Rights Shares for the Qualifying Shareholders and the allocation method for the excess Rights Shares are fair and reasonable so far as the Independent Shareholders are concerned.

***(g) Underwriting commission***

With reference to the Letter from the Board, the terms of the Underwriting Agreement, including the Subscription Price and the underwriting commission rate, were determined after arm’s length negotiation between the Company and the Underwriter with reference to, among others, (i) the recent closing prices of the Shares; (ii) the prevailing market conditions; and (iii) the funding needs of the Company set out in the section headed “Reasons for the Rights Issue” in the Letter from the Board.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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From the comparison with recent rights issue exercises, where the selection criteria were set as the same under the comparable analysis under the sub-section headed “(e) Comparison with recent rights issue exercises” above, we note that the underwriting commission rate of 2.5% under the Underwriting Agreement is within the range of the underwriting commission received by the underwriters of the Comparables, which was ranged from 0.50% to 7.07%. Accordingly, we consider that the underwriting commission rate is in line with the market.

We have discussed with the management of the Company and understood that the Company has approached several licensed corporations to explore interest in underwriting the Rights Issue on a fully underwritten basis and save and except for the Underwriter which agreed to fully underwrite the Rights Shares at the Subscription Price at a commission of 2.5%, other licensed corporations did not show interests to underwrite the Rights Shares on a fully underwritten basis.

In addition, we also note that the Underwriter is a licensed corporation under SFO and has extensive experience in acting as bookrunners, lead managers, underwriter for the fundraising activities of companies listed on the Stock Exchange. According to the website of the Underwriter, the Underwriter was founded in 2014 and is a member of Central Wealth Group Holdings Limited, the shares of which is listed on Main Board of the Stock Exchange (Stock code: 139). Central Wealth Group Holdings Limited provides full range of financial services covering securities brokerage, securities underwriting, margin financing, securities research, asset management (private funds set-up and management), structured products, and other integrated financial services.

Taking into account the above principal terms of the Rights Issue, the Underwriting Agreement and the competency of the Underwriter, we consider that the terms of the Rights Issue and the Underwriting Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. Dilution effect of the Rights Issue on the shareholding of the Company

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue, assuming full acceptance by the Shareholders (assuming that there is no change in the issued share capital of the Company other than the Rights Issue); and (iii) immediately after completion of the Rights Issue assuming no acceptance by the Shareholders (assuming that there is no change in the issued share capital of the Company other than the Rights Issue):

|                                                     | (i) As at the Latest Practicable Date |                                               | (ii) Immediately after completion of the Rights Issue (assuming all Shareholders have taken up all the entitled Rights Shares) |                                               | (iii) Immediately after completion of the Rights Issue (assuming none of the Qualifying Shareholders has taken up any entitled Rights Shares) |                                               |
|-----------------------------------------------------|---------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
|                                                     | No. of Shares                         | Approximate % of total no. of Shares in issue | No. of Shares                                                                                                                  | Approximate % of total no. of Shares in issue | No. of Shares                                                                                                                                 | Approximate % of total no. of Shares in issue |
|                                                     |                                       |                                               |                                                                                                                                |                                               |                                                                                                                                               |                                               |
| Directors                                           | 133,511                               | 0.12                                          | 267,022                                                                                                                        | 0.12                                          | 133,511                                                                                                                                       | 0.06                                          |
| Chu Mo Kwan                                         | 11,715,000                            | 10.09                                         | 23,430,000                                                                                                                     | 10.09                                         | 11,715,000                                                                                                                                    | 5.04                                          |
| Shareholder(s) procured by the Underwriter (Note 1) | -                                     | -                                             | -                                                                                                                              | -                                             | 116,095,491                                                                                                                                   | 50.00                                         |
| Other public Shareholders                           | <u>104,246,980</u>                    | <u>89.79</u>                                  | <u>208,493,960</u>                                                                                                             | <u>89.79</u>                                  | <u>104,246,980</u>                                                                                                                            | <u>44.90</u>                                  |
| Total                                               | <u>116,095,491</u>                    | <u>100.00</u>                                 | <u>232,190,982</u>                                                                                                             | <u>100.00</u>                                 | <u>232,190,982</u>                                                                                                                            | <u>100.00</u>                                 |

*Note 1:* Pursuant to the Underwriting Agreement, the Underwriter undertakes to the Company that the Underwriter shall use all reasonable endeavours to ensure that each of the subscribers or purchasers of the Rights Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules); and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 30% or more of the voting rights of the Company upon completion of the Rights Issue.

*Note 2:* Certain percentage figures included in the above table have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

*Note 3:* These scenarios are for illustrative purpose only.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their provisional allotments in full under the Rights Issue, their shareholding interests in the Company will remain unchanged upon completion of the Rights Issue (assuming full acceptance of the Rights Issue). Qualifying Shareholders who do not accept the Rights Issue entitlements can, subject to the then prevailing market conditions, consider selling their nil-paid Rights Shares in the market. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and their aggregate shareholding interests in the Company may be reduced by a maximum of 50.0%.

We note that, assuming no subscription by the Qualifying Shareholders under the Rights Issue, the shareholding interests of the existing public Shareholders would be diluted from approximately 89.79% to 44.90% of the total number of issued Shares immediately before and after the Rights Issue respectively. However, such dilution effect may only arise when Qualifying Shareholders do not subscribe for their pro-rata Rights Shares. Those Qualifying Shareholders who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company and have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market. Furthermore, the Rights Issue is subject to Independent Shareholder's approval at the EGM. The Independent Shareholders have the opportunity to express their views on the terms of the Rights Issue through their votes at the EGM. We also note that as stated in the table of Comparables in the sub-section headed "(e) Comparison with recent rights issue exercises" above, the theoretical dilution effect of 13.86% of the Rights Issue is within the range of theoretical dilution effect of the Comparables as ranged from 0% to 23.1%.

Having considered that (i) the Rights Issue offers the Qualifying Shareholders an opportunity to subscribe for the Rights Shares for maintaining their respective existing shareholding interests in the Company; (ii) the Qualifying Shareholders have the opportunity to sell their nil-paid Rights Shares in the market if they do not wish to take up the Rights Issue entitlements; (iii) the reasons for and benefits of the Rights Issue as stated in the section headed "2. Reason for and benefits of the Rights Issue and use of proceeds" above; (iv) the theoretical dilution effect of the Rights Issue is within the range of theoretical dilution effect of the Comparables; and (v) the positive impact on the financial performance and position of the Group as stated in the section headed "5. Possible financial effects of the Rights Issue" below, we are of the view that the potential dilution effect on the shareholding interest of the Shareholders (who decide not to take up their assured entitlements in full) as a result of the Rights Shares is acceptable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 5. Possible financial effects of the Rights Issue

It should be noted that the analysis below is for illustrative purpose only and does not purport to represent how the financial position of the Group will become upon completion of the Rights Issue.

#### *(a) Net tangible assets*

The audited consolidated net tangible assets of the Group attributable to owners of the Company was approximately HK\$946.15 million and HK\$8.15 per Share as at 31 December 2022. According to the “Unaudited pro forma financial information of the Company set out in Appendix II to this circular, upon completion of the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company would increase to approximately HK\$1,010.67 million and HK\$4.35 per Share. As such, the Rights Issue is expected to have a positive impact on the financial position of the Group.

#### *(b) Gearing ratio*

The gearing ratio (measured by total borrowing divided by total equity) of the Group as at 31 December 2022 was approximately 39.83%. Taking into account the bank borrowings to be settled by the net proceeds from the Rights Issue of approximately HK\$64.5 million, the total debt of the Group would be reduced whilst the capital base of the Group would be enlarged accordingly. As such, the Group’s gearing ratio would decrease from approximately 39.83% as at 31 December 2022 to approximately 30.81% immediately after the Rights Issue and settlement of the bank borrowings.

After taking into consideration of the above, particularly, the improvement in liquidity position and the reduction in gearing ratio of the Group, we are of the view that the Rights Issue is in the interest of the Company and the Shareholders as a whole.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having taken into account the above principal factors and reasons discussed above, we are of the opinion that the Rights Issue and the Underwriting Agreement and the transactions contemplated thereunder are on normal commercial terms, and fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we would recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the upcoming EGM to approve the Rights Issue and the Underwriting Agreement.

Yours faithfully,  
For and on behalf of  
**INCU Corporate Finance Limited**  
**Gina Leung**  
*Managing Director*

*Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.*

## 1. SUMMARY OF FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2020, 2021 and 2022 respectively are disclosed in the following documents which have been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.fw-holdings.com](http://www.fw-holdings.com)):

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

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

- annual report of the Company for the year ended 31 December 2021 published on 29 April 2022 (pages 64 to 171):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042901517.pdf>

- annual report of the Company for the year ended 31 December 2022 published on 28 April 2023 (pages 71 to 173):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042802272.pdf>

## 2. INDEBTEDNESS

The following table set forth a breakdown of our indebtedness as at 30 June 2023, being the latest practicable date for the purpose of this indebtedness in this circular.

|                                  | <b>As at<br/>30 June 2023</b> |
|----------------------------------|-------------------------------|
|                                  | <i>HK\$'000</i>               |
| Bank borrowings <i>(note a)</i>  | 282,096                       |
| Other borrowings <i>(note b)</i> | 88,002                        |
| Lease liability <i>(note c)</i>  | 2,441                         |
| Bond payable <i>(note d)</i>     | <u>43,871</u>                 |
|                                  | <u><u>416,410</u></u>         |

Notes:

- (a) As at 30 June 2023, the bank borrowings are secured by the investment properties of the Group with a net carrying amount of approximately HK\$660,000,000, and bear interest at (i) 2.5% per annum below HKD Prime Rate, (ii) 2% per annum over HIBOR (1 month) or 2.5% per annum below HKD Prime rate, whichever is the lower and (iii) 2.5% per annum over HIBOR (1 week to 1 month) at 30 June 2023.

- (b) As at 30 June 2023, the other borrowings are secured by the pledges of financial assets at fair value through other comprehensive income of approximately HK\$26,194,000, financial assets at fair value through profit or loss of approximately HK\$28,821,000 and an investment property of the Group with a net carrying amount of HK\$283,000,000.
- (c) The Group entered into a lease agreement for leasing of office premise located in Hong Kong and recognised right-of-use asset and lease liability for the lease. Such lease liability amounted to approximately HK\$2,441,000 as at 30 June 2023, which was all classified as current liabilities. The interest rate of the lease liability is 7.34% per annum.
- (d) The Group issued a bond with maturity date on 4 January 2025 which bears a floating interest at 2.5% per annum over HKD Prime rate payable quarterly in arrears with a net carrying amount of approximately HK\$43,871,000, of which approximately HK\$1,671,000 was classified as current liabilities and HK\$42,200,000 was classified as non-current liabilities as at 30 June 2023.

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 June 2023, the Group did not have any debt securities issued and outstanding or agreed to be issued but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade payables) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, guarantees or material contingent liabilities.

### **3. WORKING CAPITAL**

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

### **4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, so far as was known to the Directors, there are no material adverse change in the financial or trading position of the Group as at 31 December 2022, the date to which the latest published audited financial statements of the Group were made up.

### **5. FINANCIAL AND TRADING PROSPECT**

The principal activities of the Company are investment holding. Its subsidiaries are principally engaged in (i) high technology business, (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) trading business and related services and (vi) securities brokerage business.

For the year ended December 31, 2022, due to adoption of tightened pandemic and control prevention policies in order to achieve the goal of dynamic clearing in response to the COVID-19 epidemic situation in the PRC, it mainly affected the high technology business development as a result of disruption in the supply chain.

Whilst the high technology business segment of the Group has continued to contribute to the Group, in light of the disruption in the supply chain as a result of the COVID-19 pandemic, the Group is in the course of reviewing its high technology business and expects that the business environment of high technology business segment and outlook for the coming financial year will remain highly challenging and uncertain. To mitigate the impact of the COVID-19 pandemic on the high technology business segment, the Group will develop more different innovative technology products and applications, pursue huge market opportunities and diversify its high technology business portfolio with a view to broadening its income stream which shall be in the best interests of the Company and its shareholders as a whole.

With the lift of stringent quarantine measures in early 2023, the Company expects that that the performance of the Group will improve in the coming years, although the uncertainty in global economy with the consistent potential conflicts have brought uncertainty and affect the market confidence. The Company will continue to review its business portfolio and will make necessary adjustments to fit in the trading and economic environment that is in the interests of the Company and the Shareholders as a whole.

For illustrative purposes, the financial information prepared in accordance with paragraph 4.29 of the Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by completion of the Rights Issue as if the Rights Issue had been completed on 31 December 2022. The statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the Group's financial condition on the completion of the Rights Issue.

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

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had been completed on 31 December 2022. The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the consolidated net assets of the Group as at 31 December 2022 as extracted from the published annual report of the Company for the year ended 31 December 2022 and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed on 31 December 2022. The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the adjusted consolidated net tangible assets of the Group immediately after completion of the Rights Issue or any future date after completion of the Rights Issue.

|                                                                         | Audited<br>consolidated net<br>tangible assets<br>attributable to<br>the owners of<br>the Company as<br>at 31 December<br>2022<br>HK\$'000<br>(Note 1) | Unaudited<br>estimated net<br>proceeds from<br>the Rights Issue<br>HK\$'000<br>(Note 2) | Unaudited pro<br>forma adjusted<br>consolidated net<br>tangible assets<br>attributable to<br>the owners of<br>the Company as<br>at 31 December<br>2022<br>HK\$'000 | Unaudited<br>consolidated net<br>tangible assets<br>attributable to<br>the owners of<br>the Company<br>per Share<br>before the<br>completion of<br>the Rights Issue<br>HK\$<br>(Note 3) | Unaudited pro<br>forma adjusted<br>consolidated net<br>tangible assets<br>attributable to<br>the owners of<br>the Company<br>per Share<br>immediately<br>after the<br>completion of<br>the Rights Issue<br>HK\$<br>(Note 4) |
|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Based on maximum number<br>of 116,095,491 Rights<br>Shares to be issued | 946,151                                                                                                                                                | 64,518                                                                                  | 1,010,669                                                                                                                                                          | 8.15                                                                                                                                                                                    | 4.35                                                                                                                                                                                                                        |

*Notes:*

- 1) The consolidated net tangible assets attributable to the owners of the Company as at 31 December 2022 were extracted and derived from the audited consolidated statement of financial position of the Group as at 31 December 2022 (being the reporting line item “Equity attributable to the owners of the Company” in the audited consolidated statement of financial position as at 31 December 2022) on which an audit report has been published.
- 2) The estimate net proceeds from the Rights issue is approximately HK\$64,518,000 which is based on 116,095,491 Rights Shares to be issued at the Subscription Price of HK\$0.6 per Rights Share and after deducting estimated related expenses, including among others, legal and professional fees, which are directly attributable to the Rights Issue, of approximately HK\$5,139,000.
- 3) The consolidated net tangible assets of the Group per share attributable to the owners of the Company before the completion of the Rights Issue is determined based on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2022 of approximately HK\$946,151,000 as disclosed in note 1 above, divided by 116,095,491 shares in issue as at 31 December 2022.
- 4) Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2022 per Share immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue of approximately HK\$1,010,669,000 divided by 232,190,982 Shares which represents the sum of 116,095,491 Shares in issue and 116,095,491 Rights Shares to be issued, assuming that no outstanding share options of the Company will be exercised.
- 5) Save as disclosed above, no other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2022.

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

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

**INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF FUTURE WORLD HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Future World Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) consists of the unaudited pro forma statement of consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2022 and related notes as set out in Part A of Appendix II to the circular dated 10 August 2023 (the “**Circular**”) issued by the Company in connection with the proposed rights issue on the basis of one rights share for every one existing share of the Company (the “**Rights Issue**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Part A of Appendix II to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group’s consolidated net tangible assets attributable to owners of the Company as at 31 December 2022 as if the Rights Issue had taken place at 31 December 2022. As part of this process, information about the Group’s consolidated financial position as at 31 December 2022 has been extracted by the Directors from the audited consolidated financial statements of the Company for the year ended 31 December 2022, on which an audit report has been published.

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

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

**Our Independence and Quality Management**

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

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the HKICPA, which requires our 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 Accountant's Responsibilities**

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

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

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

The purpose of Unaudited Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2022 would have been as presented.



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

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

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

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

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

**Opinion**

In our opinion:

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

**Moore Stephens CPA Limited**

*Certified Public Accountants*

**Ng Ngai Yan**

Practising Certificate Number: P07422

Hong Kong, 10 August 2023

**1. RESPONSIBILITY STATEMENT**

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

**2. SHARE CAPITAL**

The authorised and issued share capital of the Company (a) as at the Latest Practicable Date were; and (b) immediately after completion of the Rights Issue (assuming no new Shares were issued by the Company between the Latest Practicable Date and the Record Date and the Rights Issue becoming unconditional) will be, as follows:

**(a) As at the Latest Practicable Date:**

|                    |                                   |                       |
|--------------------|-----------------------------------|-----------------------|
| <i>Authorised:</i> |                                   | <i>HK\$</i>           |
| 623,700,000        | ordinary Shares of HK\$0.4 each   | 249,480,000.00        |
| <u>1,300,000</u>   | preference Shares of HK\$0.4 each | <u>520,000.00</u>     |
| <u>625,000,000</u> | Shares of HK\$0.4 each            | <u>250,000,000.00</u> |

*Issued and fully paid:*

|                    |                                 |                     |
|--------------------|---------------------------------|---------------------|
| <u>116,095,491</u> | ordinary Shares of HK\$0.4 each | <u>46,438,196.4</u> |
| <u>116,096,491</u> | Shares of HK\$0.4 each          | <u>46,438,196.4</u> |

**(b) Immediately after the completion of the Rights Issue:**

|                    |                                   |                       |
|--------------------|-----------------------------------|-----------------------|
| <i>Authorised:</i> |                                   | <i>HK\$</i>           |
| 623,700,000        | ordinary Shares of HK\$0.4 each   | 249,480,000.00        |
| <u>1,300,000</u>   | preference Shares of HK\$0.4 each | <u>520,000.00</u>     |
| <u>625,000,000</u> | Shares of HK\$0.4 each            | <u>250,000,000.00</u> |

*Issued and fully paid:*

|                    |                                                                                                                                     |                     |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 116,095,491        | ordinary Shares of HK\$0.4 each                                                                                                     | 46,438,196.4        |
| 116,095,391        | Rights Shares to be allotted and issued<br>(assuming no new Shares having been allotted<br>and issued on or before the Record Date) | 46,438,196.4        |
| <u>232,190,982</u> | Shares of HK\$0.4 each                                                                                                              | <u>92,876,392.8</u> |

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects, including capital, dividends and voting rights 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 after the date of allotment of the Rights Shares in their fully-paid form.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, save for 3,616,125 outstanding Share Options, the Company did not have any outstanding options, warrants or convertible securities which confer rights to subscribe for or affect the Shares. No capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

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

### 3. DISCLOSURE OF INTERESTS

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

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

#### *Long position in Shares and underlying shares of the Company*

| Name of Director           | Nature of interests | Interest in Shares and underlying shares | Approximate percentage of issued Shares |
|----------------------------|---------------------|------------------------------------------|-----------------------------------------|
| Yu Qingrui ( <i>Note</i> ) | Beneficial owner    | 133,511                                  | 0.12%                                   |

*Note:*

Yu Qingrui is interested in 133,511 shares.

Save as disclosed above, so far as the Directors were aware, as at the Latest Practicable Date, none of the Directors or chief executives of the Company or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) have to be notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Interests of substantial Shareholders**

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

***Long position in Shares******Long positions in the ordinary shares and the underlying shares of the Company***

| Name of Shareholder                                                                                                                                | Capacity                            | Number of Shares | Percentage of the Company's issued share capital |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------|--------------------------------------------------|
| Chu Mo Kwan                                                                                                                                        | Beneficial owner                    | 11,715,000       | 10.09%                                           |
| Liu Mingzhong                                                                                                                                      | Beneficial owner                    | 11,320,000       | 9.75%                                            |
| Tan Jinkang                                                                                                                                        | Beneficial owner                    | 11,220,000       | 9.66%                                            |
| Yip Chun Tat                                                                                                                                       | Beneficial owner                    | 10,980,000       | 9.46%                                            |
| Yang Xuan Zi                                                                                                                                       | Beneficial owner                    | 10,880,000       | 9.37%                                            |
| 哈爾濱工業大學<br>("哈工大學") (Note)                                                                                                                         | Interest of controlled corporation  | 9,454,000        | 8.14%                                            |
| 哈爾濱工業大學資產投資經營<br>有限責任公司("哈工投資") (Note)                                                                                                             | Interest of controlled corporation  | 9,454,000        | 8.14%                                            |
| 嚴格集團股份有限公司 (formerly<br>known as 哈工大機器人集團股份<br>有限公司) ("嚴格集團") (Note)                                                                               | Interest of controlled corporations | 9,454,000        | 8.14%                                            |
| 上海嚴格企賦科技服務有限公司<br>(formerly known as 哈工大機器<br>人集團上海科技服務有限公司)<br>("上海嚴格") (Note)                                                                    | Interest of controlled corporations | 9,454,000        | 8.14%                                            |
| Ha Wu Industrial Hong Kong<br>Investment Holding Co., Limited<br>(formerly known as HRG Robotics<br>International Limited)<br>("Ha Wu Industrial") | Beneficial owner                    | 9,454,000        | 8.14%                                            |
| Fang Wen Wen                                                                                                                                       | Beneficial owner                    | 7,067,500        | 6.09%                                            |

**Note:**

Ha Wu Industrial has a security interest in 9,454,000 shares of the Company. Each of 哈工大學, 哈工投資, 嚴格集團 and 上海嚴格 is deemed to be interested in the 9,454,000 shares held by Ha Wu Industrial by reason of interests of controlled corporations within the meaning of Part XV of the SFO.

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

#### **4. LITIGATION**

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

#### **5. DIRECTORS' SERVICE CONTRACTS**

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

#### **6. COMPETING INTERESTS**

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

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

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

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

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group. To the Company's knowledge and information, none of the Company's Directors is also an employee or director of any substantial shareholder of the Company.

## 8. MATERIAL CONTRACTS

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

- (a) the sale and purchase agreement dated 20 May 2021 and entered into between Lam Yan Bing as the vendor and Topsky Eagle Limited, a wholly owned subsidiary of the Group as the purchaser for the sale and purchase of the property located at G/F, No. 20 Kwun Chung Street, Kowloon, Hong Kong for an aggregate consideration of HK\$40,000,000 settled by cash and promissory notes;
- (b) the underwriting agreement dated 15 December 2021 and entered into between the Company and Po Tai Securities (Hong Kong) Limited as underwriter the Underwriter in relation to the rights issue on the basis of three rights Shares for every two consolidated Share of up to 82,044,138 rights Share at the subscription price of HK\$0.9 per rights Share on a non-fully underwritten basis;
- (c) the placing agreement dated 15 December 2021 and entered into between the Company and Central Wealth Securities Investment Limited as placing agent in relation to the placing of the unsubscribed rights Shares at the placing price of not less than HK\$0.9; and
- (d) the Underwriting Agreement.

**9. EXPERTS AND CONSENTS**

The following are the qualifications of the experts who have given opinions, letters or advice contained in this circular:

| <b>Name</b>                    | <b>Qualifications</b>                                                                                         |
|--------------------------------|---------------------------------------------------------------------------------------------------------------|
| INCU Corporate Finance Limited | A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO |
| Moore Stephens CPA Limited     | Certified Public Accountants                                                                                  |

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

As at the Latest Practicable Date, each of the experts did not have any shareholding, directly or indirectly, in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the experts did not have any direct or indirect interest in any assets which had been, since 31 December 2022 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

**10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**

|                                                                 |                                                                                                              |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| <b>Registered office</b>                                        | Cricket Square<br>Hutchins Drive<br>P.O. Box 2681<br>Grand Cayman KY1-1111<br>Cayman Islands                 |
| <b>Head office and principal place of business in Hong Kong</b> | Room 2601-2604 and<br>2637-2640, 26/F.,<br>Sun Hung Kai Centre,<br>30 Harbour Road,<br>Wanchai,<br>Hong Kong |



|                                                                |                                                                                                                                                 |
|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Authorised representatives</b>                              | Ms. Lam Hay Yin<br>Mr. Yu Qingrui                                                                                                               |
| <b>Company secretary</b>                                       | Ms. Lam Hay Yin<br>(associate of The Hong Kong Chartered Governance Institute)                                                                  |
| <b>Legal adviser to the Company as to Hong Kong laws</b>       | KS Ng Law Office<br>Unit 1205, 12th Floor<br>Far East Consortium Building<br>121 Des Voeux Road Central<br>Hong Kong                            |
| <b>Auditors/reporting accountants of the Company</b>           | Moore Stephens CPA Limited<br>801-806 Silvercord, Tower 1<br>30 Canton Road, Tsimshatsui<br>Kowloon, Hong Kong                                  |
| <b>Underwriter</b>                                             | Central Wealth Securities Investment Limited<br>Units 1801-02, 18th Floor, Far East Finance Centre<br>No.16 Harcourt Road, Admiralty, Hong Kong |
| <b>Principal bankers</b>                                       | <b>Public Bank (Hong Kong) Limited</b><br>Shanghai Commercial Bank Limited<br>Chong Hing Bank Limited                                           |
| <b>Principal share registrar and transfer office</b>           | <b>Conyers Trust Company (Cayman) Limited</b><br>Cricket Square<br>Hutchins Drive<br>P.O. Box 2681<br>Grand Cayman KY1-1111<br>Cayman Islands   |
| <b>Branch share registrar and transfer office in Hong Kong</b> | <b>Computershare Hong Kong Investor Services Limited</b><br>17M Floor<br>Hopewell Centre<br>183 Queen's Road East<br>Wan Chai, Hong Kong        |

**11. EXPENSES**

The expenses in connection with the Rights Issue, including but not limited to the financial advising fees, printing, registration, translation and legal and accounting fees are estimated to be approximately HK\$5 million and are payable by the Company.

**12. PARTICULARS OF DIRECTORS****Executive directors*****Mr. Liang Jian (“Mr. Liang”)***

Mr. Liang, aged 42, has been appointed as an executive director of the Company, the chairman of the Board and the chief executive officer of the Company (“CEO”). He is the senior vice president of 嚴格集團股份有限公司 (formerly known as 哈工大機器人集團股份有限公司) and is in charge of the sales and marketing businesses. Mr. Liang has over 16 years of experience in marketing, investment, finance and management sectors. He was an executive director of Asia Investment Finance Group Limited (stock code: 33), a company listed on the Main Board of the Stock Exchange from 28 November 2018 to 18 December 2018. Mr. Liang is also currently a director of various subsidiaries of the Company. Mr. Liang obtained a bachelor degree of mechanical design manufacturing and its automation from Harbin Engineering University in 2003 and a master degree in business administration from Tongji University (同濟大學) in the PRC in 2010.

***Mr. Yu Zhenzhong***

Mr. Yu Zhenzhong, aged 43, has been appointed as an executive director of the Company and the vice chairman of the Board on 13 March 2019. He is the senior vice president of 嚴格集團股份有限公司 (formerly known as 哈工大機器人集團股份有限公司) and focuses on the research and development of robots and artificial intelligence equipment. Mr. Yu Zhenzhong is also currently a director of various subsidiaries of the Company. Mr. Yu Zhenzhong obtained a doctoral degree in mechanical and electronic engineering from 哈爾濱工業大學 in 2011. He was awarded the Science and Technology Progress Award (中國商業聯合會科技進步獎) from the China General Chamber of Commerce in 2017, the Innovation Award (中國產學研合作創新獎) from the China Industry-University-Research Institute Collaboration Association in 2017 and 合肥市創新領軍人才稱號 in 2018, respectively.

***Mr. Yu Qingrui (“Mr. Yu”)***

Mr. Yu, aged 51, has been appointed as an executive director of the Company in September 2014. Mr. Yu specialises in property investment and trading business in the PRC. After graduating from high-school in 1989, Mr. Yu joined the shipping and trading business in the PRC. He was the general manager of a shipping company before he became a private investor in 2003. In 2011, Mr. Yu joined a marketing and management firm in Shanghai and served as their property investment manager. He is currently an executive director of Central Wealth which has an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the “SFO”).

***Ms. Wang Qian (“Ms. Wang”)***

Ms. Wang, aged 47, has been appointed as an executive director of the Company and vice chairman of the Board on 31 May 2022. She has over 20 years of experience in finance, investment and management area. From October 2001 to June 2002, she was employed by PricewaterhouseCoopers Consulting, with her last position as a consultant and was primarily responsible for enterprise strategy and financial management consultation. She successively acted as a senior manager of the finance strategy & business development department at the US headquarters of Goodyear Tire & Rubber Company and the Asia-Pacific region Finance Director of Goodyear Engineered Products Company from July 2004 to March 2009, where she was primarily in charge of mergers and acquisitions, and annual operation planning, as well as organising and supervising the financial activities for Asia Pacific region. After Goodyear Engineered Products Company was acquired by The Carlyle Group, she had led several acquisitions and restructuring projects. Since March 2009, she has served as the president of HIXIH Investment, a company principally engaged in the business of equity and securities investment, and she is primarily responsible for company management and investment business, during which she has accomplished and participated in several initial public offering projects in the New York Stock Exchange, the Stock Exchange and the Shanghai Stock Exchange for companies in finance, energy and resources, high-tech industries. She received a certificate of Certified Public Accountant granted by the Accountancy Board in the USA in October 2005. Since January 2016, she has been employed by Huili Resources (Group) Limited, a company listed on the main board of the Stock Exchange (stock code: 1303), as an executive director. Ms. Wang received her bachelor of economics from the Central University of Finance and Economics in July 1998. Ms. Wang received her master of business administration from the Carnegie Mellon University in the USA in May 2004.

**Mr. Su Wei (“Mr. Su”)**

Mr. Su, aged 42, has been appointed as an executive director of the Company on 1 July 2022. He has over 15 years of experience in the meat trading business. From 2004 to 2013, he worked in several multinational companies and was engaged in the trading of meat products in Shanghai, the PRC. Since May 2013, He has been serving as a general manager of ESS-FOOD (Shanghai) Trading Co. Ltd. of the Danish Crown Group (丹尼斯冠(上海)貿易有限公司). He obtained a bachelor’s degree in commerce (management science and marketing) in October 2003 and a graduate diploma in commerce in August 2004 from the University of Sydney, respectively.

**Independent non-executive directors****Mr. He Yi (“Mr. He”)**

Mr. He, aged 50, has been appointed as an independent non-executive director of the Company on 1 July 2022. He has over 23 years of experience in the financial industry. He held various senior management roles in several banks in the PRC. He first joined Credit Agricole Indosuez in the PRC in 1994 and later served as the head of treasury of First Sino Bank in 1997. He then worked for the Australia and New Zealand Banking Group Limited as the deputy general manager in the PRC. From 2008 to 2012, he joined the Shanghai branch of Barclays Bank as the general manager. In 2012, he was appointed as the chief executive officer of Nomura China Bank. In January 2015, he founded Shanghai Yaixin Investment Management Company Limited\* (上海堯信投資管理有限公司) and has been serving as an executive director and the general manager. He is also a certified public accountant in the PRC. Since May 2011, he has been serving as an independent non-executive director of Kai Yuan Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1215). Since June 2016, he has also been appointed as an independent non-executive director of Sunshine Oilsands Ltd., the shares of which are listed on the Stock Exchange (stock code: 2012). He obtained a master’s degree in economics from Fudan University (復旦大學) in July 2001.

***Mr. Guo Yaoli (“Mr. Guo”)***

Mr. Guo, aged 54, has been appointed as an independent non-executive director of the Company on 29 September 2022. He has more than 20 years of experience in the PRC legal profession. He first worked for the PRC government from 1993 to 1997. He then worked as a lawyer in various law firms in Beijing since 1999. Since June 2020, he has been employed as an independent director of Tianjin Ruixin Technology Co., Ltd. (天津銳新昌科技股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300828). Since November 2022, he has also been appointed as an independent non-executive director of Sheng Yuan Holdings Limited., the shares of which are listed on the Stock Exchange (stock code: 00851). He received both his Bachelor of Laws degree and Master of Laws degree from the China University of Political Science and Law in June 1993 and in January 2001, respectively.

***Ms. Xia Liping (“Ms. Xia”)***

Ms. Xia, aged 40, has been appointed as an independent non-executive director of the Company on 9 December 2022. She first worked as a manager of the funding department in Aivtech International Group Co. (泛藍國際集團) from 2010 to 2013. From 2014 to 2017, she was the manager of the finance department of Shenzhen Fortune Capital Management Co., Limited (深圳財富盛世資本管理有限公司). Since 2017, she has been serving as a director and the manager of the finance department at Smart Technology Group HK Limited (智創科技集團香港有限公司). She obtained a bachelor’s degree in business administration from Southwestern University of Finance and Economics (西南財經大學) in January 2020 and a Master of Business Administration from The Chubb Institute and December 2022, respectively.

***Mr. Bong Chin Chung (“Mr. Bong”)***

Mr. Bong, aged 46, has been appointed as an independent non-executive director of the Company on 3 July 2023. He has over 10 years of experience in the accounting and finance field. He worked at PricewaterhouseCoopers from July 2001 to November 2004, with his last position as a senior associate. Since December 2004, he worked for Ernst & Young and he departed in May 2007 with his last position as a manager. From February 2008 to June 2011, he was employed by KPMG as a senior manager. He received his Bachelor of Commerce degree from The Flinders University of South Australia in April 1999. He is a Certified Practising Accountant of the CPA Australia since July 2004.

***Business address of the Directors***

The business address of the Directors is the same as the Company’s head office and principal place of business in Hong Kong at Room 2601-2604 and 2637-2640, 26/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

**13. MISCELLANEOUS**

- (a) The English text of this circular shall prevail over the respective Chinese text in the case of inconsistency.

**14. DOCUMENTS ON DISPLAY**

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

- (a) the letter issued by the reporting accountants regarding the unaudited pro forma financial information as set out in appendix II to this circular;
- (b) the written consents referred to in the paragraph headed “EXPERTS AND CONSENTS” in this appendix;
- (c) the material contracts, referred in the paragraph headed “MATERIAL CONTRACTS” in this appendix;
- (d) the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022; and
- (e) the letter from the Independent Financial Adviser, the text of which is set out on pages 26 to 52 of this circular.

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## NOTICE OF EGM

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### FUTURE WORLD HOLDINGS LIMITED

未來世界控股有限公司

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

**(Stock Code: 572)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“**EGM**”) of Future World Holdings Limited (the “**Company**”) will be held at 2/F Meeting Room, Prudential Hotel, 222 Nathan Road, Tsim Sha Tsui, Kowloon, HK at 11:00 a.m. on 29 August 2023 for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as ordinary resolution of the Company.

#### ORDINARY RESOLUTION

“**THAT** subject to the satisfaction of the conditions set out in the letter from the board under the heading “Conditions of the Rights Issue” in the circular of the Company dated 10 August 2023 (the “**Circular**”):

- (a) the issue by way of rights shares (the “**Rights Issue**”) of new shares (the “**Rights Shares**” and each a “**Rights Share**”) at a subscription price of HK\$0.6 per Rights Share to the qualifying shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company on 14 September 2023 or such other date as may be determined by the Company for the determination of the entitlements under the Rights Issue (the “**Record Date**”) (other than those shareholders (the “**Non-Qualifying Shareholders**”) with registered addresses outside Hong Kong whom the Directors of the Company, after making relevant enquiry, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) on the basis of one (1) Rights Share for every one (1) Share of the Company then held on the Record Date and pursuant to the terms and conditions as set out in the Circular of which this notice convening the EGM forms part, be and is hereby approved;
- (b) the underwriting agreement (the “**Underwriting Agreement**”) dated 16 June 2023 and entered into among the Company and Central Wealth Securities Investment Limited (a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

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## NOTICE OF EGM

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- (c) any one of the Directors be and is hereby authorised to allot and issue the Rights Shares (in their nil-paid form and fully-paid form) pursuant to and in connection with the Rights Issue notwithstanding the Rights Shares may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, any Director be and is hereby authorised to make such exclusions or other arrangements in relation to fractional entitlements and/or the Non-Qualifying Shareholders as he deems necessary, desirable or expedient having regard to any restrictions or obligations under the articles of association of the Company or the laws of, or the rules and regulations of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong; and
- (d) any one of the Directors be and is hereby authorised to do all such acts and things, as he may in his discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation of the Rights Issue and the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the execution of all such documents under seal where applicable, as he considers necessary or expedient in his opinion to implement and/or give effect to the Rights Issue and the Underwriting Agreement and the implementation of all transactions contemplated thereunder, including but not limited to the issue and allotment of Rights Shares and to agree with such variation, amendment or waiver as, in his opinion, appropriate and in the interests of the Company and its shareholders as a whole.”

By order of the Board  
**Future World Holdings Limited**  
**Liang Jian**  
*Chairman*

Hong Kong, 10 August 2023

*Registered office:*

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

*Head office and principal place of business:*

Room 2601-2604 and 2637-2640,  
26/F., Sun Hung Kai Centre,  
30 Harbour Road, Wanchi  
Hong Kong



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## NOTICE OF EGM

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*Notes:*

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, subject to provisions of the Articles, to vote on his/her/its behalf. A proxy needs not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the EGM is enclosed with the circular of the Company dated 10 August 2023. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he/she/it so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of authority must be deposited at the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
4. In the case of joint holders of Shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such Shares as if he/she/it was solely entitled thereto, but if more than one such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
5. The register of members of the Company will be closed from 24 August 2023 to 29 August 2023 (both dates inclusive) during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all relevant transfer documents accompanied by the relevant Share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on 23 August 2023 for registration.