
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “14. Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (WUMP) Ordinance. The Registrar of Companies in Hong Kong, the Stock Exchange and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC. You should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

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

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

WEALTH GLORY HOLDINGS LIMITED

富譽控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8269)

RIGHTS ISSUE ON THE BASIS OF FIVE RIGHTS SHARES FOR EVERY TWO SHARES HELD ON THE RECORD DATE

Financial Adviser to the Company



Underwriter of the Rights Issue



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

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Thursday, 19 November 2020. The procedures for acceptance and payment or transfer of the Rights Shares and application and payment for excess Rights Shares are set out on pages 17 to 21 of this Prospectus.

It should be noted that the Shares have been dealt in on an ex-rights basis from Tuesday, 27 October 2020. Dealings in the Rights Shares in their nil-paid form will take place from 9:00 a.m. on Monday, 9 November 2020 to 4:00 p.m. on Monday, 16 November 2020 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable) or the Underwriting Agreement is terminated by the Underwriter at or before 4:00 p.m. on Friday, 20 November 2020 (or such other time or date as may be agreed between the Company and the Underwriter in writing), the Rights Issue will not proceed. Any persons contemplating dealings in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled or waived (as applicable) and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases, and/or dealings in the nil-paid Rights Shares, shall bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or the nil-paid Rights Shares are recommended to consult their own professional advisers and exercise caution.

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

5 November 2020

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 24 August 2020 in relation to, among other things, the Rights Issue and Change in Board Lot Size
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 10,000 Shares to 30,000 Shares, subject to the completion of the Rights Issue
“Circular”	the circular of the Company dated 30 September 2020 in relation to, among other things, the Rights Issue and Change in Board Lot Size
“Company”	Wealth Glory Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8269)
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong

DEFINITIONS

“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“EGM”	an extraordinary general meeting of the Company held on 22 October 2020 at which, among other things, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder have been approved
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
“Independent Third Party(ies)”	person(s) who is (are) third party(ies) independent of the Company and connected persons of the Company
“Last Trading Day”	21 August 2020, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	29 October 2020, being the latest practicable date before the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 19 November 2020 or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Friday, 20 November 2020, being the latest time for the termination of the Underwriting Agreement, or such later date as the Company and the Underwriters may agree in writing
“Optionholder’s Undertaking(s)”	the undertaking(s) executed on 24 August 2020 by the holders of the Share Options, whereby each of such Share Option holders irrevocably undertake, represent and warrant to the Company that he/she will not exercise such Share Options held by him/her for the period from the date of such undertaking to the close of business on the Record Date
“Overseas Letter”	a letter from the Company to the Excluded Shareholders, if any, explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is (are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue

DEFINITIONS

“PRC”	the People’s Republic of China, and for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	this prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	this Prospectus, PAL and EAF
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Wednesday, 4 November 2020 or such other date as may be agreed between the Company and the Underwriter, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Union Registrars Limited
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of five (5) Rights Shares for every two (2) Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents and as contemplated under the Underwriting Agreement
“Rights Share(s)”	513,585,000 new Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders for subscription pursuant to the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.024 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 26 September 2010

DEFINITIONS

“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.08 per Rights Share
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriter”	Sorrento Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter on 24 August 2020 in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	513,585,000 Rights Shares, being the maximum number of the Rights Shares not taken up by Qualifying Shareholders
“US”	the United States of America
“%”	per cent

EXPECTED TIMETABLE

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

Event	2020
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Monday, 9 November
Latest time for splitting the PAL(s)	4:00 p.m. on Wednesday, 11 November
Latest time of dealings in nil-paid Rights Shares	4:00 p.m. on Monday, 16 November
Latest time for acceptance of, and payment for, the Rights Shares and application for and payment for excess Rights Shares	4:00 p.m. on Thursday, 19 November
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Friday, 20 November
Announcement of results of the Rights Issue	Thursday, 26 November
Last day of trading of Shares in board lot size of 10,000 Shares	Friday, 27 November
Refund cheques, if any, to be despatched (if the Rights Issue is terminated and in respect of unsuccessful or partially successful application for excess Rights Shares)	Friday, 27 November
Share certificates for fully paid Rights Shares to be despatched	Friday, 27 November
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	9:00 a.m. on Monday, 30 November
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Monday, 30 November
Effective date of the Change in Board Lot Size from 10,000 Shares to 30,000 Shares	9:00 a.m. on Monday, 30 November
Last day for the designated broker to provide matching services for odd lots of Shares	4:00 p.m. on Monday, 21 December

All times and dates in this Prospectus refer to Hong Kong local times and dates. The dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied. Should there be any changes to the above expected timetable, the Company will notify the Shareholders by way of announcement as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will be postponed if “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning

- a. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- b. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of abovementioned warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance is postponed in accordance with the foregoing, the dates of the events subsequent to the Latest Time for Acceptance mentioned in this section may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

A. there shall be:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere after the signing of the Underwriting Agreement;
- (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 after the signing of the Underwriting Agreement or continuing after the signing of the Underwriting Agreement) of a financial, political, military, industrial, economic or other nature;
- (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
- (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
- (v) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of any member of the Group;
- (vi) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurring after the signing of the Underwriting Agreement;
- (vii) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;
- (viii) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 10 trading days (as defined in the GEM Listing Rules);

TERMINATION OF THE UNDERWRITING AGREEMENT

- (ix) the Company's application to the GEM Listing Committee of the Stock Exchange for the permission for the listing of, and permission to in, the Rights Shares (in their nil-paid and fully-paid forms) on the Stock Exchange is withdrawn by the Company and/or refused or revoked by the Stock Exchange;
- (x) there is, after signing of the Underwriting Agreement, any change or any development involving a prospective change in market conditions (including, without limitation, a change in taxation or fiscal or monetary policy or foreign exchange controls or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, in/on Hong Kong or elsewhere); or
- (xi) the circular and/or the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company,

which is or are in the reasonable opinion of the Underwriter:

- (i) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group taken as a whole;
 - (ii) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares to be taken up; or
 - (iii) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue; or
- B. the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the representations, warranties and undertakings in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue,

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

Upon giving of notice pursuant to the Underwriting Agreement, the obligations of the Underwriter under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement and the Company shall not be liable to pay any underwriting commission.

TERMINATION OF THE UNDERWRITING AGREEMENT

Pursuant to the Underwriting Agreement, the Underwriter irrevocably undertakes to the Company, among others, that if it or any of its sub-underwriters is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations, the Underwriter and parties acting in concert (within the meaning of the Takeovers Code) will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Underwriter in respect of performing its obligations thereunder. The Company and the Underwriter confirm that if no sufficient sub-underwriting arrangement to be made or subscription to be procured by the Underwriter for the Untaken Shares to avoid the mandatory offer obligation under Rule 26 of the Takeovers Code of the Underwriter and parties acting in concert with it, the Company and the Underwriter would terminate the Underwriting Agreement and the Rights Issue will not be proceeded.

If the Underwriter or the Company terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter or the Company.

LETTER FROM THE BOARD

WEALTH GLORY HOLDINGS LIMITED

富譽控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8269)

Executive Directors:

Mr. Tse Sing Yu

Ms. Lin Su

Independent non-executive Directors:

Mr. Tam Chak Chi

Mr. Chan Ka Hung

Mr. Liu Yongsheng

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Principal place of business in

Hong Kong:

12/F, The Pemberton

No. 22-26 Bonham Strand

Hong Kong

5 November 2020

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

Dear Sir or Madam,

RIGHTS ISSUE ON THE BASIS OF FIVE RIGHTS SHARES FOR EVERY TWO SHARES HELD ON THE RECORD DATE

INTRODUCTION

Reference is made to the Announcement and the Circular, in relation to, among other matters, the Rights Issue. On 24 August 2020, the Board announced that the Company proposed to raise gross proceeds of approximately HK\$41.1 million on the basis of five (5) Rights Shares for every two (2) Shares held on the Record Date by issuing 513,585,000 Rights Shares at the Subscription Price of HK\$0.08 per Rights Share. The Subscription Price is payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders.

LETTER FROM THE BOARD

The Rights Issue was approved by the Shareholders or the Independent Shareholders (as the case may be) at the EGM.

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

RIGHTS ISSUE

On 24 August 2020 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue. Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	Five (5) Rights Shares for every two (2) Shares held at the close of business on the Record Date
Subscription Price	:	HK\$0.08 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	205,434,000 Shares
Number of Rights Shares	:	513,585,000 Rights Shares with an aggregate nominal value of HK\$12,326,040
Number of issued shares of the Company upon completion of the Rights Issue	:	719,019,000 Shares
Amount to be raised	:	Approximately HK\$41.1 million before expenses
Right of excess applications	:	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

As at the Latest Practicable Date, there are (i) 17,119,650 outstanding Share Options, which are exercisable during the period from 13 March 2019 to 12 March 2021 at the exercise price of HK\$0.36 each; and (ii) 20,543,400 outstanding Share Options, which are exercisable during the period from 22 April 2020 to 21 April 2022 at the exercise price of HK\$0.24 each.

LETTER FROM THE BOARD

Save for the aforesaid, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

The nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 250.00% of the Company's issued share capital as at the Latest Practicable Date and approximately 71.43% of the Company's issued share capital as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before completion of the Rights Issue.

Undertakings

The Company has not received any information or irrevocable undertaking from any substantial shareholder of their intention in relation to the Rights Shares to be provisionally allotted to them under the Rights Issue as at the Latest Practicable Date.

Qualifying Shareholders

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

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

Basis of provisional allotments

The basis of the provisional allotment shall be five (5) Rights Shares (in nil-paid form) for every two (2) Shares 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 lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

LETTER FROM THE BOARD

Rights of Overseas Shareholders (if any)

The Prospectus Documents have not been registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 17.41(1) of the GEM Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders. Based on the register of members of the Company as at the Record Date, there was no Shareholder whose address was outside Hong Kong.

It is the responsibility of any person (including but without limitation to nominee, custodian, agent and trustee) receiving a copy of the Prospectus or the PAL or the EAF outside Hong Kong and wishing to take up the Rights Shares or make an application for excess Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. If you are in any doubt as to your position, you should consult your professional adviser. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only, but will not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded 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 in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses and stamp duty, of more than HK\$100 will be paid on pro rata basis (rounded down to the nearest cent) to the relevant Excluded Shareholders.

In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Excluded Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be made available for excess applications by Qualifying Shareholders under the EAF(s).

LETTER FROM THE BOARD

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.08 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- a. a discount of approximately 9.1% to the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on the Latest Practicable date;
- b. a discount of approximately 11.1% to the closing price of HK\$0.09 per Share as quoted on the Stock Exchange on the Last Trading Day;
- c. a discount of approximately 3.6% to the theoretical ex-rights price of approximately HK\$0.083 per Share based on the closing price of HK\$0.09 per Share as quoted on the Stock Exchange on the Last Trading Day;
- d. a discount of approximately 12.1% to the average of the closing prices of approximately HK\$0.091 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- e. a discount of approximately 12.1% to the average of the closing prices of HK\$0.091 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day; and
- f. a discount of approximately 82.5% to the audited net asset value per Share of approximately HK\$0.457 (based on the latest published audited consolidated net asset value of the Group of approximately HK\$ 93,827,000 as at 31 March 2020 as disclosed in the annual report of the Company for the year ended 31 March 2020 (the “**2020 Annual Report**”) and 205,434,000 Shares in issue as at the Latest Practicable Date).

LETTER FROM THE BOARD

The Subscription Price was set at a discount to the recent closing prices of the Shares aiming at lowering the further investment cost of the Shareholders so as to encourage them to take up their entitlements to maintain their shareholdings in the Company, thereby minimising possible dilution impact. The terms of the Rights Issue, including the Subscription Price, were determined after arm's length negotiations between the Company and the Underwriter, taking into account, among others, (i) the prevailing market prices of the Shares since August 2020 and up to the Last Trading Day which were generally around HK\$0.091 per Share and a discount with reference to the recent completed rights issue; (ii) the latest business performance and financial position of the Group; and (iii) the funding and capital needs of the Company.

The Directors consider that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil paid rights in the market; (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; and (iii) the Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the recent market price of the Shares.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Rights Issue is approximately 71.43%. The theoretical dilution effect of the Rights Issue is approximately 8.50% which is below 25% as required under Rule 10.44A of the GEM Listing Rules.

The Directors are of the view that the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders, and that all Qualifying Shareholders are treated equally. The net price per Rights Share (i.e. the Subscription Price less cost and expenses incurred in the Rights Issue assuming an underwriting fee for underwriting all the Rights Shares) is estimated to be approximately HK\$0.076.

LETTER FROM THE BOARD

Status of Rights Shares

The Rights Shares, when allotted 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 are declared, made or paid, the record date of which is after the date of allotment of the Rights Shares in their fully-paid form.

Fractions of the Rights Shares

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

Procedures for acceptance and payment or transfer

PAL – Acceptance, payment and transfer

The PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholder(s) wish to take up the provisional allotment of Rights Shares as specified in the PAL in full, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not later than 4:00 p.m. on Thursday, 19 November 2020. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**Wealth Glory Holdings Limited – PAL**" and crossed "**ACCOUNT PAYEE ONLY**". No receipts will be given for such remittances.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar not later than 4:00 p.m. on Thursday, 19 November 2020, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions.

LETTER FROM THE BOARD

If the Qualifying Shareholders wish to accept only part of their provisional allotment and/or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the original PAL must be surrendered and lodged for cancellation by no later than 4:00 p.m. on Wednesday, 11 November 2020 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee, will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event, the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy itself/himself/herself as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the aforesaid representations and warranties. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for the Rights Shares will be accepted from any person who is an Excluded Shareholder. No receipt will be issued in respect of any application monies received.

LETTER FROM THE BOARD

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out under the paragraphs headed “Conditions of the Rights Issue” below is not fulfilled and/or waived (as applicable) at or before the time and date specified in the Underwriting Agreement, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post to their respective registered addresses at their own risk by the Registrar on Friday, 27 November 2020.

EAF – Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders and/or for any Rights Shares provisionally allotted but not accepted.

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for with the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not later than 4:00 p.m. on Thursday, 19 November 2020. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “**Wealth Glory Holdings Limited – EAF**” and crossed “**ACCOUNT PAYEE ONLY**”. No receipt will be given for such remittances.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis on the following principles:

- a) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess Rights Shares applied for under each application;
- b) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- c) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and

LETTER FROM THE BOARD

- d) pursuant to Rule 10.31(3)(b) of the GEM Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling shareholder of the Company or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Right Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

The allocation of excess Rights Shares (if any) to the Qualifying Shareholders will be announced by the Company on Thursday, 26 November 2020. If no excess Rights Shares are allotted to the Qualifying Shareholders, it is expected that a cheque for the amount tendered on application will be refunded in full without interest on Friday, 27 November 2020. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, a cheque for the amount of the surplus application monies are also expected to be refunded to them without interest on Friday, 27 November 2020.

All cheques or cashier’s orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or a cashier’s order in payment for the excess Rights Shares applied will constitute a warranty by the applicant that the cheque or cashier’s order will be honoured on first presentation. If any cheque or cashier’s order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected.

Completion and return of the EAF by anyone outside Hong Kong will constitute a warranty and representation to the Company that all the local registration, legal and regulatory requirements of such relevant jurisdictions other than Hong Kong in connection with the EAF and any application under it have been, or will be, duly complied with. For the avoidance of doubt neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

LETTER FROM THE BOARD

The EAF is for use only by the Qualifying Shareholder(s) to whom it is addressed and is not transferable. All documents, including refund cheques for wholly or partially unsuccessful applications for excess Rights Shares, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown in the register of members of the Company on the Record Date.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out in the paragraphs headed “Conditions of the Rights Issue” below is not fulfilled at or before the Latest Time for Termination (or such later time or date as the Company and the Underwriter may agree in writing), the remittance received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on Friday, 27 November 2020.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on Friday, 27 November 2020 by ordinary post to the allottees, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on Friday, 27 November 2020 by ordinary post to the applicants, at their own risk, to their registered addresses. Each Shareholder will receive one share certificate for all allotted Shares.

The first day of dealings in the Rights Shares in their fully-paid form is expected to commence at 9:00 a.m. on Monday, 30 November 2020.

Application for listing

The Company has made an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

LETTER FROM THE BOARD

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the new board lots of 30,000 Rights Shares.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any), the Company has appointed Sorrento Securities Limited as an agent to provide odd lot matching services to those Shareholders who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their holding of odd lots of the Shares during 9:00 a.m. on Monday, 30 November 2020 to 4:00 p.m. on Monday, 21 December 2020 (both days inclusive). Shareholders who wish to take advantage of this service should contact Sorrento Securities Limited at 11/F, The Wellington, 198 Wellington Street, Central, Hong Kong or at telephone number (852) 3959 9800 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. Shareholders who are in doubt about this service are recommended to consult their professional advisors.

THE UNDERWRITING AGREEMENT

On 24 August 2020 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to fully underwrite all the Rights Shares.

Date	:	24 August 2020 (after trading hours)
Underwriter	:	Sorrento Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and their ordinary course of business includes underwriting of securities. To the best knowledge and information of the Directors after reasonable enquiries, the Underwriter and its ultimate beneficial owner are Independent Third Parties.

LETTER FROM THE BOARD

Number of Rights : 513,585,000 Rights Shares, being the maximum number of
Shares to be the Rights Shares (the “**Untaken Shares**”) not taken up
underwritten by the by Qualifying Shareholders
Underwriter

Commission : The Underwriter will receive 2.50% of the aggregate
Subscription Price of the Underwritten Shares as
underwriting commission

The terms of the Underwriting Agreement (including the commission rate) were determined after arm’s length negotiations between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions.

Pursuant to the Underwriting Agreement, the Underwriter irrevocably undertakes to the Company that if it or any of its sub-underwriters is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations, (i) the Underwriter and parties acting in concert (within the meaning of the Takeovers Code) will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Underwriter in respect of performing its obligations thereunder; (ii) The Underwriter shall and shall cause its sub-underwriters to procure subscribers independent of the Company and its connected persons to take up such number of Rights Shares as may be necessary to ensure that the public float requirements under the GEM Listing Rules are complied with; (iii) none of the persons to be procured by it to subscribe for the Untaken Shares will be holding 10% or more of the total issued shares of the Company immediately after completion of the Rights Issue; and (iv) it shall use its reasonable endeavours to ensure that its sub-underwriters and subscribers for the Untaken Shares are third parties independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company and its connected persons or their respective associates (as defined in the GEM Listing Rules).

The Underwriter will assess the status of application of the Rights Shares from time to time and continuously liaise with other securities firms for sub-underwriting arrangement (if any) such that the number of the Untaken Shares to be taken up by the Underwriter and parties acting in concert with it would be limited to the extent not triggering mandatory offer obligation under Rule 26 of the Takeovers Code after entering into the sub-underwriting agreement(s). The Company and the Underwriter confirm that if no sufficient sub-underwriting arrangement to be made or subscription to be procured by the Underwriter for the Untaken Shares to avoid the mandatory offer obligation under Rule 26 of the Takeovers Code of the Underwriter and parties acting in concert with it, the Company and the Underwriter would terminate the Underwriting Agreement and the Rights Issue will not be proceeded.

LETTER FROM THE BOARD

Sub-underwriter(s), if any, will be required to provide (i) the information on their respective shareholders; and (ii) written confirmation on their independence to other sub-underwriter(s). The Underwriter will also request the lists of subscribers procured by its sub-underwriter(s) for review on their information and make enquiry with sub-underwriter(s) on subscribers' background if necessary.

Furthermore, each of the subscribers to the Untaken Shares (either procured by the Underwriter of its sub-underwriters) will have to provide written confirmation that they are third parties independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company and its connected persons or their respective associates (as defined in the GEM Listing Rules) and none of them will be holding 10% or more of the total issued shares of the Company immediately after completion of the Rights Issue.

The Directors (including the members of the Independent Board Committee) are of the view that the terms of the Underwriting Agreement, including the commission rate, 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.

The Optionholder's Undertakings

As at 24 August 2020, being the date of the Underwriting Agreement, each of the holders of the Share Options (including two Directors) has signed an Optionholder's Undertaking not to exercise any and all of the Share Options granted to him/her from the date of the Optionholder's Undertaking to the close of business on the Record Date.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or "extreme conditions" caused by super typhoons is announced by the Government of Hong Kong or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no "extreme conditions" caused by super typhoons is announced by the Government of Hong Kong or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

A. there shall be:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere after the signing of the Underwriting Agreement;

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- (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 after the signing of the Underwriting Agreement or continuing after the signing of the Underwriting Agreement) of a financial, political, military, industrial, economic or other nature;
- (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
- (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
- (v) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of any member of the Group;
- (vi) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurring after the signing of the Underwriting Agreement;
- (vii) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;
- (viii) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 10 trading days (as defined in the GEM Listing Rules);
- (ix) the Company's application to the GEM Listing Committee of the Stock Exchange for the permission for the listing of, and permission to in, the Rights Shares (in their nil-paid and fully-paid forms) on the Stock Exchange is withdrawn by the Company and/or refused or revoked by the Stock Exchange;
- (x) there is, after signing of the Underwriting Agreement, any change or any development involving a prospective change in market conditions (including, without limitation, a change in taxation or fiscal or monetary policy or foreign exchange controls or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, in/on Hong Kong or elsewhere); or
- (xi) the Circular and/or the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company,

LETTER FROM THE BOARD

which is or are in the reasonable opinion of the Underwriter:

- (i) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group taken as a whole;
- (ii) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares to be taken up; or
- (iii) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue; or

B. the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the representations, warranties and undertakings in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue,

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

Upon giving of notice pursuant to the Underwriting Agreement, the obligations of the Underwriter under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement and the Company shall not be liable to pay any underwriting commission.

If the Underwriter or the Company terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter or the Company.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the date of despatch of the Prospectus Documents;
- (b) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Latest Time for Termination;

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- (c) the delivery to the Stock Exchange for authorisation and the filing and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus Documents (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the GEM Listing Rules by no later than the date of despatch of the Prospectus Documents;
- (d) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus and the Overseas Letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue by the Prospectus Posting Date;
- (e) the execution and delivery of the Optionholder's Undertakings on the date of the Underwriting Agreement;
- (f) there being no breach of the undertakings and obligations of the Company under the Underwriting Agreement by the Latest Time for Termination; and
- (g) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. None of the parties to the Underwriting Agreement may waive any of the above conditions except condition (f) above.

If the above conditions are not satisfied in whole or in part by the respective dates set out above (or such other time and/or dates as the Underwriter may agree with the Company in writing), the Underwriting Agreement shall be terminated and (save in respect of any provisions relating to, among other matters, notices and governing law and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against any other party and the Rights Issue will not proceed.

As at the Latest Practicable Date, save as condition precedent set out in paragraphs (a) and (e), none of the conditions precedent have been fulfilled.

INFORMATION ABOUT THE UNDERWRITER

The Underwriter is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO.

The Underwriter confirmed that (i) it is independent of and not connected with the Company or its connected persons; and (ii) it has complied with Rule 10.24A(1) of the GEM Listing Rules that it is licensed under the SFO for Type 1 regulated activity and its ordinary business includes underwriting of securities. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Underwriter and its respective ultimate beneficial owner(s) and/or associates are Independent Third Parties.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 205,434,000 Shares in issue. On the assumption that there is no change in the shareholding structure of the Company from the Latest Practicable Date to completion of the Rights Issue other than the allotment and issue of Rights Shares pursuant to the Rights Issue, the table below depicts, for illustrative purposes only, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; and (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders:

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders	
	Number of Shares	Approx.% (note 1)	Number of Shares	Approx.% (note 1)	Number of Shares	Approx.% (note 1)
Mr. Shan Zumao	10,280,000	5.00	35,980,000	5.00	10,280,000	1.43
Public Shareholders	195,154,000	95.00	683,039,000	95.00	195,154,000	27.14
Underwriter (note 2)	—	—	—	—	513,585,000	71.43
Total	<u>205,434,000</u>	<u>100.00</u>	<u>719,019,000</u>	<u>100.00</u>	<u>719,019,000</u>	<u>100.00</u>

Notes:

- The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.
- This scenario is for illustrative purpose only. Pursuant to the Underwriting Agreement, the Underwriter irrevocably undertakes to the Company that if it or any of its sub-underwriters is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations, (i) the Underwriter and parties acting in concert (within the meaning of the Takeovers Code) will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Underwriter in respect of performing its obligations thereunder; (ii) The Underwriter shall and shall cause its sub-underwriters to procure subscribers independent of the Company and its connected persons to take up such number of Rights Shares as may be necessary to ensure that the public float requirements under the GEM Listing Rules are complied with; (iii) none of the persons to be procured by it to subscribe for the Untaken Shares will be holding 10% or more of the total issued shares of the Company immediately after completion of the Rights Issue; and (iv) it shall use its reasonable endeavours to ensure that its sub-underwriters and subscribers for the Untaken Shares are third parties independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company and its connected persons or their respective associates (as defined in the GEM Listing Rules).

As at the Latest Practicable Date, the Underwriter has not yet entered into any arrangement with the sub-underwriter(s) and/or the subscribers procured by the Underwriter.

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

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in (i) trading of natural resources and commodities; (ii) trading of trendy fashion merchandises and other consumer products; (iii) money lending; and (iv) investment in securities in Hong Kong.

For the three years ended 31 March 2020, the Group recorded (i) revenue of approximately HK\$86.5 million, HK\$96.7 million and HK\$66.2 million respectively; (ii) operating expenses (being administrative expenses and other expenses) of approximately HK\$17.6 million, HK\$19.5 million and HK\$16.4 million respectively; and (iii) finance costs of approximately HK\$4.1 million, HK\$1.3 million and HK\$0.8 million respectively. As a result, the Group recorded loss for the year of approximately HK\$59.8 million, HK\$18.2 million and HK\$19.9 million respectively for the corresponding year. During the first three months ended 30 June 2020, the Group recorded (i) unaudited revenue of approximately HK\$18.2 million as compared to approximately HK\$27.3 million for the same period in 2019; and (ii) unaudited loss for the period of approximately HK\$3.1 million as compared to approximately HK\$1.4 million for the same period in 2019.

Notwithstanding the impact of PRC-US trade conflict and more recently the COVID-19 outbreak on Hong Kong, the Group was able to maintain its results at comparable level. Revenue attributable to the trading of consumer products amounted to approximately 51.3%, 38.1%, 54.3% and 38.6% of total revenue of the Group for each of the three years ended 31 March 2020 and the first three months ended 30 June 2020. As mentioned in the 2020 Annual Report and the first quarterly report of the Company for the three months ended 30 June 2020 (the “**Q1 Report**”), the Group will continue to develop its existing business either via organic growth or by acquisition of related businesses if appropriate and to switch more resources to the sales of consumer products and trendy fashion merchandises segment which has a great potential on its business performance. Meanwhile, the Board will also utilize its business connections to identify other investment opportunities in order to diversify its existing business for enhancing its shareholder’s return.

LETTER FROM THE BOARD

Therefore, the Company proposes to raise equity capital by the Rights Issue to supplement its operation needs and particularly for its consumer product business. It is estimated that the Company will raise a gross proceeds of approximately HK\$41.1 million from the Rights Issue and the relevant expenses would be approximately HK\$2.0 million, which include underwriting commission (assuming underwriting all the Rights Shares) and professional fees payable to financial advisers, legal advisers, financial printer and other parties involved in the Rights Issue. The estimated net proceeds from the Rights Issue will accordingly be approximately HK\$39.1 million (equivalent to a net price of approximately HK\$0.076 per Rights Share). In line with the aforesaid business objectives, the Company intends to utilise the net proceeds from the Rights Issue as follows:–

- (i) approximately HK\$13.1 million (or approximately 33.6% of the total net proceeds) for the repayment of bond in principal amount of HK\$10.0 million and other unsecured borrowings at the value of approximately HK\$3.1 million;
- (ii) approximately HK\$9.7 million (or approximately 24.8% of the total net proceeds) for the expansion of sales channels in various third-party department stores and chain stores in the PRC;
- (iii) approximately HK\$4.4 million (or approximately 11.1% of the total net proceeds) for the development of new merchandises and other consumer products;
- (iv) approximately HK\$4.0 million (or approximately 10.2% of the total net proceeds) for the marketing activities and use of third-party intellectual properties; and
- (v) approximately HK\$7.9 million (or approximately 20.3% of the total net proceeds) for general working capital of the Group.

Repayment of bond and other unsecured borrowings

As set out in the 2020 Annual Report, the Group had (i) other unsecured borrowings of approximately HK\$3.0 million as at 31 March 2020 bearing interest rate of 8.0% per annum and payable within one year; and (ii) issued an unsecured bond to an independent third party with principal amount of HK\$10.0 million and with coupon rate of 5.33% per annum which has been fully prepaid. During the year ended 31 March 2020, the relevant finance costs incurred by the Group was approximately HK\$748,000. Since the implied cost of capital of the Rights Issue of approximately 4.96% (being the total estimated expenses of the Rights Issue as percentage of gross proceeds assuming an underwriting fee for underwriting all the Rights Shares) is lower than the aforesaid interest rate of the unsecured borrowings, the Company considers that it is economically justifiable to obtain equity financing to repay such borrowings in order to save

LETTER FROM THE BOARD

finance costs. Since the unsecured bond will be due in May 2021 and the Company will be required to repay the principal to subscriber unless extension of the maturity is mutually agreed. Having taken into account of its cash position and financial performance, the Company considers that it is necessary to obtain financing in advance to prepare for full repayment. The Rights Issue can facilitate the need of the Group in this respect at a lower cost. Furthermore, given the gearing ratio of the Company increased from approximately 9.0% for the year ended 31 March 2019 to approximately 11.5% for the year ended 31 March 2020, the repayment of both bond and other borrowings by using proceeds from the Rights Issue would reduce the gearing ratio of the Company to zero. It is the intention of the Company to repay the aforesaid borrowings upon receipt of the proceeds from the Rights Issue and the bond upon its expiry in May 2021.

The Group defines its gearing ratio as ratio of net debt over equity plus net debt in which net debt represents total of promissory note, bonds, bank overdraft and bank and other borrowings (where applicable) and exclude non-interest bearing item, being an amount due to director included in accruals and other payables as set out in the 2020 Annual Report, from the calculation of the aforesaid gearing ratios. Such item is also presented as loan from a director in the paragraph headed “2. Statement of indebtedness” in appendix I to this Prospectus which was approximately HK\$6.6 million as at 30 September 2020.

Expansion of sales channels in various third-party department stores and chain stores in the PRC

As set out in the 2020 Annual Report, the Group has already started to increase the sale channels, provide a flexible credit terms to customers and add a new profit sharing sales model to attract the dealers and maximise its profit. The Group has sold its products to over various points-of-sale run by third-party retailers in the PRC. The Group intends to leverage this established sales network and reputation of retail chain stores and department stores to expeditiously expand the coverage of the Group’s products to capture any market opportunities by increasing the number of points-of sale run by third-party dealers to around 65 points-of-sales (the “POS”) including nationwide department stores, kids wear chain stores, household product chain stores, trendy jewellery and accessories stores etc. located in Beijing, Shanghai, Nanjing, Chongqing, Guangzhou, Wuhan, Zhengzhou and other cities in Jiangsu Province, Sichuan Province, Shaanxi Province, Inner Mongolia etc. upon receipt of the proceeds from the Rights Issue and agreement with the relevant dealers on the sale arrangement.

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As at the Latest Practicable Date, the Company is still in negotiation with the relevant dealers in respect of the sale arrangement of the Group's products at their POS, such as sharing of income generated from sales of the Group's products, credit terms and administrative work, and the finalisation of which depends on, among other things, the mix and availability of products of the Group to be placed at the POS and the marketing effort of the Group. Subject to the future market condition and ongoing review of the performance at the POS, the Company plans to sell products of existing styles at the POS in the first six months of cooperation and once the new bag products (details of which are disclosed in paragraph headed "Development of new merchandises and other consumer products") become available after development and production, a mix of both existing and new bag products will be made available for sale at the POS.

Since the Company may launch new bag products with various interactive functions subject to the results of research and development, the Company considers that it is necessary to prepare for the display of small computers and interactive electronic devices supported by online system to (i) attract customers' attention by allowing them to play interactive online games and command robots at the POS as well as to enhance the Group's product image; (ii) add more innovative elements to the Group's marketing activities at shopping malls and department stores of the relevant POS when necessary; and (iii) enhance the features and playability of certain new bag products since certain new products will be designed for children. The Company expects to respectively incur approximately HK\$4.0 million for engaging third-party to develop and/or provide the relevant online system and games and approximately HK\$2.1 million for initial setup costs for electronic devices at the POS. Such development cost of online system is estimated based on the third-party quotations available to the Group. It is expected that the procurement of devices and the installation of which at all the POS would take around six to eight weeks. Upon establishment of such sales channels with relevant dealers, the Group would be able to sell products of existing style and newly developed products as mentioned above. The Company currently expects to place around 20 styles of its products and maintain inventories of around 300 pieces of these products at each POS. The Group may adjust its inventory level at each POS to cope with the then market condition and the launch of its new products. If income sharing arrangement is adopted by relevant the dealers, the Group would be able to receive income equivalent to certain portion of sales of products at retail prices at the POS rather than previously selling at wholesale prices.

The Company believes that with the abovementioned promotional effort and information technology elements at the POS together with the marketing effort to be made by the Group (details of which are disclosed in paragraph headed "Marketing activities and use of third-party intellectual properties") would facilitate the negotiation between the Group and dealers on sales arrangement for initially around next eighteen months which the Company considers beneficial to the its operation.

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On the other hand, the Company also plans to expand its sales network to some other retail places in the PRC by offering around 50 smart vending machines for sale of its products by cooperating with retail dealers or e-commerce platform. The Company expects to incur approximately HK\$3.6 million for purchase of these machines and provision of relevant system based on the third-party quotations available to the Group. The Company expects to launch these smart vending machines in the first quarter of 2021 after determining the locations with retail dealers or e-commerce platform based on, among others, economy of cities, general spending power of customers and brand names of the retail places. As the Group would be able to monitor the sales data of smart vending machines, the Group could adjust continuously the product mix of its existing products and newly developed products at the smart vending machines in response to market demand.

Development of new merchandises and other consumer products

The Group is engaged in, among others, design, manufacture, produce, market, sales and distribution of bags, storage cases for electronic accessories and components, trendy fashion apparels and accessories in Hong Kong and Asia markets. Therefore, the success of the Group depends on its ability to continuously develop marketable products, particularly bags, and launch via appropriate sales channels. By leveraging the experience of the Group in design and production of traditional bag products, the Company intends make use of information and communication technology to enhance features of its new bag products. The Company expects to develop over ten products with different features/functions in the coming year and incur development cost approximately HK\$4.4 million. Such development cost is estimated based on the third-party quotations available to the Group and the expected salary of in-house designer to be employed.

Such new bag products mainly include (i) backpacks for children with certain electronic devices and sensors connecting to relevant system which would enable users to download contents for more features and enhancement to playability; (ii) backpacks with GPS tracking function for elderly, children and even hikers; (iii) functional bags with electronic devices such as camera for outdoor and water sport activities; and (iv) traditional bag products and accessories. Subject to further negotiation, the Company may produce certain of aforesaid new products under the brand names of third-parties. Currently, the Group has targeted a multinational electronics manufacturer of, among others, smart devices, for the Group's potential new sport related bag products and an Italian sportswear manufacturer for the Group's potential traditional bag products. The Board considers that by (i) continuous research and development to add more features and technology to its products, the Group could maintain its competitiveness in the market; and (ii) serving bigger customers with international brands, the Group could give confidence to other customers on the Group's product quality.

Based on the quotations obtained by the Company, it is expected to take around six months for development of the abovementioned new products. The Company will from time to time assess the market condition and determine its production plan of new products.

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Marketing activities and use of third-party intellectual properties

To cope with the development of the Group's new products and along with the expansion of sales channels through the POS and smart vending machines, the Group will need to put more marketing effort for increase of its brand awareness. The Company expects to spend approximately HK\$4.0 million to engage third-parties to (i) carry out marketing activities in Greater China area for up to three years; (ii) provide multimedia contents, pictures and posters for the Group to apply in its products promotion; and (iii) authorize the use of their intellectual properties, such as popular cartoon characters, by the Group. After completion of the Rights Issue in the last quarter of 2020, the Company would focus on promotion of its existing products mainly in various online social media platforms. During the development stage of the Group's new products, the Company would further advertise its new products through its new sales channel at the POS upon establishment which is currently expected to be in the first half of 2021. After the launch of the Group's new products, further marketing effort would be placed and outdoor advertising events may also be conducted to attract attention. For the intellectual properties that the Group will seek third-parties' authorisation, the Group intend to utilise them for enhancing its promotion and may develop of crossover products.

General working capital

During the year ended 31 March 2020, the average monthly expenses for rent, salary and relevant mandatory contribution and other office expenses was approximately HK\$420,000 while the monthly purchase in relation to consumer products was approximately HK\$2.0 million in late 2019. As set out in the 2020 Annual Report, the total trade receivables of the Group increased from approximately HK\$20.8 million as at 31 March 2019 to approximately HK\$33.7 million as at 31 March 2020 and the Group allows an average credit period of 30 days to its customers from trading of consumer products business. The receivables turnover day of the Group in relation to its consumer product business (calculated as average trade receivables over revenue relevant to consumer product business times the number of days in respective financial year/quarter) increase significantly from approximately 91.8 days as at 31 March 2019 to approximately 130.6 days as at 31 March 2020. For the first three months ended 30 June 2020, the receivables turnover day of the Group in relation to its consumer product business further increased to approximately 155.3 days.

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Having considered (i) the settlement of customers may continue to be delayed as affected by the COVID-19 in near future; (ii) international brand or sizeable customers generally have larger bargaining power and may generally require for longer credit period; (iii) the planned expansion of the Group at retail level will require the Group to maintain additional inventories at the POS; and (iv) the current financial position of the Group, in particular, the unaudited cash and cash equivalents of the Group of approximately HK\$1.3 million as at 30 September 2020, the Board is of the view that it is necessary to secure the financial resources to support the operation of the Group and apply approximately HK\$5.0 million and approximately HK\$2.9 million of the net proceeds from the Rights Issue for its general working capital requirement on the aforesaid overheads in the coming 12 months and the expected inventory costs for few months respectively.

Having considered the recent trading prices of the Shares in open market and the existing share capital of the Company, the Company is of the view that the capital to be raised by the Rights Issue at a ratio of five Rights Shares for every two Shares held on the Record Date would meet the abovementioned capital need of the Group whereas (i) a larger ratio would require the Qualifying Shareholders to take up more entitlements to avoid being diluted and increase underwriting effort of underwriters leading to higher commission; and (ii) a smaller ratio would not cater for sufficient capital meeting the Group's requirement as detailed above.

The Board considers that the Rights Issue provides a good opportunity for the Group to strengthen its capital base and to enhance its financial position, while at the same time the Rights Issue will enable all Qualifying Shareholders to participate in the future development of the Company on equal terms. Since the Rights Issue will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and therefore avoid dilution, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue on a 5-to-2 ratio. As at the Latest Practicable Date, the Company has no intention to conduct further fundraising activities in near future.

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Alternative fund-raising methods considered

The Directors have considered other financing alternatives including (i) additional debt financing, (ii) equity fund raising such as placement of new Shares and open offer, and (iii) realisation of existing investments. The Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole, for the reasons as follows:

- (a) As for additional debt financing, as at the Latest Practicable Date, the Board has attempted to obtain loan financing from its principal bankers and was advised that it is not feasible for the Company to obtain loan facilities in amount comparable to gross proceeds from the Rights Issue under the recent financial status of the Company. For the existing bond and borrowings, the coupon/interest rate is up to 8.0% per annum which is significantly higher than the implied cost of capital of the Rights Issue of approximately 4.96% (being the total estimated expenses of the Rights Issue as percentage of gross proceeds assuming an underwriting fee for underwriting all the Rights Shares). Since the Company is unable to obtain any new borrowings from its principal bankers in the amount comparable to the gross proceeds from the Rights Issue and was advised by the holder of the bond and lender of other borrowings that they would not extend the due dates of relevant bond or borrowings, the Company has no practicable means to obtain new debt financing. In addition, the Board is of the view that the debt financial may result in a higher gearing ratio of the Group, and this will also increase the ongoing interest expenses of the Group and in turn affect the profitability of the Company.
- (b) As for placement of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company.
- (c) As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market. The Directors are of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing its net asset position without the ongoing burden of interest expenses, and also offers all the Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid dilution for those Shareholders who take up their entitlement under the Rights Issue in full.

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- (d) As for realisation of existing investments, the Company's portfolio comprises securities listed on the Stock Exchange which, as at 31 March 2020, amounted to (i) approximately HK\$2.7 million (classified as financial assets at fair value through profit or loss of current assets); and (ii) approximately HK\$2.7 million (classified as financial assets at fair value through other comprehensive income of non-current assets) as the Group intends to hold for the long term for strategic purposes. In view of the investment strategy towards certain equity investment by the Company, i.e. long-term holding, and disposal of its short term investments under recent weak market sentiment would result in loss of the Group, the Directors are of the view that it is not advisable at this moment for the Company to realise the existing investments.
- (e) The Board considers that the Rights Issue, which is on a fully underwritten basis, can make the Company raise sufficient funds to satisfy its demands on funds as aforementioned. In addition, the Rights Issue would give the Qualifying Shareholders the opportunity to maintain their respective prorata shareholding interest in the Company and provide an opportunity to all Qualifying Shareholders to participate in the growth of the Company in proportion to their shareholdings. Although those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders may make their shareholdings diluted, the Rights Issue requires the Independent Shareholders' approval so that the Independent Shareholders are given an opportunity to decide whether the Company shall proceed to the Rights Issue by voting for or against at the EGM to approve the Rights Issue.

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

The Company has not conducted any fund raising activities involving issue of its securities in the past 12 months immediately preceding the date of the Underwriting Agreement and up to the Latest Practicable Date.

POSSIBLE ADJUSTMENTS RELATING TO THE SHARE OPTIONS

As at the Latest Practicable Date, there are (i) 17,119,650 outstanding Share Options, which are exercisable during the period from 13 March 2019 to 12 March 2021 at the exercise price of HK\$0.36 each; and (ii) 20,543,400 outstanding Share Options, which are exercisable during the period from 22 April 2020 to 21 April 2022 at the exercise price of HK\$0.24 each.

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Pursuant to the terms of the Share Option Scheme, the exercise prices and/or number of new Shares to be issued upon exercise of the Share Options may be adjusted in accordance with the Share Option Scheme, if any, upon the Rights Issue becoming unconditional. Set out below is the expected adjustment to be made to the Share Options upon the Rights Issue becoming unconditional.

Date of grant	Before adjustments		After adjustments	
	Exercise price per Share	Number of Shares to be issued upon exercise of all share options granted under the Share Option Scheme	Exercise price per Share	Number of Shares to be issued upon exercise of all share options granted under the Share Option Scheme
13 March 2019	HK\$0.36	17,119,650	HK\$0.26	23,382,936
22 April 2020	HK\$0.24	20,543,400	HK\$0.18	28,059,278

Shareholders should note that the above expected adjustment results are calculated based on the closing price of HK\$0.128 the Shares on the last trading day before going ex-entitlement to the Rights Issue, i.e. 23 October 2020 and therefore may not be same as the results to be certified by an independent financial adviser or auditors of the Company (as the case may be) upon the Rights Issue becoming unconditional. The Company will notify the holders of the Share Options the adjustments upon the Rights Issue becoming unconditional by further announcement.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

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

LETTER FROM THE BOARD

The Shares have been dealt in on an ex-rights basis from Tuesday, 27 October 2020. Dealings in the Rights Shares in the nil-paid form will take place from 9:00 a.m. on Monday, 9 November 2020 to 4:00 p.m. on Monday, 16 November 2020 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed. Any Shareholder or other person contemplating transferring, selling or purchasing Shares and/or Rights Shares in their nil-paid form who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholder or other person dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from 9:00 a.m. on Monday, 9 November 2020 to 4:00 p.m. on Monday, 16 November 2020 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

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

ADDITIONAL INFORMATION

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

By Order of the Board
Wealth Glory Holdings Limited
Tse Sing Yu
Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Details of the audited financial information of the Group for each of the years ended 31 March 2018, 2019 and 2020 and the unaudited financial information of the Group for the three months ended 30 June 2020 are disclosed in the following annual reports of the Company for the years ended 31 March 2018, 2019 and 2020 and first quarterly report for the three months ended 30 June 2020 respectively which have been published and are available on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (<http://www.wealthglory.com/>):

- (a) the annual report of the Company for the year ended 31 March 2018 published on 28 June 2018 (pages 40 to 129) in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2018/0628/gln20180628359.pdf>);
- (b) the annual report of the Company for the year ended 31 March 2019 published on 28 June 2019 (pages 38 to 131) in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0628/gln20190628133.pdf>);
- (c) the annual report of the Company for the year ended 31 March 2020 published on 24 June 2019 (pages 35 to 126) in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0630/2020063002260.pdf>); and
- (d) the first quarterly report of the Company for the three months ended 30 June 2020 published on 14 August 2020 (pages 2 to 9) in relation to the financial information of the Group for the same period (<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0814/2020081400709.pdf>).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2020, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Prospectus, the details of the Group's indebtedness are as follows:

	<i>HK\$'000</i>
Loan from a director (<i>note 1</i>)	6,550
Other borrowing (<i>note 2</i>)	3,047
Bonds (<i>note 3</i>)	<u>9,558</u>
Total	<u><u>19,155</u></u>

Notes:

- 1) The loan from a director, Mr. Tse Sing Yu, is interest free, unsecured, unguaranteed and repayable after April 2021.
- 2) The other borrowing represents unsecured and unguaranteed short-term borrowings which bears interest rate at 8% per annum and repayable within one year.
- 3) On 28 November 2013, the Company issued an unsecured and unguaranteed bond to an independent third party with principal amount of HK\$10,000,000, and with coupon rate of 5.33% per annum. The aggregate consideration of the bond amounted to HK\$6,000,000 which has been netted with the fully prepaid interest of HK\$4,000,000. The effective interest rate of the bond is 7.04%. The maturity date of the bond is 7.5 years

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of the business, as at the close of business on 30 September 2020, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, and term loans, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other contingent liabilities.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 March 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstances, taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements for at least the next twelve (12) months following the date of this Prospectus.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in (i) trading of natural resources and commodities; (ii) trading of trendy fashion merchandises and other consumer products; (iii) money lending; and (iv) investment in securities in Hong Kong.

For the year ended 31 March 2020, the Company recorded a revenue of approximately HK\$66.2 million, representing a decrease of approximately of 31.5% as compared to approximately HK\$96.7 million for the year ended 31 March 2019. For the three months ended 30 June 2020, the Company recorded a revenue of approximately HK\$18.2 million, representing a decrease of approximately of 33.3% as compared to approximately HK\$27.3 million for the three months ended 30 June 2019. Nevertheless, sale of consumer products remained as a major source of income of the Group which represented approximately 54.3% and 38.6% of the total revenue of the Group for the year ended 31 March 2020 and the three months ended 30 June 2020 respectively.

As set out in the 2020 Annual Report and the Q1 Report, the Company continues to switch more resources to the sales of consumer products and trendy fashion merchandises segment, and the Company has approached and designed for several brands such as Nintendo and FILA in relation to the Company's new product. Looking ahead, the Company will continue to pursue its strategy to develop its existing business and products and strengthen its relationship with other famous and sizable brands as well as to enhance its brand awareness by participating in various trade fairs and exhibitions. The Company would closely monitor the market conditions when implementing its business strategies to cope with the fluctuation of the markets of its core business segments.

The Group intends to expand its consumer product business by (i) development of new bag products to cope with the trend of application of 5G and internet-of-things technology; (ii) increasing marketing effort in Greater China area to promote its brand and products; (iii) expansion of its sales channels via new POS and smart vending machines in the PRC after receiving proceeds from the Rights Issue. The Company believes that this sales and development plan is in line with the abovementioned strategy and would broaden the Group's market to capture more business opportunities.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2020 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the directors of the Company in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”), 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**”), and on the basis of the notes set out below for the purpose of illustrating the effects of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had taken place on 31 March 2020.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Rights Issue been completed as at 31 March 2020 or at any future date.

The following Unaudited Pro Forma Financial Information of the adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2020, extracted from the published annual report of the Group for the year ended 31 March 2020, with adjustment described below:

	Consolidated net tangible assets attributable to owners of the Company as at 31 March 2020 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at 31 March 2020 <i>HK\$'000</i>	Consolidated net tangible assets attributable to owners of the Company per Share before the completion of the Rights Issue <i>HK\$</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share immediately after completion of the Rights Issue <i>HK\$</i> <i>(Note 4)</i>
Based on 513,585,000 Rights Shares at subscription price of HK\$0.08 per Rights Share	61,359	39,049	100,408	0.2987	0.1396

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

- 1) The consolidated net tangible assets attributable to owners of the Company as at 31 March 2020 has been extracted from the published annual report of the Company for the year ended 31 March 2020, adjusted by right-of-use assets, intangible assets and goodwill of approximately HK\$2,097,000, HK\$977,000 and HK\$29,394,000 respectively.
- 2) The estimated net proceeds from the Rights Issue is approximately HK\$39,049,000 are based on 513,585,000 Rights Shares to be issued at the Subscription Price of HK\$0.08 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\$2,038,000.
- 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 March 2020 of approximately HK\$61,359,000 as disclosed in note 1 above, divided by 205,434,000 Shares of the Company in issue as at 31 March 2020.
- 4) The unaudited pro forma adjusted consolidated net tangible assets of the Group after the completion of the Rights Issue per share is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2020 for the Rights Issue of approximately HK\$100,408,000 divided by Shares which comprise 205,434,000 Shares in issue as at 31 March 2020 and 513,585,000 Rights Shares to be issued after the completion of the Rights Issue, assuming that no outstanding share options of the Company will be exercised and the convertible bonds will not be converted into ordinary shares.
- 5) No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 31 March 2020.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Set out below is the text of a letter received from Elite Partners CPA Limited, the Independent Reporting Accountants to the Board of Directors in respect of the Rights Issue for the purpose of inclusion in this Prospectus.



The Board of Directors
Wealth Glory Holdings Limited
12/F, The Pemberton,
No. 22-26 Bonham Strand,
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wealth Glory Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (“**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of consolidated net tangible assets as at 31 March 2020, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out in Appendix II of the prospectus issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II of this prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of five rights share at the subscription price of HK\$0.08 per rights share (the “**Rights Share**”) for every two existing shares held on the record date (the “**Rights Issue**”) as if the transaction had taken place as at 31 March 2020. As part of this process, information about the consolidated statement of financial position of the Group as at 31 March 2020 as extracted by the Directors from the Group’s published consolidated financial statements as included in the annual report for the year ended 31 March 2020.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline (“AG”) 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our Independence and Quality Control

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

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

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the 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 Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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

The purpose of Unaudited Pro Forma Financial Information included in a prospectus is solely to illustrate the impact of the significant transaction on consolidated net tangible assets of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2020 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 accountants' judgement, having regard to the reporting accountants' 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.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 7.31 (1) of the GEM Listing Rules.

Your faithfully,

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong, 5 November 2020

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL AND OPTIONS**(a) Share capital**

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue are as follows:

(I) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>4,166,666,666_{2/3}</u>	Shares of HK\$0.024 each	<u>100,000,000</u>
<i>Issued and fully-paid:</i>		
<u>205,434,000</u>	Shares of HK\$0.024 each	<u>4,930,416</u>

(II) Immediately following the completion of the Rights Issue

<i>Authorised:</i>		<i>HK\$</i>
<u>4,166,666,666_{2/3}</u>	Shares of HK\$0.024 each	<u>100,000,000</u>
<i>Issued and fully-paid:</i>		
205,434,000	Shares of HK\$0.024 each	4,930,416
<u>513,585,000</u>	Rights Shares to be issued pursuant to the Rights Issue	<u>12,326,040</u>
<u>719,019,000</u>	Shares in issue immediately after completion of the Rights Issue	<u>17,256,456</u>

All of the Rights Shares to be issued will rank *pari passu* in all respects with each other. Holder of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

Save as the Share Options, as at the Latest Practicable Date, the Company did not have any outstanding derivatives, options, warrants and convertible securities or other similar rights which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any convertible securities, warrants and/or options on or before the Record Date.

The Rights Shares to be issued will be listed on the Stock Exchange. 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 the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

(b) Share Options

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

Name of grantee	Number of underlying Shares subject to outstanding Share Options	Date of grant	Exercise price (HK\$ per Share)	Exercise Period
Directors				
Mr. Tse Sing Yu	2,000,000	13 March 2019	0.36	13 March 2019 to 12 March 2021
	2,054,340	22 April 2020	0.24	22 April 2020 to 21 April 2022
Ms. Lin Su	2,000,000	13 March 2019	0.36	13 March 2019 to 12 March 2021
	2,054,340	22 April 2020	0.24	22 April 2020 to 21 April 2022
Others				
Employees	7,496,975	13 March 2019	0.36	13 March 2019 to 12 March 2021
	16,434,720	22 April 2020	0.24	22 April 2020 to 21 April 2022
Consultants	5,622,675	13 March 2019	0.36	13 March 2019 to 12 March 2021
Total	37,663,050			

Three consultants were granted with equal Share Options as incentive for their contribution to the Group's major business segments, namely (i) trading of natural resources and commodities; and (ii) trading of trendy fashion merchandises and other consumer products. These consultants are either experienced in procurement of natural resources and or product promotion and mainly responsible for relevant industry analysis, marketing strategy and promotion. According to the announcement of the Company dated 13 March 2019, none of them is a Director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the GEM Listing Rules).

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

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

3. INTEREST IN SECURITIES

(a) Directors' and chief executive's interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Name of Director	Capacity	Interest in underlying of Share Options	Approximate percentage of total issued shares
Mr. Tse Sing Yu	Beneficial owner	4,054,340	1.97%
Ms. Lin Su	Beneficial owner	4,054,340	1.97%

(b) Interests of substantial shareholders

Save as disclosed below, as at the Latest Practicable Date, none of the shareholders (other than Directors 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 to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Name of substantial Shareholders	Capacity	Number of Shares held	Approximate percentage of the total issued shares
Mr. Shan Zumao	Beneficial owner	10,280,000 (long position)	5.00%
The Underwriter	Underwriter	513,585,000 (long position) (notes 1 and 2)	71.43%
Dillon Vision Limited	Interest of controlled corporation	513,585,000 (long position) (notes 1 and 2)	71.43%
Mr. Wong Hiu Yeung	Interest of controlled corporation	513,585,000 (long position) (notes 1 and 2)	71.43%

Notes:

1. These Shares were the Underwritten Shares. The interests are based on the Rights Issue has completed.
2. The Underwriter is wholly-owned by Dillon Vision Limited, which in turn is wholly-owned by Mr. Wong Hiu Yeung.

4. DIRECTORS' SERVICE CONTRACTS

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

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business which competed, or might compete, either directly or indirectly, with the business of the Group pursuant to the GEM Listing Rules.

6. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any direct and indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2020, being the date to which the latest published audited financial statements of the Company were made up.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACT

Save as disclosed below, there had been no contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by members of the Group, entered into by members of the Group after the date falling two years immediately preceding the date of this Prospectus, and up to the Latest Practicable Date which is or may be material:

- (a) the sale and purchase agreement in respect of the disposal of Chance Winning Limited;
- (b) the Underwriting Agreement

9. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, underwriting commission (assuming underwriting all the Rights Shares), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$2.0 million, which are payable by the Company.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors	:	Ms. Lin Su Flat 6B, Block 2, Xingfuhai,an, 20 Luotian Road, Baoan District, Shengzhen, Guangdong, the PRC Mr. Tse Sing Yu Flat 1716, Hung Cheong House, Hung Fuk Estate, Hung Yuen Road, Yuen Long, Hong Kong Mr. Tam Chak Chi Flat 1, 8/F., Block C, Beverly Hill, 6 Broadwood Road, Happy Valley, Hong Kong Mr. Liu Yongsheng 6A Block 3, No. 2046 Huali Road, Luohu District, Shengzhen, Guangdong, the PRC Mr. Chan Ka Hung Flat 14B, Block 5, Site 5, Whampoa Garden, Kowloon, Hong Kong
Registered office	:	Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	:	12/F, The Pemberton, No. 22-26 Bonham Strand, Hong Kong

Underwriters	:	Sorrento Securities Limited 11/F, The Wellington, 198 Wellington Street, Central, Hong Kong
Financial advisers to the Company	:	Sorrento Capital Limited 11/F, The Wellington, 198 Wellington Street, Central, Hong Kong
Legal adviser to the Company as to Hong Kong law in relation to the Rights Issue	:	Khoo & Co. 15th & 16th Floors, Tern Centre Tower 2, 251 Queen's road Central, Hong Kong
Reporting accountants	:	Elite Partners CPA Limited 10/F, 8 Observatory Road, Tsim Sha tsui, Kowloon, Hong Kong
Principal bankers in Hong Kong	:	Industrial and Commercial Bank of China (Asia) Limited 33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong DBS Bank (Hong Kong) Ltd. 11 th Floor, The Centre, 99 Queen's Road, Central, Hong Kong Bank of Communications Co., Ltd., Hong Kong Branch Unit B, B/F & G/F, Unit C G/F, 1-3/F, 16/F Room 01 & 18/F, Wheelock House, 20 Pedder Street, Central, Hong Kong Bank of China (Hong Kong) Limited 14/F Bank of China Tower, No. 1 Garden Road, Hong Kong China Construction Bank (Asia) Corporation Limited 28/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong

Principal share registrar	: SMP Partners (Cayman) Limited Royal Bank House, 3rd Floor, 24 Shedden Road P.O. Box 1586, Grand Cayman KY1-1110, Cayman Islands
Hong Kong branch share registrar and transfer office	: Union Registrars Limited Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong
Authorised representatives	: Mr. Yung Kai Wing 12/F, The Pemberton, No. 22-26 Bonham Strand, Hong Kong Mr. Tse Sing Yu 12/F, The Pemberton, No. 22-26 Bonham Strand, Hong Kong
Compliance officer	: Mr. Tse Sing Yu
Company secretary	: Mr. Yung Kai Wing Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants

11. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised all of the independent non-executive Directors, namely Mr. Tam Chak Chi (the Chairman of the Audit Committee), Mr. Chan Ka Hung and Mr. Liu Yongsheng. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “13. Particulars of the Directors and Senior Management” in this appendix.

The primary role and function of the Audit Committee are to oversee the relationship with the external auditors, to review the Group's preliminary quarterly results, interim results and annual results and to monitor compliance with statutory and listing requirements.

12. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice, which are contained or referred to in this Prospectus:

Name	Qualification
Elite Partners CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert:

- (a) has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter or opinions or advice and references to its name, in the form and context in which they appear;
- (b) did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been 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 since 31 March 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, the above expert was not materially interested, directly or indirectly, in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

13. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Tse Sing Yu, aged 39, was appointed as an executive director in September 2016 and was appointed as a chairman of the executive committee (the “**Executive Committee**”) and the nomination committee (the “**Nomination Committee**”), a member of the remuneration committee (the “**Remuneration Committee**”) and investment committee (the “**Investment Committee**”) of the Company in December 2016. Mr. Tse is currently the chief operating officer of the Company and appointed as a director for the subsidiaries for the Group, namely Allied Gear Limited, Billion Revenue Holdings Limited, Bliss Castle Investments Limited, Bright Billion Holdings Limited, Elegant Spread Limited, Eminent Along Limited, Euto Consulting Limited, Excel Wealth International Holdings Limited, Grand Charm Commodities Limited, Speedy Track Inc. and Welly Honour International

Holdings Limited. He is specialized in strategic planning with extensive experience in corporate management and business promotion particularly in the catering and retail industries.

Ms. Lin Su, aged 36, was appointed as an executive director in September 2016 and was appointed as a member of the Executive Committee. Ms. Lin has over ten years of experience in the finance industry. Prior to joining the Company, she held senior position in a sizeable financial institution in the PRC.

Independent non-executive Directors

Mr. Tam Chak Chi, aged 43, was appointed as an independent non-executive Director and was appointed as a chairman of the Remuneration Committee and the Audit Committee and a member of the Nomination Committee in September 2013. Mr. Tam has more than 15 years of experience in providing accounting, auditing and financial services and has served various senior positions at various private and listed companies. He is currently an independent non-executive director of Hong Kong Finance Investment Holding Group Limited (Stock Code: 0007), the shares of which is listed on the Main Board of the Stock Exchange. Mr. Tam is an independent non-executive director of AL Group Limited (Stock Code: 8360) and an executive director of My Heart Bodibra Group Limited (Stock Code: 8297), both companies' shares are listed on the GEM of the Stock Exchange and a financial consultant of various private companies.

Mr. Liu Yongsheng, aged 65, was appointed as an independent non-executive director in October 2016 and was appointed as a member of the Audit Committee. Mr. Liu has extensive experience in the real estate industry and the jewelry industry in The People's Republic of China. He has over 30 years of marketing management experience in the said industries.

Mr. Chan Ka Hung, aged 38, was appointed as an independent non-executive director in October 2016. He was a member of the Executive Committee, the Investment Committee, the Nomination Committee, the Remuneration Committee and the Audit Committee. He has over 12 years of experience in project management and business development in the industrial and manufacturing field particularly in the semiconductor industry.

Company Secretary

Mr. Yung Kai Wing, aged 33, was appointed as a company secretary in January 2017. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

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

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed “Expert and Consent” in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (WUMP) Ordinance.

15. BINDING EFFECT

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

16. MISCELLANEOUS

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

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays, Sundays and public holidays) at 12/F, The Pemberton, No. 22-26 Bonham Strand, Hong Kong, for a period of 14 days from the date of this Prospectus (both days inclusive):

- (a) the memorandum and articles of association of the Company;
- (b) the annual report of the Company for the year ended 31 March 2018;
- (c) the annual report of the Company for the year ended 31 March 2019;
- (d) the annual report of the Company for the year ended 31 March 2020;
- (e) the Underwriting Agreement;
- (f) Optionholder’s Undertakings;

- (g) the letter from the Board, the text of which is set out on pages 11 to 39 of this Prospectus;
- (h) the accountant's report on the unaudited pro forma financial information of the Group issued by Elite Partners CPA Limited, the text of which is set out in Appendix II to this Prospectus;
- (i) the material contract as referred to in the section headed "8. Material contract" in this appendix;
- (j) the written consent referred to in the section headed "12. Expert and consent" in this appendix;
- (k) the Circular; and
- (l) the Prospectus Documents.