

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

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

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no 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 the Prospectus Documents.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "14. Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

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



**AMBER HILL FINANCIAL HOLDINGS LIMITED**

**安山金控股份有限公司**

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

**(Stock Code: 33)**

**PROPOSED RIGHTS ISSUE  
ON THE BASIS OF THREE (3) RIGHTS SHARES  
FOR EVERY ONE (1) EXISTING SHARE HELD ON RECORD DATE**

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

**The Rights Issue is on a non-underwritten basis.** Pursuant to the Company's constitutional documents, the applicable laws in Hong Kong and the Cayman Islands and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfillment of the conditions of the Rights Issue as set out in the section headed "Letter from the Board — Conditions of the Rights Issue" in this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Thursday, 7 January 2021). If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Shares have been on an ex-rights basis from 2 December 2020. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 15 December 2020 to Tuesday, 22 December 2020 (both days inclusive). Any person contemplating dealing in the Shares and/or Rights Shares in their nil-paid form up to the latest time when the conditions of the Rights Issue are fulfilled (which is expected to be 4:00 p.m. on Thursday, 7 January 2021) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its own professional advisers.

**The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Tuesday, 29 December 2020. The procedure for acceptance and transfer is set out on pages 14 to 15 of this Prospectus.**

11 December 2020

<b>CONTENTS</b>
-----------------

	<i>Page</i>
<b>EXPECTED TIMETABLE</b> .....	ii
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	8
<b>APPENDIX I — FINANCIAL INFORMATION OF THE GROUP</b> .....	I-1
<b>APPENDIX II — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP</b> .....	II-1
<b>APPENDIX III — GENERAL INFORMATION</b> .....	III-1

## EXPECTED TIMETABLE

*Set out below is the expected timetable for the proposed Rights Issue and the Placing which is indicative only and has been prepared on the assumption that the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.*

### **Expected Timetable**

First day of dealings in nil-paid Rights Shares ..... Tuesday, 15 December 2020

Latest time for splitting of the PAL ..... 4:30 p.m. on Thursday,  
17 December 2020

Last day of dealing in nil-paid Rights Shares ..... Tuesday, 22 December 2020

### **Latest time for acceptance of and payment**

**for the Rights Shares..... 4:00 p.m. on Tuesday,  
29 December 2020**

Announcement of the number of Unsubscribed Rights Shares  
and NQS Unsold Rights Shares subject  
to the Compensatory Arrangements..... Thursday, 31 December 2020

Commencement of placing of Unsubscribed Rights Shares  
and the NQS Unsold Rights Shares by the Placing Agent..... Monday, 4 January 2021

Latest time of placing of the Unsubscribed Rights Shares  
and the NQS Unsold Rights Shares by the Placing Agent..... 4:00 p.m. on Wednesday,  
6 January 2021

Latest Time for Termination ..... 4:00 p.m. on Thursday,  
7 January 2021

Announcement of results of the Rights Issue (including results  
of the placing of the Unsubscribed Rights Shares and the NQS  
Unsold Rights Shares and the amount of the Net Gain per  
Unsubscribed Rights Share and NQS Unsold Rights Share  
under the Compensatory Arrangements) ..... Wednesday, 13 January 2021

Despatch of share certificates for fully-paid Rights Shares  
and refund cheques, if any, in relation to  
unsuccessful applications ..... Thursday, 14 January 2021

Commencement of dealings in fully-paid Rights Shares ..... 9:00 a.m. on Friday,  
15 January 2021

Payment of Net Gain to relevant No Action Shareholders  
(if any) ..... Friday, 22 January 2021

## EXPECTED TIMETABLE

All references to time and dates in this Prospectus are references to Hong Kong time and dates. Dates stated in this Prospectus for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Rights Issue will be announced by the Company as and when appropriate.

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

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

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

If the latest time for acceptance of and payment for the Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

## DEFINITIONS

*In this Prospectus, unless the context otherwise requires, the following expressions have the meanings as set out below:*

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“AIF Asset Management”	AIF Asset Management Limited, a wholly owned subsidiary of the Company and a licensed corporation to carry on business in Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“AIF Securities”	AIF Securities Limited, a wholly owned subsidiary of the Company and a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 5 (advising on futures contracts) regulated activities under the SFO
“Announcement”	the announcement of the Company dated 11 September 2020 in relation to, among other things, the Rights Issue, the Placing, the Irrevocable Undertaking and the Subscription
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 4 November 2020 in respect of, among others, the Rights Issue, the Placing and the Irrevocable Undertaking
“close associate”	has the meaning ascribed to it under the Listing Rules
“Company”	Amber Hill Financial Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange

## DEFINITIONS

“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” of the letter from the Board in this Prospectus
“connected person”	has the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	collectively, Neo CB and Other CB
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 27 November 2020 to consider, among others, the Share Consolidation, the Rights Issue and the Placing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Mr. Ng and the parties acting in concert with him and their respective associates and those who are involved in or interested in, among others, the Rights Issue, the Placing, the Irrevocable Undertaking and the Subscription and those who are required to abstain from voting in the EGM to approve, among others, the Rights Issue, the Placing and the Subscription under the Listing Rules and the Takeovers Code
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
“Irrevocable Undertaking”	the irrevocable undertaking by Ng Concert Party Group to the Company as set out in the paragraph headed “Irrevocable Undertaking” of the letter from the Board in this Prospectus

## DEFINITIONS

“Last Trading Day”	31 July 2020, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Acceptance Date”	29 December 2020, being the last day for acceptance and payment of the Rights Shares, or such other date as the Company may determine
“Latest Practicable Date”	7 December 2020, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information referred to in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on the Latest Acceptance Date
“Latest Time for Termination”	4:00 p.m. on the first Business Day after the latest time for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent, being the latest time to terminate the Placing Agreement
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ng”	Ng Yu, the chairman of the Board and an executive Director
“Neo CB”	the convertible bonds issued by the Company to Neo Tech Inc. in the principal amount of HK\$100 million with 5% interest per annum accruing from 18 February 2019 up to 18 February 2020 and with default interest at 2.5% per annum accruing from 18 February 2020 up to date of actual repayment and a conversion price of HK\$10.00 per conversion Share, which have already fallen due on 18 February 2020
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and NQS Unsold Rights Shares placed by the Placing Agent under the Placing Agreement) under the Compensatory Arrangements
“Ng Concert Party Group”	collectively, Mr. Ng and Neo Tech Inc., being a company wholly and beneficially owned by Mr. Ng

## DEFINITIONS

“No Action Shareholder(s)”	Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, and/or the Non-Qualifying Shareholders
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Share(s)”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders (if any) in nil-paid form that have not been sold by the Company
“Other CB”	the convertible bonds issued by the Company in the principal amount of HK\$5 million, which have already fallen due on 18 February 2020 with 5% interest per annum accruing from 25 June 2019 up to 18 February 2020 and with default interest at 10% per annum accruing from 18 February 2020 up to date of actual repayment and a conversion price of HK\$10.00 per conversion share and the holder of which is not a shareholder of the Company as at the Latest Practicable Date
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be Independent Third Party(ies), to the independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement

## DEFINITIONS

“Placing Agent”	Nerico Brothers Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 11 September 2020 and entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares (as amended pursuant to the extension letter dated 7 December 2020 entered into by the parties)
“Placing Period”	the period commencing from the third Business Day after the Latest Time for Acceptance and ending on 4:00 p.m. on the fifth Business day after the Latest Time for Acceptance
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	this prospectus dated 11 December 2020 and issued by the Company in relation to the Rights Issue
“Prospectus Documents”	this Prospectus and the PAL
“Prospectus Posting Date”	Friday, 11 December 2020 for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	10 December 2020, being the date by reference to which entitlements under the Rights Issue are expected to be determined
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue of a maximum of 402,933,828 Rights Shares at the Subscription Price by way of rights on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date payable in full on acceptance

## DEFINITIONS

“Rights Share(s)”	the new Share(s) to be issued and allotted under the proposed Rights Issue on the basis of three (3) Rights Shares for every one (1) existing Share held on the Record Date
“SFC”	Securities and Futures Commission of Hong Kong
“SFC Approval”	the approval from the SFC under section 132 of the SFO in relation to the potential change of substantial shareholder of AIF Securities and AIF Asset Management, as a result of the Subscription
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Consolidation”	consolidation of the issued shares of the Company on the basis of ten (10) shares of HK\$0.001 each of the Company then in issue into one (1) Share, which was effective on 1 December 2020
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Neo Tech Inc., a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Mr. Ng
“Subscription”	the subscription of a maximum number of 330,644,157 Shares under the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Company and Neo Tech Inc. as the subscriber on 31 July 2020 in relation to the Subscription (as amended pursuant to the extension letter dated 4 December 2020 entered into by the parties)
“Subscription Price”	HK\$0.71 per Rights Share
“Subscription Shares”	equivalent to the number of the Unsold Rights Shares and subject to the minimum 25% public float requirement under the Listing Rules such that immediately after completion of the Subscription, the shareholding interest of Ng Concert Party Group in the Company would be not more than 75% of the issued share capital of the Company

## DEFINITIONS

“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Unsold Rights Shares”	the Unsubscribed Rights Shares and NQS Unsold Rights Shares which have not been placed to places by the Placing Agent under the Placing Agreement
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights, excluding those Rights Shares provisionally allotted to Ng Concert Party Group for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the paragraph headed “Irrevocable Undertaking” of the letter from the Board in this Prospectus
“Whitewash Waiver”	a waiver from the obligation of Ng Concert Party Group to make a mandatory general offer to the Shareholders in respect of the Shares and securities issued by the Company not already owned or agreed to be acquired by Mr. Ng and the parties acting in concert with him as a result of the Rights Issue, the Irrevocable Undertaking and the Subscription in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



**AMBER HILL FINANCIAL HOLDINGS LIMITED**

**安山金控股份有限公司**

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

**(Stock Code: 33)**

*Executive Directors:*

Mr. Ng Yu (*Chairman*)  
Mr. Wei Weicheng  
Mr. Lin Feng  
Mr. Chan Chi Ming

*Registered Office:*

94 Solaris Avenue, Camana Bay  
PO Box 1348  
Grand Cayman, KY1-1108  
Cayman Islands

*Non-executive Director:*

Mr. Huang Shao Long

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

Room A, 5/F, Chunghing Commercial Building  
62–63 Connaught Road Central  
Central  
Hong Kong

*Independent non-executive Directors:*

Mr. Anthony Espina  
Mr. Wang Jun Sheng  
Mr. Lo Hang Fong

11 December 2020

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE  
ON THE BASIS OF THREE (3) RIGHTS SHARES  
FOR EVERY ONE (1) EXISTING SHARE HELD ON RECORD DATE**

**INTRODUCTION**

References are made to the Announcement and the Circular in relation to, among other things, the Rights Issue, the Placing and the Irrevocable Undertaking. On 11 September 2020, the Company proposed to implement the Rights Issue on the basis of three (3) Rights Shares for every one (1) existing Share held on the Record Date at the Subscription Price of HK\$0.71 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to any Non-Qualifying Shareholders.

The purpose of this Prospectus is to provide you with, among other things, details of the Rights Issue, financial information and other general information of the Group.

## LETTER FROM THE BOARD

### RIGHTS ISSUE

#### Issue statistics

Basis of the Rights Issue	: three (3) Rights Shares for every one (1) existing Share held on the Record Date
Subscription Price	: HK\$0.71 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	: 134,311,276 Shares
Number of Rights Shares	: A maximum of 402,933,828 Rights Shares
Aggregate nominal value of the Rights Shares	: HK\$4,029,338.28
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	: A maximum of 537,245,104 Shares
Maximum funds raised before expenses	: Up to approximately HK\$286 million

As at the Latest Practicable Date, there were outstanding Convertible Bonds in the principal amount of HK\$105 million (i.e. the Neo CB and the Other CB), which have already fallen due on 18 February 2020 and part of the Convertible Bonds in the principal amount of HK\$100 million (i.e. the Neo CB) has been held by Neo Tech Inc. as at the Latest Practicable Date. Pursuant to the Irrevocable Undertaking, Ng Concert Party Group has irrevocably and unconditionally undertaken to the Company that it will not dispose of or exercise any conversion rights attached to the Neo CB and such Neo CB will remain beneficially owned by it up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights issue will not proceed, whichever is earlier. Save for the foregoing, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares as at the Latest Practicable Date. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no Shares are issued or repurchased on or before the Record Date, the 402,933,828 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represent (i) 300% of the total number of issued Shares as at the Latest Practicable Date; and (ii) 75% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

## LETTER FROM THE BOARD

### **Non-underwritten basis**

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders (excluding those Rights Shares provisionally allotted to Ng Concert Party Group for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the paragraph headed “Irrevocable Undertaking” in this letter from the Board) or holders of nil-paid rights together with the NQS Unsold Rights Shares will be placed to independent placees on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code, unless a waiver from the Executive has been obtained in accordance with Rule 7.19(5)(b) of the Listing Rules.

On 25 November 2020, the Executive has conditionally granted the Whitewash Waiver to Mr. Ng and Neo Tech Inc., subject to (a) the Whitewash Waiver being approved by at least 75%, and the Rights Issue, the Placing and the Subscription (together, the “**Relevant Transactions**”) being approved by more than 50%, both of the independent vote (as defined in Note 1 on dispensations from Rule 26 of the Takeovers Code) that are cast either in person or by proxy at a general meeting of the Company, to be taken on a poll; and (b) unless the Executive gives prior consent, no acquisition or disposal of voting rights being made by Mr. Ng, Neo Tech Inc. and their respective concert parties between the date of the Announcement and the completion of the Relevant Transactions. The aforementioned condition (a) has been fulfilled after the convention of the EGM and with regard to condition (b), Mr. Ng, Neo Tech Inc. and their respective concert parties did not acquire or dispose of any voting rights from the date of the Announcement up to the Latest Practicable Date.

### **Irrevocable Undertaking**

As at the Latest Practicable Date, Ng Concert Party Group has been interested in 26,598,000 Shares, representing approximately 19.8% of the total number of the existing issued Shares.

Pursuant to the Irrevocable Undertaking, (i) Ng Concert Party Group has undertaken to the Company that they will subscribe for 79,794,000 Rights Shares which comprise the full acceptance of their provisional entitlement in respect of 26,598,000 Shares beneficially held by them provided that the total number of the Rights Shares to be subscribed by Ng Concert Party Group under the Rights Issue will be scaled down to the extent that their aggregate percentage shareholding in the Company will be not more than 34.99% immediately after completion of the Rights Issue (exceeding which the SFC Approval would be required); (ii) they will not dispose of 26,598,000 Shares comprising the shareholding in the Company owned by Ng Concert Party Group and such 26,598,000 Shares will remain beneficially owned by them up to

## LETTER FROM THE BOARD

and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier; and (iii) Neo Tech Inc. will not dispose of or exercise any conversion rights attached to the Neo CB and such Neo CB will remain beneficially owned by it up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier. Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted and issued to them under the Rights Issue as at the Latest Practicable Date.

### Qualifying Shareholders

The Company has sent the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a cheque or banker's cashier order for the Rights Shares being applied for with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:00 p.m. on the Latest Acceptance Date.

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

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company.

### Non-Qualifying Shareholders

Overseas Shareholders may not be eligible to take part in the Rights Issue. The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Prospectus (without the PAL) and a letter to the Non-Qualifying Shareholders (if any) explaining the circumstances in which they are not permitted to participate in the Rights Issue will be despatched to the Non-Qualifying Shareholders (if any) for their information only.

According to the register of members of the Company as at the Latest Practicable Date, there were four Overseas Shareholders holding an aggregate of 532,000 Existing Shares representing approximately 0.40% of the total number of the existing issued Shares, whose address on the register of members was in the PRC.

## LETTER FROM THE BOARD

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Directors have made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. Based on the advice provided by the legal advisers as to the laws of the PRC, as at the Latest Practicable Date, the laws of the PRC imposed no restrictions on extending the Rights Issue to such Overseas Shareholders located in the PRC, and the Company is not required to obtain any approvals for the despatch of the Prospectus Documents to such Overseas Shareholders. Accordingly, there was no Non-Qualifying Shareholder as at the Latest Practicable Date.

Having made enquiry regarding the legal restrictions with respect to the offer of the Rights Issue to the Overseas Shareholders, the Directors have formed the view that it is expedient for the Rights Shares to be offered to the Overseas Shareholders in the PRC.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day of dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The net proceeds of such sale, less expenses, will be paid pro rata to the Non-Qualifying Shareholders in Hong Kong dollars as soon as practicable except that the Company will retain individual amounts of HK\$100 or less for its own benefit. Any NQS Unsold Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, will be placed by the Placing Agent on a best effort basis at the price at least equal to the Subscription Price under the Placing Agreement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the Rights Shares in nil-paid form that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

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

### **Subscription Price**

The Subscription Price is HK\$0.71 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 11.25% to the closing price of HK\$0.80 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

## LETTER FROM THE BOARD

- (b) a discount of approximately 23.66% to the theoretical closing price of HK\$0.93 per Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.093 per share of HK\$0.001 of the Company as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 27.55% to the theoretical average closing price of HK\$0.98 per Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.098 per share of HK\$0.001 of the Company as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 7.79% to the theoretical ex-rights price of HK\$0.77 per Share (after taking into account the effect of the Share Consolidation) as adjusted for the effect of the Rights Issue, based on the theoretical ex-rights price of approximately HK\$0.077 per share of HK\$0.001 of the Company based on the closing price of HK\$0.093 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (e) a discount of approximately 8.97% to the theoretical ex-rights price of HK\$0.78 per Share (after taking into account the effect of the Share Consolidation) as adjusted for the effect of the Rights Issue based on the average closing price of HK\$0.098 per share of HK\$0.001 of the Company as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day; and
- (f) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 20.41% of the theoretical diluted price of HK\$0.78 per Share to the benchmarked price of HK\$0.98 per Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.93 per Share and the average closing prices of the Shares as quoted on the Stock Exchange in the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.98 per Share).

The Subscription Price was determined by the Company with reference to, amongst other factors, (i) the recent closing prices of the Shares; (ii) the prevailing market conditions; (iii) a loss recorded by the Company attributable to its owners of approximately HK\$380 million for the year ended 31 December 2019; and (iv) the funding and capital needs of the Company for its repayment of outstanding liabilities, business plans and prospect set out in the paragraph headed “Reasons for and Benefits of the Rights Issue” below.

The Directors (including the independent non-executive Directors) consider, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the proposed Rights Issue, including the Subscription Price, to be fair and reasonable and in the best 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 proposed Rights Issue are able to sell the nil-paid rights in the market; (ii) the proposed Rights issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of

## LETTER FROM THE BOARD

maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group; and (iv) the reasons as set out in the paragraph headed “Reasons for and Benefits of the Rights Issue” below.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

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

### **Fractional entitlements to the Rights Shares**

On the basis of three (3) Rights Shares for every one (1) Share held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

### **Application for the Rights Shares**

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

### **Procedures for acceptance and payment or transfer**

A PAL is enclosed with this Prospectus (for Qualifying Shareholders only) which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by not later than 4:00 p.m. on Tuesday, 29 December 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 “**TRICOR TRUST (HONG KONG) LIMITED — A/C No. 012**” and crossed “**ACCOUNT PAYEE ONLY**”. It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Tuesday, 29 December 2020, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is

## LETTER FROM THE BOARD

lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Thursday, 17 December 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" below are not fulfilled, 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 at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Thursday, 14 January 2021.

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

### **Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements**

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 11 September 2020 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places on a best effort basis.

## LETTER FROM THE BOARD

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Wednesday, 6 January 2021, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date. If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

### *Placing Agreement for the Unsubscribed Rights Shares and NQS Unsold Rights Shares*

Details of the Placing Agreement are summarised as follows:

- Date : 11 September 2020
- Issuer : The Company
- Placing Agent : Nerico Brothers Limited was appointed as the Placing Agent to procure, on a best effort basis, placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period. The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholders; (ii) they are Independent Third Parties; and (iii) they are independent of and not acting in concert with Ng Concert Party Group and no member of the Ng Concert Party Group will involve in the identification, screening and selection of the independent placees.

## LETTER FROM THE BOARD

- Placing Period : The period commencing from the third Business Day after the Latest Time for Acceptance and ending on 4:00 p.m. on the fifth Business Day after the Latest Time for Acceptance.
- Commission and expenses : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 2% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and the NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.
- Placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares shall be not less than the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the process of the Placing.
- Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and independent of and not acting in concert with Ng Concert Party Group. For the avoidance of doubt, no placee shall become a substantial shareholder of the Company.
- Ranking of Unsubscribed Rights Shares and the NQS Unsold Rights Shares : Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when allotted, issued and fully paid) shall rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.
- Conditions of the Placing Agreement : The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:
- (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares;
  - (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and

## LETTER FROM THE BOARD

- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

In the event that the above conditions have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof).

As at the Latest Practicable Date, all the above conditions remain unfulfilled.

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

As explained above, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

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

- (i) the arrangements are in compliance with the requirements under Rule 7.21(1)(b) of the Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by an independent licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the placing Shares. The Placing Agent and its ultimate beneficial owner(s) (a) are not

## LETTER FROM THE BOARD

Shareholders; (b) are Independent Third Parties; and (c) are independent of and not acting in concert with Ng Concert Party Group and no member of the Ng Concert Party Group will involve in the identification, screening and selection of the independent placees; and

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

### **Information on the Placing Agent**

The Placing Agent is a corporation licensed to carry out Type 1 (dealings in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading) and Type 9 (asset management) regulated activities under the SFO. The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; (ii) they are Independent Third Parties; and (iii) are independent of and not acting in concert with Ng Concert Party Group and no member of the Ng Concert Party Group will involve in the identification, screening and selection of the independent placees. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owner(s) have been Independent Third Parties.

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

The Rights Issue is conditional upon:

- (a) the passing of the necessary resolutions at the EGM to approve the Share Consolidation and the Share Consolidation having become effective;
- (b) the passing by the Independent Shareholders who are entitled to vote and not required to abstained from voting under the Listing Rules and the Takeovers Code of the necessary resolution(s) at the EGM to approve the Rights Issue, the Placing, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver;
- (c) the granting of the Whitewash Waiver by the Executive;
- (d) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by all the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) not later than the Prospectus Posting Date;

## LETTER FROM THE BOARD

- (e) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (f) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the business day prior to the first day of their dealings;
- (g) the compliance with and performance of all the undertakings and obligations of Ng Concert Party Group or any of their nominee(s), under the Irrevocable Undertaking; and
- (h) compliance with the requirements under the applicable laws and regulations of Hong Kong.

As at the Latest Practicable Date, the above conditions (a) to (c) have been fulfilled and all the other conditions remain unfulfilled. The above conditions precedent are incapable of being waived. If any of the above conditions precedent is not satisfied by the Latest Time for Termination, the Rights Issue will not proceed.

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

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

### **Odd lots matching services**

In order to facilitate the trading of odd lots of the Rights Shares arising from the Rights Issue, a designated broker, Nerico Brothers Limited, has been appointed by the Company to match the purchase and sale of odd lots of the Shares at the relevant market price per Share. Nerico Brothers Limited confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholders; (ii) they are Independent Third Parties; and (iii) they are independent of and not acting in concert with Ng Concert Party Group and no member of the Ng Concert Party Group will involve in the odd lots matching services.

Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full board lot, may directly or through their brokers, contact Mr. Mok Wing Hon at (852) 3420 1054 of Nerico Brothers Limited or by facsimile at (852) 3101 4007. Holders of odd lots of Shares should note that successful matching of the sale and

## LETTER FROM THE BOARD

purchase of odd lots of Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

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

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Thursday, 14 January 2021.

If the Rights Issue does not proceed, the monies received in respect of the relevant provisional allotments will be refunded to the Qualifying Shareholders or such other person to whom the nil-paid rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on or before Thursday, 14 January 2021.

### **Application for listing of the Rights Shares**

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

No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in on any other stock exchange.

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

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS.

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

## **LETTER FROM THE BOARD**

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which will be in the board lots of 6,000 Rights Shares. Dealings in the Rights Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

### **Taxation**

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares in both their nil-paid and fully-paid forms.

### **THE SUBSCRIPTION**

On 31 July 2020 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber (as supplemented by a letter of extension dated 4 December 2020 to extend the latest time for the fulfilment of the conditions under the Subscription Agreement to 5:00 p.m. on 31 January 2021 (or such other time and date as may be agreed by the Company and the Subscriber)). Details of the Subscription Agreement are set out below.

### **THE SUBSCRIPTION AGREEMENT**

Date : 31 July 2020

Parties : (i) the Company; and  
(ii) Neo Tech Inc.

Neo Tech Inc. is wholly and beneficially owned by Mr. Ng and is an investment holding company. Mr. Ng is the sole director of Neo Tech Inc..

### **Subscription Shares**

Pursuant to the Subscription Agreement, the Company conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe for the Subscription Shares. The final number of the Subscription Shares will be determined based on the results of the Rights Issue and will be equivalent to the number of the Unsold Rights Shares and subject to the minimum 25% public float requirement under the Listing Rules such that immediately after completion of the Subscription, the shareholding interest of Ng Concert Party Group in the Company would be not more than 75% of the issued share capital of the Company.

The Subscription Shares will be allotted and issued under a specific mandate which was approved by an ordinary resolution by the Independent Shareholders at the EGM.

## **LETTER FROM THE BOARD**

Assuming completion of Rights Issue and not all the Qualifying Shareholders (other than Ng Concert Party Group subject to the Irrevocable Undertaking) have taken up any entitled Rights Shares and no Rights Shares are placed under the Compensatory Arrangements, and subject to the minimum 25% public float requirement under the Listing Rules, the maximum number of 330,644,157 Subscription Shares to be allotted and issued under the Subscription represent approximately 61.54% of the issued share capital of the Company immediately upon completion of the Rights Issue and the Subscription. The aggregate nominal value of the maximum number of 330,644,157 Subscription Shares is HK\$3,306,441.57 and the market value of the Subscription Shares is approximately HK\$307,499,000 (after taking into account effect of the Share Consolidation), based on the last closing price of HK\$0.093 per Share as quoted on the Stock Exchange prior to the entering into of the Subscription Agreement.

### **Ranking of the Subscription Shares**

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

### **Subscription price**

The subscription price under the Subscription Agreement is equivalent to the Subscription Price under the Rights Issue and the Board (other than Mr. Ng, who is the sole shareholder of Neo Tech Inc. and interested in the Subscription Agreement and was required to abstain from voting on the relevant Board resolution(s) approving the Subscription Agreement by virtue of him having a material interest in the Subscription Agreement, but including the independent non-executive Directors) considers that the subscription price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Assuming completion of the Rights Issue and not all the Qualifying Shareholders (other than Ng Concert Party Group subject to the Irrevocable Undertaking) have taken up any entitled Rights Shares and no Rights Shares are placed under the Compensatory Arrangements, and subject to the minimum 25% public float requirement under the Listing Rules, the Subscriber will subscribe for a maximum number of 330,644,157 Subscription Shares and the aggregate gross proceeds of the Subscription will be approximately HK\$234,757,000 and the aggregate net proceeds of the Subscription, after deduction of expenses, are estimated to be approximately HK\$234,500,000, representing a net issue price of approximately HK\$0.71 per Subscription Share.

### **Conditions of the Subscription Agreement**

Completion of the Subscription Agreement is conditional upon the satisfaction of the following conditions:

- (a) the Listing Committee granting the listing of and permission to deal in the Subscription Shares;

## LETTER FROM THE BOARD

- (b) the passing by the Independent Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules and the Takeovers Code at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver;
- (c) all necessary consents and approvals required to be obtained by the Company and the Subscriber in respect of the Subscription Agreement and the transactions contemplated thereby (including but not limited to the SFC Approval) having been obtained;
- (d) the granting of the Whitewash Waiver by the Executive; and
- (e) the completion of the Rights Issue.

As at the Latest Practicable Date, other than (i) internal approval by the respective board of directors of the Company and the Subscriber, which have already been obtained by the Company and the Subscriber, respectively; (ii) approval from the Stock Exchange for the listing of and permission to deal in the Subscription Shares; (iii) approval from Independent Shareholders at the EGM to approve the Subscription Agreement and the grant of specific mandate to allot and issue Subscription Shares; (iv) the SFC Approval; and (v) the Whitewash Waiver, there is no other consent and approval required. None of the above conditions precedent are waivable. In the event that the above conditions precedent are not fulfilled on or before 5:00 p.m. on 31 January 2021 (or such other time and date as may be agreed by the Company and the Subscriber), all rights, obligations and liabilities of the parties to the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any claim against the other, save for any antecedent breaches of the terms under the Subscription Agreement.

As at the Latest Practicable Date, the aforementioned conditions (b) and (d) have been fulfilled and conditions (a), (c) and (e) remain unfulfilled.

### **Completion**

Completion of the Subscription Agreement shall take place at 4:00 p.m. within three Business Days after the conditions precedent of the Subscription Agreement are fulfilled (or such other time and date as may be agreed by the Company and the Subscriber).

### **Application for listing**

An application has been made by the Company to the Listing Committee for the approval of the listing of, and permission to deal in, the Subscription Shares.

## LETTER FROM THE BOARD

### REASONS FOR THE SUBSCRIPTION

The Subscription Agreement allows the Subscriber to subscribe for the Subscription Shares such that the Company would be able to raise as much proceeds as originally contemplated under the Rights Issue in the event that there are any Rights Shares which remain unsubscribed and unsold in the market under the Rights Issue. The aggregate net proceeds of the Subscription will be applied by the Company for the purposes set out in the paragraph headed “Use of proceeds” in this prospectus. Further announcement(s) will be made by the Company as to the final amount of the net proceeds raised by the Company under the Rights Issue and the Subscription and the detailed plan for the use of proceeds upon completion of the Rights Issue and the Subscription. In addition, if the Subscriber was to underwrite the Rights Issue, such underwriting would have been subject to the SFC Approval and hence completion of the Rights Issue would have been possibly prolonged. Without underwriting of the Rights Issue but with the Subscription Agreement, the Rights Issue may complete first and the Subscriber will subsequently subscribe for the Subscription Shares under the Subscription Agreement to raise as much proceeds as originally contemplated under the Rights Issue and, depending on the number of the Subscription Shares to be subscribed by the Subscriber, the Subscription will be subject to the SFC Approval if upon completion of the Subscription, Ng Concert Party Group will hold 35% or more of the issued share capital of the Company.

Based on the above, the Board (other than Mr. Ng, who is the sole shareholder of Neo Tech Inc. and interested in the Subscription Agreement and was required to abstain from voting on the relevant Board resolution(s) approving the Subscription Agreement by virtue of him having a material interest in the Subscription Agreement but including the independent non-executive Directors) considers that the Subscription Agreement is entered into upon normal commercial terms following arm’s length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

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

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue (assuming all Qualifying Shareholders have taken up all the entitled Rights Shares); (iii) immediately after completion of the Rights Issue (assuming none of the Qualifying Shareholders (other than Ng Concert Party Group) have taken up any entitled Rights Shares); and (iv) immediately after completion of the Rights Issue and the Subscription, assuming there is no other change in the shareholding structure of the Company from the Latest Practicable Date up to the completion of the Rights Issue:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders have taken up all the entitled Rights Shares)		Immediately after completion of the Rights Issue (assuming none of the Qualifying Shareholders (other than Ng Concert Party Group) have taken up any entitled Rights Shares) (Note 3)		Immediately after completion of the Rights Issue and the Subscription (Note 5)	
	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %
<b>Major Shareholder</b>								
Mr. Ng (Note 1)	61,200	0.05	244,800	0.05	244,800	0.15	244,800	0.05
Neo Tech Inc. (Note 2)	26,536,800	19.75	106,147,200	19.75	57,729,165	34.84	402,689,028	74.95
<b>Public Shareholder</b>								
Other Shareholders	107,713,276	80.20	430,853,104	80.20	107,713,276	65.01	134,311,276	25.00
<b>Total</b>	<b>134,311,276</b>	<b>100.00</b>	<b>537,245,104</b>	<b>100.00</b>	<b>165,687,241</b>	<b>100.00</b>	<b>537,245,104</b>	<b>100.00</b>

Notes:

- Mr. Ng is the chairman of the Board and an executive Director.
- Neo Tech Inc. is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Ng. Mr. Ng is therefore deemed to be interested in 26,536,800 Shares for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
- Subscription of Rights Shares by Ng Concert Party Group will be subject to the Irrevocable Undertaking as set out in the paragraph headed “Irrevocable Undertaking” in this letter from the Board.
- Other than Mr. Ng, there is no Director holding any shareholding interest in the Company as at the Latest Practicable Date.
- On a hypothetical scenario that Ng Concert Party Group will subscribe for 45,691,671 Rights Shares and the public Shareholders will subscribe for 26,598,000 Rights Shares such that immediately after completion of the Rights Issue, Ng Concert Party Group will hold 72,289,671 Shares (representing approximately 34.99% of the issued share capital of the Company immediately after completion of the Rights Issue) and the public Shareholders will hold 134,311,276 Shares (representing approximately 65.01% of the issued share capital of the Company immediately after completion of the Rights Issue) and thereafter Neo Tech Inc. will subscribe for a maximum of 330,644,157 Subscription Shares such that immediately after completion of the Subscription, Ng Concert Party Group will hold 402,933,828 Shares (representing 75% of the issued share capital of the Company immediately after completion of the Subscription) and the public Shareholders will hold 134,311,276 Shares (representing 25% of the issued share capital of the Company immediately after completion of the Subscription).

## LETTER FROM THE BOARD

### FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activity in the past twelve months immediately before the Latest Practicable Date:

<b>Date of announcement</b>	<b>Event</b>	<b>Net Proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the Latest Practicable Date</b>
26 February 2020 and 20 April 2020	Placing of new Shares under general mandate	Approximately HK\$17.97 million	Working capital of the Group	The proceeds were fully utilised as intended
17 July 2020 and 4 August 2020	Placing of new Shares under general mandate	Approximately HK\$22.96 million	Working capital of the Group	Part of the proceeds have been applied for the intended purpose and the remaining part will be applied for the intended purpose

Save as disclosed above, the Company had not conducted any fund raising activity involving issue of its securities in the past twelve months immediately preceding the Latest Practicable Date.

### REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE

The Group is principally engaged in securities brokerage and assets management, trading of party products, advancing business, credit guarantee and investment business and trading of metals and minerals.

As disclosed in the annual report of the Company for the year ended 31 December 2019, (i) as at 31 December 2019, the total current liabilities, net current liabilities and negative equity of the Group amounted to approximately HK\$197 million, HK\$110 million and HK\$101 million respectively; and (ii) the Group's revenue generated from securities brokerage and assets management business segment of the Group decreased to HK\$0.73 million for the year ended 31 December 2019. The decrease was attributable to the suspension of relevant SFC licenses in the second half of 2019. The licenses were suspended due to shortage of fund and failure to meet the liquid capital requirement under the Hong Kong Securities and Futures (Financial Resources) Rules. Therefore, the Group intends to conduct the Rights Issue to raise funds for repayment of outstanding liabilities and development of its trading of party products business, securities brokerage and assets management business as well as its advancing business.

## LETTER FROM THE BOARD

The Board has considered other alternative means of fund raising, such as debt financing/ bank borrowings and placing of new Shares, before resolving to the Rights Issue. The Company has considered the pros and cons of different fund-raising options. In respect of debt financing, the Company has approached commercial banks, but it was unable to obtain any debt financing at terms acceptable to the Company as, save for the collaterals for the existing banking facilities, the Group does not have any other significant assets which are satisfactory to the banks and can serve as collaterals for further bank loans. Also, the Board does not consider debt financing to be desirable at this stage as the expected financing costs are high and additional borrowings will deteriorate the gearing position of the Group.

The Company has conducted placing of new Shares on 17 July 2020 and such placing was completed on 4 August 2020. The Company has utilised all the general mandate granted to the Directors by the Shareholders at the previous extraordinary general meeting of the Company to allot and issue new Shares and the Company cannot conduct further placing of new Shares unless the Shareholders approve the refreshment of general mandate limit at an extraordinary general meeting of the Company or the Company conduct further placing of new Shares by way of specific mandate.

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

### USE OF PROCEEDS

The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$284 million. The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately HK\$50 million for repayment of overdue external debts of the Group; (ii) approximately HK\$40 million for repayment of the shareholder's loan owing by the Company to Mr. Ng; (iii) approximately HK\$110 million for repayment of the overdue Convertible Bonds; (iv) approximately HK\$30 million as additional capital for the trading of party products business of the Group; (v) approximately HK\$15 million for additional liquid capital for the securities brokerage and assets management business of the Group, the licensed activities of which were suspended due to insufficient liquid capital under the SFO; (vi) approximately HK\$15 million as additional capital for the advancing business of the Group; and (vii) the remaining balance of approximately HK\$24 million for general working capital of the Group.

## LETTER FROM THE BOARD

The table below sets out the details of the proposed use of proceeds as at the Latest Practicable Date:

Use of proceeds	Estimated amount	Proposed timeline
1. Repayment of overdue external debts of the Group	HK\$50 million	Within 6 months after the Rights Issue
2. Repayment of the shareholder's loan owing by the Company to Mr. Ng	HK\$40 million	Within 6 months after the Rights Issue
3. Repayment of overdue Convertible Bonds	HK\$110 million	Within 12 months after the Rights Issue
4. Additional capital for trading of party products business	HK\$30 million	Within 6 months after the Rights Issue
5. Additional liquid capital for the securities brokerage and assets management business	HK\$15 million	Within 6 months after the Rights Issue
6. Additional capital for the advancing business of the Group	HK\$15 million	Within 12 months after the Rights Issue
7. General working capital	HK\$24 million	Within 36 months after the Rights Issue

As at the Latest Practicable Date, the Group has overdue external debts, which consist of a loan from a Hong Kong listed company, professional fees including legal, auditing, valuation and registrar services and etc., rentals, telecommunication charges, trading system and connection expenses, stock exchange fees and interest, in the aggregate principal amount and interest amount of approximately HK\$50 million, all of which have already fallen due. Each of the creditors of the above overdue external debts was not a shareholder of the Company as at the Latest Practicable Date. The Company intends to apply approximately HK\$50 million from the Rights Issue for repayment of overdue external debts of the Group.

As at the Latest Practicable Date, the Company has been indebted to Mr. Ng by way of a shareholder's loan in the principal amount of HK\$38.50 million. The shareholder's loan bears an interest of 2.5% per annum and is repayable on demand by Mr. Ng. The Company intends to apply approximately HK\$40 million from the Rights Issue for repayment of the shareholder's loan.

## LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has had outstanding Convertible Bonds in the principal amount of HK\$105 million (i.e. the Neo CB and the Other CB) and interest amount of approximately HK\$7.57 million, which have already fallen due on 18 February 2020. There is default interest at the rate of 10% per annum under the terms of the Convertible Bonds. Neo Tech Inc., being the holder of the Neo CB, agreed to the Company that it would only charge the Company default interest at the rate of 2.5% per annum until the date of actual repayment by the Company of the total outstanding amount under the Neo CB. The Company intends to apply approximately HK\$110 million for repayment of the overdue Convertible Bonds.

The trading of party products of the Group includes trading of party accessories, decorations, cutlery and eatery wares from suppliers. The Group provides touch-ups to such products which include but not limited to adding festive elements to such products. The final products are sold to customers in Hong Kong and North America. Part of the net proceeds from the Rights Issue in the amount of approximately HK\$30 million will be applied for strengthening the liquid capitals and supporting the development of the trading of party products business of the Group, in particular to develop and operate the electronic trading platform (i.e. online website) and to finance the inventory and provide sufficient working capital for the business such that the trading receivables to be incurred during the normal course of business will not affect the operation of trading of party products of the Group.

AIF Asset Management is a wholly owned subsidiary of the Company and is a licensed corporation to carry on business in Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO and AIF Securities is a wholly owned subsidiary of the Company and is a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 5 (advising on futures contracts) regulated activities under the SFO. The Directors consider that AIF Asset Management and AIF Securities, which carry out regulated activities under the SFC, will enhance and create long-term benefit for the Group and the Shareholders as a whole and part of the net proceeds from the Rights Issue in the amount of approximately HK\$15 million will be applied for strengthening the liquid capitals and supporting the development of the securities brokerage and assets management business of the Group. The Directors believe that the provision of securities brokerage and assets management services to its customers could improve the revenue of the Group. The Company will charge a brokerage commission by a certain percentage of trading amount, interest on the margin loans to the customers and management fee and performance bonus on the asset under management to generate stable revenue to the Group. Furthermore, the Company plans to enhance the Group's corporate value and recognition through its securities brokerage and assets management services which will result in strengthening of the Group's competitiveness in the brokerage industry. Further financial resources will be injected into AIF Asset Management and AIF Securities to maintain the minimum liquid capital requirement under the Hong Kong Securities and Futures (Financial Resources) Rules as well as for further business development of AIF Asset Management and AIF Securities including but not limited to promoting the business, attracting more customers and recruiting more staff to expand the business team. Currently, the securities brokerage and assets management business of AIF Asset Management and AIF Securities is managed by Mr. Chan Chi Ming, the executive director and chief executive officer of the Company who has more than 25 years' relevant experience in the industry and there are 11 staff members

## LETTER FROM THE BOARD

employed by the Group for the operation of the securities brokerage and assets management business of AIF Asset Management and AIF Securities. The Company intends to recruit approximately 25 new staff, including responsible officers and licensed representatives ranging from director grade to executive grade with securities and commodities trading, asset management, operations, settlement, clearing and accounting experience. Out of the HK\$15 million which will be applied as additional liquid capital for the securities brokerage and assets management business, the Company intends to apply HK\$5 million to increase seed money to establish new funds and for the expansion of our asset management team by recruiting new staff, including responsible officers as portfolio managers and licensed representatives as analysts. The Board is of the view that, with additional capital resources, there will be increased capabilities to cater for the increasing demand for our securities brokerage and assets management business.

The Board considers that the advancing business of the Group requires intensive capital and part of the net proceeds from the Rights Issue in the amount of approximately HK\$15 million will be applied for financing the advancing business of the Group. The Board believes that the advancing business of the Group can bring in additional revenue for the Group and supplement its securities brokerage and assets management business. To further develop and enhance the advancing business of the Group, the Company will target individual personal loans or mortgage loans as well as corporate and institution borrowers with high credit rating and high-quality collateral to secure such loans. The Company has stringent risk policy to govern loan approvals as well as to assess the collaterals and credit risk. The Company also has internal control procedures to monitor the loan and interest repayment and the security from time to time to minimize its credit risk. Currently, the advancing business of the Company is managed by Mr. Tsang King Sun, the chief financial officer of the Company, who has more than 10 years' experience in accounting, financial management, credit and risk control and there are 5 staff members employed by the Group for the operation of the advancing business. The Company will also allocate more resources to recruit more staff for the operation of the advancing business. The Board considers that with additional injection of new funding to the advancing business, the Company will be able to attract new borrowers, build up customer base and have sufficient capital for potential loans.

## LETTER FROM THE BOARD

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders (excluding those Rights Shares provisionally allotted to Ng Concert Party Group for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the paragraph headed “Irrevocable Undertaking” in this Prospectus) or holders of nil-paid rights together with the NQS Unsold Rights Shares will be placed to independent placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. Announcement of results of the Rights Issue is scheduled to be made by the Company on Wednesday, 13 January 2021. If the Rights Issue is undersubscribed, the above use of proceeds will be adjusted by the Company accordingly and the net proceeds from the Rights Issue will be applied by the Company in the following order of priority:

- (i) for repayment of overdue external debts of the Group;
- (ii) for repayment of the shareholder’s loan owing by the Company to Mr. Ng;
- (iii) for repayment of the overdue Convertible Bonds;
- (iv) for additional capital for the trading of party products business of the Group;
- (v) for additional liquid capital for the securities brokerage and assets management business, the licensed activities of which were suspended due to insufficient liquid capital under the SFO;
- (vi) as additional capital for the advancing business of the Group; and
- (vii) for general working capital of the Group.

Further details of the use of proceeds which will be made by the Company in the announcement of results of the Rights Issue.

### **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” above are fulfilled. Accordingly, the Rights Issue may or may not proceed.**

**The Shares have been dealt with on an ex-rights basis from Wednesday, 2 December 2020. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 15 December 2020 to Tuesday, 22 December 2020 (both days inclusive). Any Shareholder or other person dealing in Shares or in the nil-paid Rights Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled, will**

## LETTER FROM THE BOARD

accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

Shareholders and potential investors 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. In case of any inconsistency between the English and Chinese versions of this Prospectus, the English version will prevail.

Yours faithfully,  
For and on behalf of the Board  
**Amber Hill Financial Holdings Limited**  
**Ng Yu**  
*Chairman and executive Director*

## 1. FINANCIAL SUMMARY OF THE GROUP

The financial information of the Group for each of the three financial years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 are set out in the following documents which have been published on both the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.ahfh.com.hk](http://www.ahfh.com.hk):

- the annual report of the Company for the year ended 31 December 2017 published on 27 April 2018 (pages 38 to 121) (hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0427/ltn201804271356.pdf>);
- the annual report of the Company for the year ended 31 December 2018 published on 29 April 2019 (pages 46 to 159) (hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn201904292595.pdf>);
- the annual report of the Company for the year ended 31 December 2019 published on 10 July 2020 (pages 56 to 174) (hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0710/2020071000402.pdf>); and
- the interim report of the Company for the six months ended 30 June 2020 published on 24 September 2020 (pages 16 to 52) (hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0924/2020092400879.pdf>).

## 2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 October 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the indebtedness of the Group was as follows:

	<i>HK\$'000</i>
Shareholder's loan ( <i>Note 1</i> )	39,146
Other loan ( <i>Note 2</i> )	74,112
Convertible bonds ( <i>Note 3</i> )	<u>112,267</u>
	<u><u>225,525</u></u>

*Notes:*

1. The shareholder's loan in principal of HK\$38,500,000 represents advances from Mr. Ng Yu, the chairman of the Board and an executive Director, which was unsecured, non-guaranteed, carrying interest rate at 2.5% per annum, and repayable on demand.
2. The other loan represents:
  - (i) total outstanding principal and accrued interest (including penalty interest related to overdue repayment) amount owing to a Company listed on the main board of the Stock Exchange (the "Creditor") (it and its substantial shareholders are independent third parties and did not hold any shareholding interest in the Company as at 31 October 2020) pursuant to the agreement dated 26 June 2018 entered into by a wholly-owned subsidiary of the Company and the Creditor relating to

the subscription by the Creditor of the bond in the principal amount of HK\$13 million issued by the subsidiary of the Company (as supplemented by a supplemental agreement entered into between the parties on 30 December 2018) of approximately HK\$14.52 million, which was unsecured, non-guaranteed, carrying interest rate at 5% per annum and overdue since 15 April 2019 and the Company received repayment demand on 4 March 2020. As disclosed in the interim report for the six months ended 30 June 2019 and annual report for the year ended 31 December 2019 of the Company, the loan was obtained by the Group on 26 June 2018 for financing the Group's operation; and

- (ii) approximately HK\$59.59 million, representing the carrying amount of the liabilities portion of the convertible bonds in the total principal amount of HK\$70 million, which would be surrendered for cancellation by end of 2020 (The equity portion and liability portion of the convertible bonds of HK\$70 million were HK\$24.40 million and HK\$45.60 million respectively immediately upon issue of the convertible bonds, and such initial liabilities portion HK\$45.60 million and the interest on the outstanding amount of the convertible bonds give rise to the carrying amount of the liabilities portion of the convertible bonds as at 31 October 2020 of HK\$59.59 million).

It was announced by the Company on 17 December 2018 that it had issued convertible bonds in the principal amount of HK\$70 million as consideration for the acquisition of Dewe Kexin (Beijing) Technology Co., Limited and International Security Net Co., Limited (the "**Acquired Group**") according to the details set out in the Company's announcement dated 5 December 2019 (the "**2019 Acquisition Announcement**"). As set out in the 2019 Acquisition Announcement, the convertible bonds include three tranches of respective principal amounts of HK\$8.75 million (the "**1st Tranche CB**"), HK\$26.25 million (the "**2nd Tranche CB**") and HK\$35 million (the "**3rd Tranche CB**") which should become convertible from the respective dates of settlement of the compensation by the vendors of the Acquired Group (the "**Vendors**") regarding any shortfall of the combined audited consolidated net profits of the Acquired Group as guaranteed by the Vendors (the "**Profit Guarantee**") for each of the years ended/ending 31 December 2018, 2019 and 2020 until maturity date.

The Company announced on 30 June 2020 that the Group and one of the Vendors had entered into sale and purchase agreement to dispose of the entire issued share capital of International Security Net Co., Limited and other receivable for a total consideration of HK\$8.75 million by way of surrendering by the Vendors of the 1st Tranche CB for cancellation upon completion of conditions as stipulated in the sale and purchase agreement by end of 2020. As at the Latest Practicable Date, the 1st Tranche CB was yet to be cancelled by the Company.

The Company also announced on 30 June 2020 that (a) Dewe Kexin (Beijing) Technology Co. Limited had ceased to be a subsidiary of the Company, (b) the Group and the Vendors had acknowledged that Profit Guarantee provided by the Vendors for the financial year ended 31 December 2019 could not be fulfilled given the Acquired Group recorded a net loss for that financial year, and (c) the Group and the Vendors had entered into a supplemental deed, pursuant to which the Vendors should settle the compensation relating to the non-fulfilment of the Profit Guarantee for the year ended 31 December 2019 by surrendering the 2nd Tranche CB to the Company for cancellation, and the parties had also agreed that the Profit Guarantee for the year ending 31 December 2020 should be terminated and the 3rd Tranche CB should be surrendered by the Vendors for cancellation by end of 2020. As at the Latest Practicable Date, the 2nd Tranche CB and the 3rd Tranche CB were yet to be cancelled by the Company.

The convertible bonds were classified as other loan as it is no longer convertible pursuant to the relevant supplemental deed and sale and purchase agreement as mentioned above and detailed in the Company's announcements dated 30 June 2020.

- 3. This represents outstanding Convertible Bonds (being the Neo CB and the Other CB) in the principal amount of HK\$105 million in aggregate, and interest amount of HK\$7.27 million as at 31 October 2020, which have already fallen due on 18 February 2020. There is default interest at the rate of 10% per annum under the terms of the Convertible Bonds. Neo Tech Inc. agreed to the Company that it would only charge the Company default interest at the rate of 2.5% per annum on the outstanding principal until the date of actual repayment by the Company of the total outstanding amount under the

Neo CB. The Other CB would bear the default interest at the rate of 10% per annum on the outstanding principal and accrued interest until the actual repayment by the Company of the total outstanding amount under the Other CB. The Company intends to apply part of the net proceeds from the Rights Issue in repaying all outstanding amounts due under the Convertible Bonds. As at 31 October 2020, the outstanding interest amounts for the Neo CB and the Other CB amounted to HK\$6.67 million and HK\$0.60 million respectively.

### Disclaimers

Save as intra-group liabilities, amount due to a deconsolidated subsidiary, namely 和協海峽融資擔保有限公司 (for transliteration purpose only, Harmonic Strait Credit Guarantee Co., Ltd.) in the amount of approximately HK\$8,467,000 and normal trade and other payables in the ordinary course of business, the Group did not have any other debt securities issued and outstanding or agreed to be issued but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities as at the close of business on 31 October 2020.

The Directors confirm that there has been no material change in indebtedness or contingent liabilities of the Group since 31 October 2020 and up to the Latest Practicable Date.

### 3. WORKING CAPITAL

As at the Latest Practicable Date, the Directors, after due and careful consideration, are of the opinion that, taking into account the estimated net proceeds from the Rights Issue and the present financial resources available to the Group including but not limited to the internally generated funds from operation, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve (12) months from the date of publication of this Prospectus in the absence of unforeseeable circumstances.

### 4. MATERIAL CHANGE

The Directors confirm that save for the followings, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2019 (being the date to which the latest published audited financial statements of the Group have been made up) and up to and including the Latest Practicable Date:

- (i) the outbreak of the novel coronavirus since early 2020 has been adversely affecting the business performance of the Group due to the worsened economic atmosphere in the PRC and globally;
- (ii) as disclosed in the announcements of the Company dated 26 February 2020 and 20 April 2020, the Company completed a placing of an aggregate of 181,463,440 Shares under general mandate on 20 April 2020 for the net proceeds of approximately HK\$17.97 million as general working capital of the Group;

- (iii) as disclosed in the announcement of the Company dated 30 June 2020:
- (a) in respect of the Group's acquisition (the "**Acquisition**") of the entire issued share capital of International Security Net Co., Limited (國際安全網有限公司) ("**International Security Net**") and 51% equity interest in 德威可信(北京)科技有限公司 (Dewe Kexin (Beijing) Technology Co., Ltd\*) ("**Dewe Kexin**") in December 2018, the vendors (the "**Vendors**") to the Acquisition had provided profit guarantees of International Security Net and Dewe Kexin for the two years ending 31 December 2020 (the "**2019 Profit Guarantee**" and the "**2020 Profit Guarantee**" respectively. As a result of the non-fulfillment of the 2019 Profit Guarantee and the termination of the 2020 Profit Guarantee, the Vendors agreed to surrender the 2nd Tranche CB and 3rd Tranche CB issued by the Company (as consideration for the Acquisition) in an aggregate principal amount of HK\$61.25 million to the Company for cancellation, pursuant to a supplemental deed dated 30 June 2020. International Security Net is principally engaged in provision of security services whereas Dewe Kexin is principally engaged in trading of security products; and
  - (b) the share pledge over 51% equity interest in Dewe Kexin created in favour of 蘇州鑫元啟網絡信息有限公司 (Suzhou Xinyuanqi Network Information Co., Ltd.\*), which was registered on 14 January 2020 as security for a loan in the principal amount of RMB5 million, was enforced on 17 February 2020 and as a result, Dewe Kexin ceased to be a subsidiary of the Company;
- (iv) as disclosed in the announcement of the Company dated 30 June 2020, on 30 June 2020, the Group entered into a sale and purchase agreement with a purchaser, pursuant to which the Group agreed to dispose of the entire issued share capital of International Security Net and other receivables to the purchaser for a total consideration of HK\$8.75 million, which shall be settled by the purchaser and its wholly-owned subsidiary surrendering the convertible bonds issued by the Company (as consideration for the Acquisition) in the principal amount of HK\$8.75 million to the Company for cancellation;
- (v) as disclosed in the announcement of the Company dated 7 July 2020, as a result of being unable to gain access to the books and records of the three subsidiaries of the Company, namely 和協海峽融資擔保有限公司 (Harmonic Strait Credit Guarantee Co., Ltd.\*), 深圳瀚宏供應鏈管理有限公司 (Shenzhen Hanhong SCM Co., Ltd.\*) and 深圳薩尼威國際貿易有限公司 (Shenzhen Sunnyway International Trade Company Limited\*) (collectively, the "**Deconsolidated Subsidiaries**"), the Board resolved on 7 July 2020 that the Company no longer had control over the Deconsolidated Subsidiaries and the results of the Deconsolidated Subsidiaries would be deconsolidated from the financial statements of the Group for the year ended 31 December 2019 (the "**Deconsolidation**"). The Deconsolidated Subsidiaries are principally engaged in the credit guarantee and investment business. It is expected that the Group will initiate legal actions in the second half of 2020 with an aim to regain control over, and obtain the books and records of, the Deconsolidated Subsidiaries;

- (vi) as a result of the Deconsolidation as well as the limitation of scopes on interest in an associate, trading of security products and provision of security services business segment and impairment assessment of loan receivables and trade receivables, the auditors of the Company expressed a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2019;
- (vii) as disclosed in the announcements of the Company dated 17 July 2020 and 4 August 2020, the Company completed a placing of an aggregate of 223,852,128 Shares under general mandate on 4 August 2020 for the net proceeds of approximately HK\$22.96 million as general working capital of the Group;
- (viii) as disclosed in the interim results announcement of the Company for the six months ended 30 June 2020:
- (a) revenue of the Group decreased by approximately 66% to approximately HK\$24.91 million for the six months ended 30 June 2020 (“**2020 H1**”) from approximately HK\$74.25 million for the six months ended 30 June 2019 (“**2019 H1**”), primarily attributable to (1) the decrease in sales of party products affected by the outbreak of the novel coronavirus and the China-US trade tension; (2) the slowdown of the advancing business as the Group maintained its conservative approach given the uncertain economic conditions, and as a result, no new loan was granted in 2020 H1; and (3) minimal revenue from provision of security services (through International Security Net) in 2020 H1 and the cessation of trading of security products as Dewe Kexin ceased to be a subsidiary of the Company in early 2020, which was partially offset by the increase in revenue from securities brokerage and assets management;
- (b) despite the significant decrease in revenue, gross profit of the Group increased from approximately HK\$9.58 million in 2019 H1 to approximately HK\$14.43 million in 2020 H1, mainly due to the increase in revenue from securities brokerage and assets management. Accordingly, loss from operations decreased from approximately HK\$19.18 million in 2019 H1 to approximately HK\$3.36 million in 2020 H1;
- (c) loss attributable to the Shareholders increased by approximately 42.7% from approximately HK\$26.23 million in 2019 H1 to approximately HK\$37.42 million in 2020 H1, mainly attributable to (1) a loss of approximately HK\$15.62 million included in other non-operating expenses arising from (i) the cessation of control over Dewe Kexin in February 2020; (ii) the non-fulfillment of the 2019 Profit Guarantee and termination of the 2020 Profit Guarantee and cancellation of the corresponding convertible bonds issued by the Company as the consideration for the Acquisition; and (iii) the expected loss on disposal of International Security Net and other receivables; and (2) the impairment loss on certain long outstanding prepayment, deposits and other receivables of approximately HK\$10.35 million in 2020 H1, which was partially offset by the increase in gross profit;

- (d) as a result of (1) the Deconsolidation; (2) the impairment loss on goodwill, intangible assets, interest in an associate, loan receivables, trade receivables, deposit paid and other receivables for the year ended 31 December 2019; (3) the cessation of control over Dewe Kexin in early 2020 and (4) the impairment loss of net prepayment, deposits and other receivables in 2020 H1, total assets of the Group decreased significantly to approximately HK\$129.83 million as at 30 June 2020 from approximately HK\$522.28 million as at 31 December 2018;
- (e) the Convertible Bonds (including the Neo CB and the Other CB) with the principal amount of HK\$105 million was overdue with outstanding interest of approximately HK\$6.26 million and approximately HK\$7.57 million as at 30 June 2020 and the Latest Practicable Date respectively (as set out in the Prospectus, the default interests under the Neo CB and the Other CB are 2.5% and 10% per annum, respectively); and
- (f) the Group had net current liabilities and net liabilities attributable to Shareholders of the Company of approximately HK\$147.26 million and HK\$129.57 million as at 30 June 2020, deteriorating from approximately HK\$109.70 million and HK\$110.15 million as at 31 December 2019, respectively. Coupled with the loss attributable to the Shareholders of approximately HK\$37.42 million in 2020 H1, these conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business; and
- (ix) given the financial performance and financial position of the Group set out in paragraph (viii) above, the Company proposed to conduct the Rights Issue and the Subscription to raise the required fund to repay the Group's outstanding liabilities and develop its existing businesses.

## 5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in trading of party products, securities and commodities brokerage and assets management, advancing business and trading of metals and minerals.

It was set out on page 4 of the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Period**”) that the Group recorded revenue of HK\$24.91 million during the 2020 Interim Period, representing a year-on-year decrease of revenue of 66% mainly due to the cessation of trading of security products in early 2020. During the 2020 Interim Period, the gross profit of the Group was HK\$14.4 million, representing a year-on-year increase of 51%, and the loss from operation was HK\$3.4 million, representing a year-on-year decrease of 83%.

It was set out on page 4 of the interim report of the Company for the six months ended 30 June 2020 that during the 2020 Interim Period, the Group's net loss attributable to equity shareholders of the Company was HK\$37.42 million (corresponding period in 2019: HK\$26.23 million). The Company has put in place cost streamlining measures after the management

takeover in December 2019 and the operating costs of the Group decreased to HK\$19.24 million during the 2020 Interim Period, from HK\$33.56 million during the corresponding period in 2019. However, the Group's results for the Interim Period was affected by (a) a loss of HK\$15.62 million arising from (i) cessation of control over a then 51% owned subsidiary of the Company (the “**Ex-subsiary 1**”); (ii) expected termination of profit guarantees and cancellation of the corresponding convertible bonds (previously issued by the Company relating to the acquisition of the Ex-subsiary 1 and a then 100% owned subsidiary of the Company (the “**Ex-subsiary 2**”) by the Group in December 2018); and (iii) expected loss on disposal of the Ex-subsiary 2 and other receivables as disclosed in the announcements of the Company dated 30 June 2020; and (b) impairment loss on certain long outstanding deposit paid and other receivables of HK\$10.35 million.

The Group trades party products including party accessories, decorations, cutlery and disposable tableware. The products are mainly sold to customers in Hong Kong and North America. The ongoing COVID-19 pandemic has impacted the trading business of party products. The revenue generated from this segment decreased to HK\$9.31 million (corresponding period in 2019: HK\$15.8 million) during the 2020 Interim Period.

The Company's licenses necessary for the conduct of the regulated activities under the SFO has been suspended since second half of 2019 due to insufficient liquid capital to meet the minimum statutory requirements. During the 2020 Interim Period, the relevant licenses remained under suspension, but the liquid capital has been restored to a level which satisfies the minimum statutory requirements. The Group has applied to the Securities and Futures Commission for resumption of licenses, and it is expected that barring unforeseen circumstances, the license for asset management will be resumed in the second half of 2020 while the licenses for securities brokerage will be resumed by the first half of 2021.

The Group has been reviewing its internal controls to ensure strict compliance with the relevant rules and regulations, building model portfolio for its asset management business, and planning for further strengthening of the liquid capital and developing the electronic trading platform for its securities brokerage business. The Group will continue to work closely with the regulators to resume the asset management and securities brokerage businesses as soon as practicable.

During the 2020 Interim Period, the Group maintained its conservative approach in view of the uncertain economic conditions in carrying out its advancing business, hence no new loan was granted and no revenue was recorded from this segment. Although the existing loan portfolio was fully impaired in 2019 as the recoverability of the relevant receivables was considered as doubtful, the Group has been actively seeking opportunities to dispose of the impaired loan receivables and/or the pledged assets as distressed assets to distressed asset management companies. The Group will also consider taking any necessary legal actions before any disposal materialises.

During the 2020 Interim Period, the Group's trading of metals and minerals was suspended after departure of the former management in 2019 and did not generate any revenue from such segment. The Group has completed the business review and will resume such business in the second half of 2020.

Since January 2020, the new management of the Group has conducted a detailed business review and restructuring of the operations with a view to restoring the businesses back to the normal condition, improving the financial situation, strengthening the internal controls, streamlining the operating costs and efficiency. The Board believes that the businesses and operations of the Group will be back to the normal condition after the legacy problems carried forward from year 2019 have been fixed. Despite the challenges and uncertainties from the US-China trade tension and COVID-19 pandemic, the role of Hong Kong as the international financial centre and gateway to China continues to provide tremendous business opportunities, as evidenced by the resilience of the stock market, recent and upcoming listings of giant companies and no significant outflow of fund in the midst of local and global uncertainties. After the restructuring of the business and operations, the Group will be in the advantageous position to reap the opportunities ahead.

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

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effects of the Share Consolidation and the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Share Consolidation and the Rights Issue had taken place on 30 June 2020.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 or at any future dates immediately after the completion of the Share Consolidation and the Rights Issue.

The Unaudited Pro Forma Financial Information has been prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020, as extracted and derived from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2020 included in the published interim report of the Group, and is adjusted for the effects of the Share Consolidation and the Rights Issue described below.

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020	Net proceeds from the Completion of Placing of new Shares on 4 August 2020	Estimated net proceeds from the Rights Issue	Other CB conversion	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company upon completion of the Rights Issue	Prior to Completion of Rights Issue		After Completion of Rights Issue
					Unaudited consolidated net tangible assets of the Group per share attributable to owners of the Company as at 30 June 2020	Unaudited consolidated net tangible assets of the Group per share attributable to owners of the Company as at 30 June 2020	Unaudited consolidated net tangible assets of the Group per share attributable to owners of the Company as at 30 June 2020
HK\$ (Note 1)	HK\$ (Note 2)	HK\$ (Note 3)	HK\$	HK\$	HK\$ (Note 4)	HK\$ (Note 5)	HK\$ (Note 6)

Assuming no change in the number of Consolidated Shares in issue on or before the Record Date

Based on 402,933,828

Right Shares to be issued at subscription price of HK\$0.71 per Rights Share

(129,565,000)	22,960,000	284,083,000	—	177,478,000	(0.079)	(0.794)	0.330
---------------	------------	-------------	---	-------------	---------	---------	-------

Assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full exercise of outstanding conversion of the Other CB

(Note 1)	(Note 2)	(Note 7)	(Note 10)		(Note 4)	(Note 8)	(Note 9)
----------	----------	----------	-----------	--	----------	----------	----------

Based on 404,433,828

Right Shares to be issued at subscription price of HK\$0.71 per Right Share

(129,565,000)	22,960,000	285,148,000	5,000,000	183,543,000	(0.079)	(0.791)	0.340
---------------	------------	-------------	-----------	-------------	---------	---------	-------

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 is based on the unaudited consolidated net liabilities of the Group attributable to owners of the Company as at 30 June 2020 of approximately HK\$129,565,000 as set out in the published interim report of the Company for the six months ended 30 June 2020.
2. The net proceeds from the completion of placing of new Shares under general mandate (which took place on 4 August 2020 and announced by the Company on the same date) of approximately HK\$22,960,000 are based on 223,852,128 placing Shares at the subscription price of HK\$0.105 each after deduction of commission and other expenses of the placing by the Company of approximately HK\$540,000.

3. The estimated net proceeds from the Rights Issue of approximately HK\$284,083,000 are based on 402,933,828 Rights Shares at the subscription price of HK\$0.71 each after deduction of the estimated professional fees and other share issue related expenses payable by the Company of approximately HK\$2,000,000.
4. The calculation of unaudited consolidated net tangible assets per Share prior to the completion of the Rights Issue is based on 1,119,260,640 Shares in issue as at 30 June 2020 after taking into account the completion of placing of 223,852,128 new Shares of the Company took place on 4 August 2020.
5. The calculation is determined based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 after taking into account of the placing of 223,852,128 new Shares of the Company completed on 4 August 2020, divided by the number of Shares in issue of 134,311,276 Consolidated Shares as at the Latest Practicable Date and immediately before completion of the Rights Issue, as if the Share Consolidation had been completed on 30 June 2020.
6. The calculation of unaudited consolidated net tangible assets per Share after the completion of the Rights Issue is based on 537,245,104 Shares, including (i) 134,311,276 Shares based on the number of Shares in issue as at 30 June 2020 after taking into account the placing of new Shares completed on 4 August 2020 and the Share Consolidation but without taking into account the Placing; and (ii) 402,933,828 Rights Shares after taking into account the Share Consolidation (as if the Share Consolidation had been completed on 30 June 2020).
7. The estimated net proceeds from the Rights Issue of approximately HK\$285,148,000 are based on 404,433,828 Rights Shares at the subscription price of HK\$0.71 each after deduction of the estimated professional fees and other share issue related expenses payable by the Company of approximately HK\$2,000,000.
8. The calculation is determined based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 after taking into account of the placing of 223,852,128 new Shares of the Company completed on 4 August 2020 divided by the number of Shares in issue of 134,811,276 Consolidated Shares as at the Latest Practicable Date and immediately before completion of the Rights Issue, as if the Share Consolidation had been completed on 30 June 2020.
9. The calculation of unaudited consolidated net tangible assets per Share after the Completion of the Rights Issue is based on 539,245,104 Shares, including (i) 134,811,276 Shares based on the number of Shares in issue as at 30 June 2020 after taking into account the placing of new Shares of the Company completed on 4 August 2020 and the Share Consolidation but without taking into account the Placing; and (ii) 404,433,828 Rights Shares after taking into account the Share Consolidation (as if the Consolidation had been completed on 30 June 2020).
10. The amount is determined assuming the Other CB holder has converted the Other CB as at 30 June 2020.
11. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2020.

*The following is the text of the independent reporting accountants' assurance report received from CHENG & CHENG LIMITED, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Prospectus.*

**CHENG & CHENG LIMITED**

CERTIFIED PUBLIC ACCOUNTANTS

鄭 鄭 會 計 師 事 務 所 有 限 公 司

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

### **To the Directors of Amber Hill Financial Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Amber Hill Financial Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 and related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated 11 December 2020 relating to its right issue (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-3 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Share Consolidation and the Rights Issue of the Company (the “**Transaction**”) on the Group's financial position as at 30 June 2020 as if the Transaction had taken place at 30 June 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's interim report for the six-month period ended 30 June 2020, on which no review report has been published.

### ***Directors' Responsibilities for the Unaudited Pro Forma Financial Information***

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

***Our Independence and Quality Control***

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

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 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' judgment, 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.

### ***Opinion***

In our opinion

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**CHENG & CHENG LIMITED**  
*Certified Public Accountants*

Hong Kong, 11 December 2020

## 1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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

The authorised and issued share capital in the Company as at the Latest Practicable Date and immediately following completion of the Rights Issue (assuming the Rights Issue becoming unconditional and that all Rights Shares are fully subscribed under the Rights Issue) was and will be as follows:

### (i) As at the Latest Practicable Date:

<i>Authorised:</i>	<i>HK\$</i>
<u>1,000,000,000,000</u> Shares	<u>10,000,000,000</u>
<i>Issued and fully paid or credited as fully paid:</i>	
<u>134,311,276</u> Shares	<u>1,343,112.76</u>

### (ii) Immediately following completion of the Rights Issue:

<i>Authorised:</i>	<i>HK\$</i>
<u>1,000,000,000,000</u> Shares	<u>10,000,000,000</u>
<i>Issued and fully paid or credited as fully paid:</i>	
134,311,276 Shares in issue as at the Latest Practicable Date	1,343,112.76
<u>402,933,828</u> Rights Shares to be issued	<u>4,029,338.28</u>
Shares in total upon completion of the Rights Issue	
<u>537,245,104</u>	<u>5,372,451.04</u>

All the existing Shares in issue are fully-paid and rank pari passu in all respects with each other, including, in particular, as to rights to dividends, voting and return of capital. The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with each other and the Shares then in issue as at the date of allotment and issue of the Rights Shares, including, in particular, as to rights to dividends, voting and return of capital. Holders 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 Rights Shares.

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.

As at the Latest Practicable Date, there were outstanding Convertible Bonds in the principal amount of HK\$105 million (i.e. the Neo CB and the Other CB), which have already fallen due on 18 February 2020 and part of the Convertible Bonds in the principal amount of HK\$100 million (i.e. the Neo CB) has been held by Neo Tech Inc. Pursuant to the Irrevocable Undertaking, Ng Concert Party Group has irrevocably and unconditionally undertaken to the Company that it will not dispose of or exercise any conversion rights attached to the Neo CB and such Neo CB will remain beneficially owned by it up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights issue will not proceed, whichever is earlier. Save for the foregoing, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares as at the Latest Practicable Date. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

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

### 3. DISCLOSURE OF INTERESTS

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

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

#### *Long position in the Shares and underlying Shares*

Name	Capacity	Nature of interest	Number of Shares in the share capital of the Company	Percentage to the total issued share capital of the Company
Mr. Ng	Beneficial owner	Personal	61,200	0.05%
	Interest in controlled corporation ( <i>Note 1</i> )	Corporate	26,536,800	19.75%
		Corporate ( <i>Note 2</i> )	332,121,222	247.28%
		Unlisted derivatives ( <i>Note 3</i> )	10,000,000	7.45%
		Sub-total	<u>368,719,222</u>	<u>274.53%</u>

#### *Notes:*

1. Neo Tech Inc. is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Ng. Mr. Ng is therefore deemed to be interested in all such Shares and unlisted derivative held by Neo Tech Inc. for the purpose of Part XV of the SFO.
2. According to the Subscription Agreement, Neo Tech Inc. has conditionally agreed to subscribe for a maximum of 332,121,222 subscription shares of the Company.
3. The unlisted derivatives referred to the 10,000,000 Shares (conversion shares) issuable to Neo Tech Inc. in the event of exercise in full of the conversion rights attaching to the outstanding Neo CB.
4. The total number of issued share capital of the Company as at the Latest Practicable Date was 134,311,276 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

**(b) Substantial Shareholders' interests in Shares and underlying Shares**

So far as known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had or were deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO who, are directly or indirectly interested in 5% or more of the Shares.

*Long position in the Shares and underlying Shares*

<b>Name</b>	<b>Capacity</b>	<b>Nature of interest</b>	<b>Number of Shares in the share capital of the Company</b>	<b>Percentage to the total issued share capital of the Company</b> <i>(Note 4)</i>
Neo Tech Inc. <i>(Note 1)</i>	Beneficial owner	Corporate	26,536,800	19.75%
		Corporate <i>(Note 2)</i>	332,121,222	247.28%
		Unlisted derivatives <i>(Note 3)</i>	10,000,000	7.45%
		Sub-total	<u>368,658,022</u>	<u>274.48%</u>

*Notes:*

- Neo Tech Inc. is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Ng. Mr. Ng, the chairman of the Board and an executive Director, is therefore deemed to be interested in all such Shares and unlisted derivative held by Neo Tech Inc. for the purpose of Part XV of the SFO and such interests have also been disclosed as part of Mr. Ng's interests under the paragraph headed "(a) Interests of Directors and chief executive of the Company" above.
- According to the Subscription Agreement, Neo Tech Inc. has conditionally agreed to subscribe for a maximum of 332,121,222 subscription shares of the Company.

3. The unlisted derivatives referred to the 10,000,000 Shares (conversion shares) issuable to Neo Tech Inc. in the event of exercise in full of the conversion rights attaching to the outstanding Neo CB.
4. The total number of issued share capital of the Company as at the Latest Practicable Date was 134,311,276 Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, who are directly or indirectly interested in 5% or more of the Shares.

#### 4. DIRECTORS' SERVICE CONTRACTS

The Company has entered into (i) a continuous service agreement with no fixed term with Mr. Lin Feng (“**Mr. Lin**”) on 1 July 2020, pursuant to which he was appointed with a director’s fee of HK\$600,000 per annum, which may be terminated by the Company by giving three months’ notice in writing to Mr. Lin or a sum equivalent to three months’ salary in lieu of notice; (ii) a service agreement with Anthony Espina (“**Mr. Espina**”) on 1 July 2020, pursuant to which he was appointed for a term of two years with a director’s fee of HK\$20,000 per month and the service agreement will expire on 30 June 2022; (iii) a service agreement with Mr. Wang Jun Sheng (“**Mr. Wang**”) on 1 July 2020, pursuant to which he was appointed for a term of two years with a director’s fee of HK\$20,000 per month and the service agreement will expire on 30 June 2022; and (iv) a service agreement with Mr. Lo Hang Fong (“**Mr. Lo**”) on 19 March 2020, pursuant to which he was appointed for a term of two years with a director’s fee of HK\$20,000 per month and the service agreement will expire on 18 March 2022. There is no variable remuneration payable by the Company under the above service agreements entered into by the Company with Mr. Espina, Mr. Wang, Mr. Lo and Mr. Lin. Mr. Espina, Mr. Wang, Mr. Lo and Mr. Lin are subject to retirement by rotation and re-election at general meeting of the Company in accordance with the memorandum and articles of association of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any service contracts with the Company which was not determinable by the Company within one year without payment of compensation (other than statutory compensation).

#### 5. EXPERT AND CONSENT

The following sets out the qualifications of the expert who has been named in this Prospectus or has given opinions, letters or advices included in this Prospectus:

Name	Qualifications
CHENG & CHENG LIMITED	Certified Public Accountants

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letters or its name in the form and context in which they appear.

As at the Latest Practicable Date, the above expert 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 any securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, either directly or indirectly, in any assets which have been since 31 December 2019 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by, or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

## 6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

## 7. MATERIAL CONTRACTS

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

- (a) the deed of variation dated 18 February 2019 entered into between the Company and the bondholder in relation to certain amendments of the deed poll dated 18 February 2016 executed by the Company for the zero coupon convertible bonds due 2018 in the principal amount of HK\$100 million (as amended by the deed of variation dated 10 January 2018) and the terms and conditions of the outstanding convertible bonds;
- (b) the subscription agreement dated 18 March 2019 entered into between the Company and 廣州富興華倫置業投資有限公司 (for transliteration purpose only, Guangzhou Fuxing Hualun Property Investment Co. Ltd.) in respect of the subscription of 100 million new Shares in the consideration of HK\$10 million;
- (c) the subscription agreement dated 18 March 2019 entered into between the Company and Mr. Pi Shesheng in respect of the subscription of 100 million new Shares in the consideration of HK\$10 million (as supplemented by the supplemental agreement dated 15 July 2019);
- (d) the subscription agreement dated 18 March 2019 entered into between the Company and Mr. Guan Guozhao in respect of the subscription of 50 million new Shares in the consideration of HK\$5 million (as supplemented by the supplemental agreement dated 15 July 2019);

- (e) the subscription agreement dated 18 March 2019 entered into between the Company and Mr. Yan Yixiang in respect of the subscription of 50 million new Shares in the consideration of HK\$5 million (as supplemented by the supplemental agreement dated 15 July 2019);
- (f) the placing agreement dated 13 September 2019 entered into between the Company and Yue Xiu Securities Company Limited as placing agent in relation to the placing on a best effort basis of up to 180 million new Shares at a price of HK\$0.18 per Share;
- (g) the placing agreement dated 5 November 2019 entered into between the Company and Yue Xiu Securities Company Limited as placing agent in relation to the placing on a best effort basis of up to 130 million new Shares at a price of HK\$0.12 per Share;
- (h) the subscription agreement dated 6 November 2019 entered into between the Company and Best Smart Asia Corporation in respect of the subscription of 50 million new Shares in the consideration of HK\$5.9 million;
- (i) the subscription agreement dated 26 November 2019 entered into between the Company and Yixin Enterprises Limited in respect of the subscription of 130 million new Shares in the consideration of HK\$14.25 million;
- (j) the placing agreement dated 26 February 2020 entered into between the Company and Nerico Brothers Limited as placing agent in relation to the placing on a best effort basis of up to 181,463,440 new Shares at a price of HK\$0.1 per Share;
- (k) the sale and purchase agreement dated 30 June 2020 entered into among B&R Security International Company Limited as first vendor, 亞投匯金(北京)資產管理有限公司 (for transliteration purpose only, Asia Investment Huijing (Beijing) Assets Management Co., Ltd.) as second vendor and 北京德威保安服務有限公司 (for transliteration purpose only, Beijing Dewe Security Services Co., Limited) as purchaser in relation to the disposal of the entire issued share capital of International Security Net Co., Limited and the other receivables arising from the loan agreement in the amount of RMB5 million in the total consideration of HK\$8.75 million;
- (l) the placing agreement dated 17 July 2020 entered into between the Company and Nerico Brothers Limited as placing agent in relation to the placing on a best effort basis of up to 223,852,128 new Shares at a price of HK\$0.105 per Share;
- (m) the Subscription Agreement; and
- (n) the Placing Agreement.

## 8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial Shareholder or any of their respective close associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

## 9. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019, the date to which the latest published audited accounts of the Group were made up.

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

## 10. EXPENSES

The expenses in connection with the Rights Issue, including printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$2 million, which are payable by the Company.

## 11. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

Registered office	94 Solaris Avenue, Camana Bay PO Box 1348 Grand Cayman, KY1-1108 Cayman Islands
Headquarter and principal place of business in Hong Kong	Unit A, 5/F Chunghing Commercial Building 62–63 Connaught Road Central Central Hong Kong
Company secretary	Mr. Tsang King Sun <i>(member of the Hong Kong Institute of Certified Public Accountants)</i> 19/F, One Hennessy 1 Hennessy Road Wanchai, Hong Kong

Authorised representatives	Mr. Wei Weicheng 19/F, One Hennessy 1 Hennessy Road Wanchai, Hong Kong
	Mr. Tsang King Sun 19/F, One Hennessy 1 Hennessy Road Wanchai, Hong Kong
Principal share registrar and transfer office in the Cayman Islands	<b>Royal Bank of Canada Trust Company (Cayman) Limited</b> 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
Branch share registrar and transfer office in Hong Kong	<b>Tricor Investor Services Limited</b> Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
Principal banker	<b>Bank of China (Hong Kong) Limited</b> 9/F, BOC Mongkok Commercial Centre 589 Nathan Road, Mongkok Kowloon
Auditors and reporting accountants	<b>CHENG &amp; CHENG LIMITED</b> <i>Certified Public Accountants</i> Level 35, Tower 1 Enterprise Square Five 38 Wang Chiu Road, Kowloon Bay Kowloon Hong Kong
Legal advisers to the Company in relation to the Rights Issue	<b>Michael Li &amp; Co.</b> 19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong
Placing Agent	<b>Nerico Brothers Limited</b> Rooms 2206–2210, 22/F China Resources Building 26 Harbour Road Wanchai, Hong Kong

## 12. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

### Executive Directors

**Mr. Ng Yu (“Mr. Ng”)**, aged 30, is the chairman of the Board and an executive Director. He is also the chairman of the board of directors of Amber Hill Holdings Limited and the founder and chairman of Smile Charity Foundation. Mr. Ng has broad business connection in Hong Kong, Mainland China, Europe and America and has extensive experience in financial innovation, internet technology, assets and wealth management.

Mr. Ng was graduated from King’s College in Hong Kong and later studied in the United States. He obtained an advanced technology leadership professional certificate from the Massachusetts Institute of Technology and a family wealth inheritance program certificate from the Harvard Law School.

The group companies of Amber Hill Holdings Limited, under the management of Mr. Ng, is principally engaged in various licensed regulated activities, including financial services such as life insurance, asset management, wealth management, family trusts, securities trading and futures trading.

Founded by Mr. Ng, the Smile Charity Foundation is dedicated to solving the problems of survival and learning of poor children in Greater China by donating daily necessities, school supplies, scholarships and school buses and providing funds to build and repair school buildings, etc. in different regions.

**Mr. Wei Weicheng (“Mr. Wei”)**, aged 36, was appointed as an executive Director on 23 December 2019. Mr. Wei has extensive experience in wealth management, company fundraising and mergers and acquisitions. Prior to joining the Company, Mr. Wei had served renowned global high-tech company and international banking group. Mr. Wei, particularly, is familiar with the financial industry and the technology industry in mainland China and has a vision for the strategic development of the Greater Bay Area. Mr. Wei is also devoted to charity. He is patron and an active member of civil and arts charities. Mr. Wei holds a Bachelor Degree in Computer Engineering from Jilin University and a Master Degree in Environmental and Public Health Management from Hong Kong Baptist University.

**Mr. Lin Feng (“Mr. Lin”)**, aged 32, was appointed as an executive Director on 10 January 2020. Mr. Lin has extensive experience in corporate finance, franchising and scale development. Mr. Lin founded MyCharm, a franchised retail brand in 2011 and Guangzhou Baikong Biotechnology Limited in 2015, focusing on research vector control technology. His innovative research achievement and intellectual property rights have contributed to the development of biotechnology market in Mainland China. In the same year, Mr. Lin established Shenzhen Qianhai Water & Wood Fund Management Limited, principally engaged in the algorithmic trading & private equity, and introduced one of the five most significant overseas hedge funds into China market. Mr. Lin obtained his Bachelor Degree in 2012 and currently pursuing further studies in a Doctor Degree in Southern Medical University.

Mr. Lin has entered into a continuous director's service contract with no fixed term with the Company. Mr. Lin will be subject to retirement by rotation and re-election at general meeting of the Company in accordance with the Memorandum and Articles of Association. Mr. Lin is entitled to an emolument of HK\$600,000 per annum.

**Mr. Chan Chi Ming (“Mr. Chan”)**, aged 53, was appointed as an executive Director and the chief executive officer of the Company on 6 April 2020. Mr. Chan has gained extensive experience in investment banking, asset and wealth management, FinTech application, securities and commodities trading. Prior to joining the Company, Mr. Chan held senior positions with various well known international listed conglomerates, financial services, technology and professional firms. His significant achievement in FinTech development and innovation includes the set up of the first high frequency trading firm and the first cryptocurrency trading platform in Hong Kong. Mr. Chan was also the Vice Chairman of Hong Kong Securities Association and the Committee Member of the Clearing Panel of Hong Kong Exchange and Clearing Limited. Mr. Chan was an executive director and chief executive officer of CASH Financial Services Group Limited (a company listed on the Stock Exchange (stock code: 510)) and an executive director and deputy chief executive officer of Celestial Asia Securities Holdings Limited (a company listed on the Stock Exchange (stock code: 1049)). Mr. Chan is a certified public accountant of Hong Kong Institute of Certified Public Accountants, a Fellow Member of Association of Chartered Certified Accountants and a member of Hong Kong Securities Institute. Mr. Chan holds a Master's Degree in Accounting (with Distinction) from the University of Cambridge, a Master of Business Administration from The Hong Kong University of Science and Technology, a Master of Arts in Psychology from The Chinese University of Hong Kong and Professional Certificate in Innovation and Entrepreneurship from Graduate School of Business, Stanford University. Mr. Chan has entered into an employment contract with the Company with an annual salary of HK\$1.44 million and a discretionary bonus in respect of each financial year of the Company.

#### **Non-executive Director**

**Mr. Huang Shao Long (“Mr. Huang”)**, aged 38, was appointed as an executive Director on 10 January 2020 and later re-designated as a non-executive Director on 20 March 2020. He is a valuer and obtained qualifications in China in regard to securities foundation, securities trading, securities issue and underwriting, futures investment analysis, fund laws and regulations. From July 2010 to August 2015, Mr. Huang served various positions in GF Futures Co., Ltd. (廣發期貨有限公司) as assistant manager to vice general manager where he was responsible for strategic research, management of operations in the investment advisory department and the asset management department. From August 2015 to June 2017 where Mr. Huang was a manager at ES Fund Management Co. Ltd. (廣東逸信基金管理有限公司). From June 2017 to December 2018, Mr. Huang was a director and chairman of Guangdong Amber Hill ES Holdings Co., Ltd. Mr. Huang is a director and managing director of Amber Hill International Holdings (Guangdong) Co., Ltd. (安山國際控股(廣東)有限公司) since December 2018. He was

graduated in 2007 from Minzu University of China (中央民族大學) with an undergraduate degree in economics and in 2010 obtained a master's degree in asset valuation from Xiamen University in China.

### **Independent Non-executive Directors**

**Mr. Anthony Espina (“Mr. Espina”)**, aged 72, was appointed as an independent non-executive Director on 6 June 2007. Mr. Espina has over 50 years of experience in the IT, accounting and finance industries. From May 2013 until his retirement in April 2019, Mr. Espina was the chief executive officer and chairman of the management board and an executive director of supervisory board of ATF Bank in Kazakhstan and of the subsidiary Optima Bank in Kyrgyzstan. He is currently a non-executive director of the supervisory board of ATF Bank. He was appointed advisor to the chief executive officer and chairman of the management board of Samruk Kazyna, the sovereign wealth fund and national holding company of Kazakhstan in February 2018. In May 2019, he was appointed as a non-executive director of KazMunayGas the national oil company of Kazakhstan. From July 2014 to May 2017, Mr. Espina was an independent non-executive Director of the “Single Accumulative Pension Fund”, a wholly-owned subsidiary of the National Bank of Kazakhstan administering the pension assets of all employees in Kazakhstan. He was chairman of the Hong Kong Securities Association from 2005 to 2007, and is Permanent Hon. President of the Association. He was the president of the Hong Kong Computer Society from 1978 to 1979. Mr. Espina was a partner of Arthur Anderson & Co. from 1982 to 1986 and of Deloitte Touche Tohmatsu from 1986 to 1990. He is the founder and managing director of Goldridge Securities Limited. In addition, Mr. Espina was appointed as an independent non-executive director and a member of the audit committee of Target Insurance (Holdings) Limited (stock code: 06161) with effect from 1 May 2020, of which Mr. Ng will become a substantial shareholder upon completion of the acquisition of the shares thereof by a company which is solely owned by Mr. Ng pursuant to a conditional sales and purchase agreement dated 13 January 2020 (as supplemented by a supplemental agreement dated 24 July 2020). He graduated from the University of Southern Queensland with a bachelor degree in business and is an associate member of CPA Australia, a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Hong Kong Institute of Directors. Mr. Espina holds an Executive Master in Digital Transformation and Innovation Leadership from the IE University in Spain.

Mr. Espina has entered into a director's service contract with the Company with a term of two years. Mr. Espina will be subject to retirement by rotation and re-election at general meeting of the Company in accordance with the Memorandum and Articles of Association. Mr. Espina is entitled to an emolument of HK\$20,000 per month subject to annual adjustment to be determined by the Board with recommendation from the remuneration committee of the Board by reference to the performance of the Company and Mr. Espina.

**Mr. Wang Jun Sheng (“Mr. Wang”)**, aged 60, was appointed as an independent non-executive Director of the Company on 16 October 2018. Mr. Wang received a Ph.D. from Huazhong University of Science & Technology. Mr. Wang has more than twenty years of experience in equity investment, asset management and banking industry. Mr.

Wang is currently a researcher of China Economic and Technological Research Consulting Company Limited. He served as an independent non-executive director of Shenzhen Nanshan Power Co. Ltd. (Stock code: 000037 & 2000037) and China Merchants Shekou Industrial Zone Holdings Co., Ltd. (CMSK, stock code: 001979).

Mr. Wang has entered into a director's service contract with the Company with a term of two years. Mr. Wang will be subject to retirement by rotation and re-election at general meeting of the Company in accordance with the Memorandum and Articles of Association. Mr. Wang is entitled to an emolument of HK\$20,000 per month subject to annual adjustment to be determined by the Board with recommendation from the remuneration committee of the Board by reference to the performance of the Company and Mr. Wang.

**Mr. Lo Hang Fong ("Mr. Lo")**, aged 57, was appointed as an independent non-executive director of the Company on 19 March 2020. He is currently a partner of a law firm, Stevenson, Wong & Co. Mr. Lo has been admitted as a solicitor to the High Court of Hong Kong since 1989. He was also admitted as a solicitor to the Supreme Court of Singapore in 1995 and the Supreme Court of England and Wales in 1996. Mr. Lo was an independent non-executive director of Bonjour Holdings Limited (Stock Code: 653), a company listed on the Main Board of the Stock Exchange. Save as disclosed above, Mr. Lo does not on the date hereof hold, and has not in the last three years held, any directorship in other public listed companies in Hong Kong or overseas. He was graduated from the University of Bristol with a bachelor of law degree in 1986.

Mr. Lo has entered into a director's service contract with the Company with a term of two years. Mr. Lo will be subject to retirement by rotation and re-election at general meeting of the Company in accordance with the Memorandum and Articles of Association. Mr. Lo is entitled to an emolument of HK\$20,000 per month subject to annual adjustment to be determined by the Board with recommendation from the remuneration committee of the Board by reference to the performance of the Company and Mr. Lo.

### **Senior management**

**Mr. Tsang King Sun ("Mr. Tsang")**, aged 36, was appointed as the company secretary of the Company with effect from 19 December 2019. Mr. Tsang is a member of the Hong Kong Institute of Certified Public Accountants. He holds a Degree on Juris Doctor from The Chinese University of Hong Kong and a Bachelor of Business Administration (Hons) degree in Accounting from The Hong Kong Polytechnic University. Mr. Tsang has worked in several international audit firms and gained extensive experience in accounting, auditing practices and financial management. Mr. Tsang worked as an executive director (from July 2011 to November 2013) and the company secretary (from July 2011 to March 2014) of China Household Holdings Limited (Stock Code: 692), and an executive director and the company secretary (from December 2014 to August 2017) and the chief financial officer (from April 2015 to August 2017) of China Finance Investment Holdings Limited (Stock Code: 875). Mr. Tsang worked as the chief financial officer (from November 2017 to December 2018) and company secretary

and authorized representative (from November 2017 to July 2019) of the Company. Mr. Tsang has also worked as the chief financial officer (from January 2019 to February 2020) and the executive director (from July 2019 to February 2020) of Code Agriculture (Holdings) Limited (Stock Code: 8153).

#### **Business address of the Directors and the senior management**

The business address of the Directors and the senior management is the same as the Company's principal place of business at Room A, 5/F, Chunging Commercial Building, 62-63 Connaught Road Central, Central, Hong Kong.

#### **Audit Committee**

As at the Latest Practicable Date, the audit committee of the Board comprises four members, namely Mr. Anthony Espina (chairman of the audit committee), Mr. Wang Jun Sheng, Mr. Huang Shao Long and Mr. Lo Hang Fong, being all the non-executive Directors. The primary duties of the audit committee include the review of the Group's financial reporting process and the internal control systems as well as risk management of the Group.

### **13. BINDING EFFECT**

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

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

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed "5. Expert and Consent" in this Appendix, have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

### **15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be made available for inspection during normal business hours at the office of the Company's legal adviser in relation to the Rights Issue, namely Michael Li & Co., at 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong during the period of 14 days from the date of this Prospectus:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company for each of the three financial years ended 31 December 2017, 2018 and 2019;

- (iii) the interim report of the Company for the six months ended 30 June 2020;
- (iv) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group as set out in Appendix II to this Prospectus;
- (v) the written consent referred to in the paragraph headed “5. Expert and Consent” in this Appendix;
- (vi) the material contracts referred to in the section headed “7. Material Contracts” in this Appendix;
- (vii) the service contracts referred to in the section headed “4. Directors’ Service Contracts” in this Appendix;
- (viii) the Circular; and
- (ix) the Prospectus Documents.

## 16. MISCELLANEOUS

This Prospectus and the accompanying PAL have been prepared in both English and Chinese. In the case of any discrepancies, the English version shall prevail over their respective Chinese version.

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.