

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 Asia Television Holdings Limited, you should at once hand this 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, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibilities for the contents of the Prospectus Documents, make no representations as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" 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 other registered securities dealer, 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.

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

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 their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.



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

Financial adviser to the Company



Placing Agent to the Rights Issue



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

The Rights Issue is on a non-underwritten basis. Pursuant to the Company's constitutional documents, the Companies Act, Companies (WUMP) Ordinance and the Listing Rules, there is no requirement for a minimum level of subscription and/or minimum amount to be raised under the Rights Issue. The Rights Issue is subject to fulfilment of the conditions of the Rights Issue as set out in the section headed "Letter from the Board – Conditions of the Rights Issue" in this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Tuesday, 24 September 2024). 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. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers. If the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placers under the Compensatory Arrangements. The Placing 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.

23 August 2024

CONTENTS

	<i>Page</i>
DEFINITIONS	1
EXPECTED TIMETABLE	7
LETTER FROM THE BOARD	9
APPENDIX I - FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II - UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III - GENERAL INFORMATION	III-1

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 2 August 2024 in relation to, among other things, the Rights Issue
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday and any day on which “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961) of the Cayman Islands as consolidated and revised
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Asia Television Holdings Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 707)
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the section headed “Letter from the Board – Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this Prospectus
“connected person(s)”	has the meaning ascribed to it in the Listing Rules

DEFINITIONS

“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Fixed Fee”	has the meaning ascribed to it under the section headed “Letter from the Board – Placing Agreement for the Unsubscribed Rights Shares and NQS Unsold Rights Shares” in this Prospectus
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the beneficial owner’s shares with a CCASS participant
“Last Trading Day”	2 August 2024, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	20 August 2024, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information for inclusion in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Friday, 6 September 2024 or other time or date as the Company may determine, being the latest time for acceptance of, and payment for, the Rights Shares

DEFINITIONS

“Latest Time for Termination”	4:00 p.m. on Tuesday, 24 September 2024 or such later time as may be agreed between the Company and the Placing Agent in writing
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Placing Agreement) under the Compensatory Arrangements after deduction of all reasonable expenses incurred by the Company and the Placing Agent
“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s) or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s)
“NQS Unsold Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date with registered address(es) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue

DEFINITIONS

“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best efforts basis by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall not be 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
“Placing Agent”	Kingston Securities Limited, a licensed corporation carrying out type 1 (dealing in securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 2 August 2024 (as supplemented by the supplemental agreement dated 21 August 2024) and entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“Placing Commission”	has the meaning ascribed to it under the section headed “Letter from the Board – Placing Agreement for the Unsubscribed Rights Shares and NQS Unsold Rights Shares” in this Prospectus
“Placing Period”	the period commencing from the sixth (6th) Business Day after the Latest Time for Acceptance and ending on 4:00 p.m. on the tenth (10th) Business Day after the Latest Time for Acceptance
“PRC”	the People’s Republic of China which, for the purpose of this Prospectus, excludes Taiwan, Hong Kong and the Macau Special Administrative Region
“Prospectus”	this prospectus dated 23 August 2024 to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Friday, 23 August 2024 or such other date as the Company may determine, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders

DEFINITIONS

“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Thursday, 22 August 2024 or such other date as the Company may determine, for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	the Shares to be allotted and issued pursuant to the Rights Issue of (i) up to 655,539,400 Shares (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); and (ii) up to 710,939,400 Shares (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) with a par value of HK\$0.01 each in the share capital of the Company
“Share Options”	the outstanding share options to subscribe for 11,600,000 Shares at HK\$1.20 per Share and 99,200,000 Shares at HK\$0.203 per Share under the share option scheme of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.1 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“US Securities Act”	the US Securities Act of 1933, as amended
“%”	per cent.

EXPECTED TIMETABLE

Events	Date (2024)
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	9:00 a.m. on Friday, 23 August
First day of dealings in nil-paid Rights Shares	Tuesday, 27 August
Latest time for splitting of PALs	4:30 p.m. on Thursday, 29 August
Last day of dealings in nil-paid Rights Shares	Tuesday, 3 September
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Friday, 6 September
Announcement of the number of Unsubscribed Rights Share and NQS Unsold Rights Shares subject to Compensatory Arrangements	Friday, 13 September
Commencement of placing of Unsubscribed Rights Share and NQS Unsold Rights Shares by the Placing Agent	Monday, 16 September
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares	4:00 p.m. on Tuesday, 17 September
Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent	4:00 p.m. on Monday, 23 September
Latest time for termination of the Placing Agreement	4:00 p.m. on Tuesday, 24 September
Announcement of results of the Rights Issue (including results of the Placing and the Net Gain per Unsubscribed Rights Share and NQS Unsold Rights Share under the Compensatory Arrangements)	Monday, 30 September
Despatch of share certificates for fully-paid Rights Shares or refund cheques if the Rights Issue is terminated	Wednesday, 2 October
Commencement of dealings in fully-paid Rights Shares	Thursday, 3 October
Payment of Net Gain to relevant No Action Shareholders and Non-Qualifying Shareholders (if any)	Friday, 18 October

EXPECTED TIMETABLE

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out above and all dates and deadlines specified in this Prospectus are indicative only and may be varied. Any changes to the expected timetable will be announced in separate announcement(s) by the Company as and when appropriate.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if:

1. typhoon signal No. 8 (or above);
2. “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or
3. a “black” rainstorm warning
 - (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
 - (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those 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 does not take place on the currently scheduled date, the dates mentioned in the “Expected timetable” above may be affected. An announcement will be made by the Company in such event.

LETTER FROM THE BOARD



ASIA TELEVISION HOLDINGS LIMITED
亞洲電視控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 707)

Executive Directors:

Mr. Liu Minbin (*duties suspended*)

Mr. Leong Wei Ping 梁瑋珩先生*

Ms. Zha Mengling

Ms. Tang Po Yi

Mr. Li Yang

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Ms. Han Xingxing

Mr. Li Yu

Mr. Lau Jing Yeung William

*Head Office and Principal Place
of Business in Hong Kong:*

Room 515, 5/F., Tower A

New Mandarin Plaza

14 Science Museum Road

Tsim Sha Tsui East

Kowloon

23 August 2024

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

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Announcement whereby the Board announced, among other matters, the Company proposed to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.1 per Rights Share, to raise up to (i) approximately HK\$65.55 million by issuing up to 655,539,400 Rights Shares (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); and (ii) approximately HK\$71.09 million by issuing up to 710,939,400 Rights Shares (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date), to the Qualifying Shareholders. The Rights Issue is not underwritten and will not be extended to the Non-Qualifying Shareholder(s) (if any).

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with, among others things, further details of the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to you, together with the financial and other information of the Group.

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.1 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated cost and expenses incurred in the Rights Issue on a per Rights Share basis)	:	Approximately HK\$0.0967 per Rights Share (<i>Note 1</i>) and HK\$0.0968 per Rights Share (<i>Note 2</i>)
Number of Shares in issue as at the Latest Practicable Date	:	1,311,078,800 Shares (<i>Note 1</i>) and up to 1,421,878,800 shares (<i>Note 2</i>)
Number of Rights Shares to be issued pursuant to the Rights Issue	:	up to 655,539,400 Rights Shares (<i>Note 1</i>) and up to 710,939,400 Rights Shares (<i>Note 2</i>)
Aggregate nominal value of the Rights Shares to be issued	:	up to HK\$6,555,394 (<i>Note 1</i>) and up to HK\$7,109,394 (<i>Note 2</i>)
Number of issued Shares as enlarged by the allotment and issue of the Rights Shares	:	up to 1,966,618,200 Shares (<i>Note 1</i>) and up to 2,132,818,200 Shares (<i>Note 2</i>)
Gross proceeds from the Rights Issue (before expenses)	:	up to approximately HK\$65.55 million (<i>Note 1</i>) and up to approximately HK\$71.09 million (<i>Note 2</i>)
Net proceeds from the Rights Issue	:	up to approximately HK\$63.42 million (<i>Note 1</i>) and up to approximately HK\$68.85 million (<i>Note 2</i>)

LETTER FROM THE BOARD

Notes:

1. Assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date
2. Assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date

As at the Latest Practicable Date, there are outstanding share options entitling the holders thereof to subscribe for up to an aggregate of 110,800,000 Shares under the share option scheme adopted by the Company on 15 June 2016.

As at the Latest Practicable Date, the Company had a convertible bond due in 2022 with the outstanding principal amount of HK\$50 million. Such bondholders are not entitled to convert these bonds into Shares as the bonds had matured as at the Latest Practicable Date, according to the terms of the bond.

Save as disclosed above, the Company had no other outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for Shares as at the Latest Practicable Date.

Assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date, the aggregate 655,539,400 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represent approximately 50.00% of the total number of issued Shares as at the Latest Practicable Date and approximately 33.33% of the total number of issued Shares as enlarged by the issue of the Rights Shares.

Assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date, the aggregate 710,939,400 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represent approximately 50.00% of the total number of issued Shares as at the Latest Practicable Date as enlarged by the issue of the new Shares upon full exercise of the Share Options and approximately 33.33% of the total number of issued Shares as enlarged by the issue of the Rights Shares and the issue of new Shares upon full exercise of the Share Options.

LETTER FROM THE BOARD

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Unsubscribed Rights Shares together with the NQS Unsold Rights Shares will be placed to independent placees under the Compensatory Arrangements on a best efforts basis. 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. Pursuant to the Company's constitutional documents, the Companies Act, Companies (WUMP) Ordinance and the Listing Rules, there is no requirement for a minimum level of subscription and/or minimum amount to be raised under the Rights Issue.

The Company has considered and approached the substantial shareholder of the Company and underwriters licensed under the SFO to conduct type 1 regulated activities to underwrite the Rights Issue. However, neither the substantial shareholder of the Company nor the underwriters showed any interest to underwrite the Rights Issue. Only the Placing Agent agreed to be the placing agent of the Company for the Rights Issue on a non-underwritten basis. As such, the Company conducts the Rights Issue on a non-underwritten basis. Taking into account the above, and considering the urgent needs for the fund raising of the Company and the reasons for the benefits of the Rights Issue as mentioned in the section headed "Reasons for and benefits of the Rights Issue and use of proceeds", the Board consider the Rights Issue to be proceed on a non-underwritten basis irrespective of the level of the acceptances of the provisionally allotted Rights Shares, is in the interest of the Company and its Shareholders.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s), or transferees of nil-paid Rights Shares (or either of them, whichever shall be appropriate), may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules. In addition, the application of the Rights Issue will be subject to scale down arrangement if it would result in the Company's non-compliance of the public float requirement under Rule 8.08.

As at the Latest Practicable Date, the Board has not received any information or undertaking from any substantial shareholders of their intention to take up his or its entitlement in full or in part and if so what conditions.

LETTER FROM THE BOARD

The Subscription Price

The Subscription Price of HK\$0.1 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 46.8% to the closing price of HK\$0.1880 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 41.0% to the average closing price of approximately HK\$0.1696 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the last Trading Day;
- (iii) a discount of approximately 41.6% to the average closing price of approximately HK\$0.1712 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 45.7% to the average closing price of approximately HK\$0.1843 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 37.0% to the theoretical ex-rights price of approximately HK\$0.1587 per Share based on the benchmarked price of approximately HK\$0.1880 per Share;
- (vi) a premium of approximately HK\$0.42 to the net deficit of the Company of approximately HK\$(0.320) per Share based on the audited net liabilities attributable to owners of the Company of approximately RMB390,160,000 (equivalent to approximately HK\$419,530,000, by using the exchange rate of RMB1: HK\$0.93) as at 31 December 2023 as shown in the annual report of the Company for the year ended 31 December 2023 and divided by the existing number of Shares in issue (i.e. 1,311,078,800 Shares); and
- (vii) a discount of approximately 18.0% to the closing price of HK\$0.1220 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Rights Issue would result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) (i) of approximately 15.60% assuming none of the outstanding Share Options have been exercised, based on the theoretical diluted price of approximately HK\$0.1587 per Share and the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of approximately HK\$0.1880 per Share; and (ii) of approximately 15.60% assuming all of the outstanding Share Options have been exercised, based on the theoretical diluted price of approximately HK\$0.1587 per Share and the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of approximately HK\$0.1880 per Share.

LETTER FROM THE BOARD

The Subscription Price was determined by the Company with reference to (i) the prevailing market conditions and weak market sentiment of the capital market in Hong Kong as mentioned below; (ii) the prevailing market price of the Shares; (iii) low liquidity of the Shares for the six months preceding the Last Trading Day with the average daily trading volume of approximately 723,458 Shares, representing approximately 0.06% of the total number of issued Shares as at the Last Trading Day; (iv) loss for the year ended 31 December 2023 attributable to owners of the Company of approximately HK\$(132.38) million; (v) net deficit of the Company of approximately HK\$(0.320) per Share based on the audited net liabilities attributable to owners of the Company of approximately RMB390,160,000 (equivalent to approximately HK\$419,530,000) as at 31 December 2023 as shown in the annual report of the Company for the year ended 31 December 2023 and divided by the existing number of Shares in issue (i.e. 1,311,078,800 Shares) and (vi) reasons and benefits of the Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” below in this Letter.

The Board reviewed the past 12 months performance of the Hang Seng Index from 2 August 2023 to the Last Trading Day. The Hang Seng Index started at 19,902.77 points on 2 August 2023, reached a high of that same value on that date, and then declined to a low of 14,794.16 points on 22 January 2024. By 2 August 2024, the index had fallen 13.55% from the starting point a year earlier, closing at 17,205.26 points. The Hang Seng Index has experienced a decline over the past 12 months. The volatility and overall downward trend reflects the economic challenges and market uncertainty that Hong Kong has faced in this period.

The Board noted the relatively large discount of the Subscription Price as mentioned above. To assess the fairness and reasonableness of the Subscription Price, the Board searched for rights issue transactions announced by companies listed on the Stock Exchange from 2 May 2024 up to the Last Trading Day (“**Criteria**”). The review period of approximately three months prior to and including the Last Trading Day was determined to illustrate recent practices in rights issue transactions conducted by Hong Kong listed companies during a period close to and including the Last Trading Day. Based on the search on the Stock Exchange’s website, the Board identified 10 rights issue transactions (the “**Comparables**”) which met the aforesaid Criteria and they are exhaustive. The Board considered that notwithstanding that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables and without any independent verification with regard to the businesses and operations of such companies, the Comparables illustrate recent rights issue transactions conducted by Hong Kong listed companies during a period close to and including the Last Trading Day.

LETTER FROM THE BOARD

Company name (stock code)	Date of announcement	Expected maximum gross proceeds <i>HK\$ million</i>	Premium/ (discount) of the subscription price to the closing price per share on the last trading day immediately prior to publication of announcement			Theoretical dilution effect %	Excess application/ Compensatory arrangement	Placing commission %
			in relation to the respective rights issue %	to the respective rights issue %	Premium/ (discount) of the subscription price to the closing price per share on the last trading day immediately prior to publication of announcement			
Futian Holdings Limited (8196)	16 May 2024	45.00	-	(10.71)	-	4.6	Excess application	-
Icon Culture Global Company Limited (8500)	29 May 2024	54.00	(36.71)	(37.19)	(22.48)	18.59	Compensatory arrangement	0.5
MMG Limited (1208)	4 June 2024	9,079.00	(31.41)	(35.59)	(24.65)	10.17	Excess application	N/A
Bonny International Holding Limited (1906)	19 June 2024	73.50	(43.02)	(43.55)	(37.66)	8.71	Excess application	N/A
Chong Fai Jewellery Group Holdings Company Limited (8537)	25 June 2024	27.00	(32.20)	(32.58)	(10.65)	24.6	Excess application and placing arrangement (Note 2)	1.0 (Note 3)
Ev Dynamics (Holdings) Limited (476)	26 June 2024	132.20	(3.06)	(3.06)	(1.25)	1.84	Compensatory arrangement	1.5 (Note 4)
Hanvey Group Holdings Limited (8219)	27 June 2024	8.25	(59.35)	(59.35)	(49.32)	19.8	Compensatory arrangement	3.5 (Note 5)
Jiading International Group Holdings Limited (8153)	28 June 2024	27.50	(16.67)	(14.68)	(4.76)	12.5	Compensatory arrangement	3.0
Tonking New Energy Group Holdings Limited (8326)	2 July 2024	40.90	(41.18)	(42.13)	(31.83)	11.76	Compensatory arrangement	1.0 (Note 6)
Guan Chao Holdings Limited (1872)	12 July 2024	172.80	(20.00)	(29.08)	(4.76)	20.07	Compensatory arrangement	0.75
Maximum			-	(3.06)	-	24.60		3.5
Median			(31.81)	(34.09)	(16.57)	12.13		1.0
Minimum			(59.35)	(59.35)	(49.32)	1.84		0.5
Average			(28.36)	(30.76)	(18.74)	13.26		1.61
The Company	2 August 2024	71.09	(46.8)	(41.0)	(37.0)	15.6% (assuming none of the outstanding Share Options have been exercised); or	Compensatory Arrangement	2.0 (Note 7)
						15.6% (assuming all of the outstanding Share Options have been exercised)		

LETTER FROM THE BOARD

Notes:

1. The dilution effect represented by the theoretical diluted price per share of the respective Comparables to the theoretical benchmarked price per share of the respective Comparables (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the last trading day of per share of the respective Comparables and the average closing prices per share of the respective Comparables as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the publication of the announcement.
2. The placing agreement entered into between the subject company and the placing agent is not a compensatory agreement as required under Rule 7.21(1)(b) of the Listing Rule.
3. The placing commission is the higher of HK\$130,000 or 1% of the gross proceeds from successful placement.
4. Subject to a minimum charge of HK\$150,000.
5. The placing commission is the higher of HK\$100,000 or 3.5% of the gross proceeds from successful placement.
6. The placing commission is the higher of HK\$100,000 or 1% of the gross proceeds from successful placement.
7. Subject to a Fixed Fee (as defined below) of HK\$100,000.

It is observed that the discounts of the Subscription Price to the (i) closing price per Share on the Last Trading Day (“**LTD Discount**”) of 46.8% is within the range of Comparables from nil to approximately 59.35% and above the median of approximately 31.81% and the average of approximately 28.36%; (ii) average closing price per Share immediately prior to the publication of the announcement (i.e., the Last Trading Day) (the “**5 Days Discount**”) of 41.0% is within the average of Comparables from approximately 3.06% to approximately 59.35% and above the median of approximately 34.09% and the average of approximately 30.76%; and (iii) theoretical ex-rights price per Share based on the benchmarked price (the “**TERP Discount**”) of 37.0% were within the range of the Comparables from nil to approximately 49.32% and above the median of approximately 16.57% and the average of approximately 18.74%. The theoretical dilution effect (the “**Dilution Effect**”) on the Company resulting from the Rights Issue will be approximately 15.6% (assuming none of the outstanding share options have been exercised) or approximately 15.6% (assuming all of the outstanding share options have been exercised). This range falls between approximately 1.84% and approximately 24.60% and above the median and the average of approximately 12.13% and 13.26%, respectively, compared to the Comparables.

As all Qualifying Shareholders are entitled to subscribing for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Board considers that the Subscription Price, with an acceptable theoretical dilution effect, would encourage the Qualifying Shareholders to take up their entitlements so as to maintain their shareholdings in the Company and participate in the future growth of the Group.

LETTER FROM THE BOARD

In light of the above and having considered the discounts of the LTD Discount, 5 Days Discount, TERP Discount and the Dilution Effect of approximately 46.8%, 41.0%, 37.0% and 15.6%, respectively, are within the market range of the Comparables and closer to the median of the respective Comparables of 31.81%, 34.09%, 16.57% and 12.13%, respectively, and that it is reasonable to offer discount for the Subscription Price to promote its attractiveness given the generally thin average daily trading volume for the six months preceding the Last Trading Day as mentioned above, the Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares (when allotted, fully-paid or credited as fully-paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

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

Qualifying Shareholders

The Rights Issue is available to the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 15 August 2024.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer 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).

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

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by a Qualifying Shareholder as at the close of business on the Record Date.

LETTER FROM THE BOARD

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

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered or filed under the securities law of any jurisdiction other than Hong Kong. As at the Latest Practicable Date, the Company has nil Overseas Shareholders.

It is the responsibility of any person (including, without limitation, a nominee, agent and trustee) receiving the Prospectus Documents outside Hong Kong and wishing to take up the Rights Shares to satisfy themselves as to the full and relevant compliance of the laws of the relevant jurisdictions including the obtaining of any governmental or other consents and observing other formalities which may be required in such jurisdictions, and to pay any taxes, duties and other amounts required to be paid in such jurisdictions in connection therewith. Any acceptance of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that such local laws, regulations and requirements of the relevant territory or jurisdiction have been fully complied with. If you are in any doubt as to your position, you should consult a professional adviser.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. If the proceeds from each such sale, less expenses, are more than HK\$100, the excess will be paid on a pro-rata basis (but rounded down to the nearest cent) to the relevant Non-Qualifying Shareholders in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for its own benefit to cover the administrative costs that it would have incurred. As at the Latest Practicable Date, there was nil Non-Qualifying Shareholders.

Procedures for acceptance and payment and/or transfer

Qualifying Shareholders should find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:00 p.m. on Friday, 6 September 2024. 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 INVESTOR SERVICES LIMITED – A/C NO. 058" and crossed "Account Payee Only".

LETTER FROM THE BOARD

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Friday, 6 September 2024, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions.

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer part/all of their rights to more than one person, the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Thursday, 29 August 2024 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

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

If the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" below are not fulfilled, 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 Wednesday, 2 October 2024.

LETTER FROM THE BOARD

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

No action has been taken to permit the offering of the Rights Shares, or the distribution of the Prospectus Documents in any territory other than Hong Kong. The Prospectus Documents should not be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws and regulations. Accordingly, no person receiving the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements thereof. Completion and return of the PAL by anyone outside Hong Kong will be deemed to constitute a warranty and representation from such person to the Company that all local legislation, legal and regulatory requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws or regulations of any jurisdiction.

Beneficial owners' instructions to their Intermediary

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

LETTER FROM THE BOARD

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

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules 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 placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

Accordingly, on 2 August 2024 (after trading hours of the Stock Exchange) and as supplemented by the supplemental agreement dated 21 August 2024, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to placee(s) who and whose ultimate beneficial owner(s) are Independent Third Party(ies) on a best efforts basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will, on a best efforts basis, procure, by not later than 4:00 p.m. on Monday, 23 September 2024, placees for all (or as many as possible) of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Any Unsubscribed Rights Shares and 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 relevant No Action Shareholders and Non-Qualifying Shareholders as set out below on pro-rata basis (but rounded down to the nearest cent):

- (i) 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
- (ii) 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 or Non-Qualifying Shareholders become entitled on the basis described above to an amount of (i) more than HK\$100, the entire amount will be paid to the relevant No Action Shareholders or Non-Qualifying Shareholders in Hong Kong Dollars only; or (ii) HK\$100 or less, such amount will be retained by the Company for its own benefit.

LETTER FROM THE BOARD

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

Details of the Placing Agreement are summarised as follows:

- Date : 2 August 2024 (after trading hours) and as supplemented by the supplemental agreement dated 21 August 2024
- Issuer : The Company
- Placing Agent : Kingston Securities Limited was appointed as the Placing Agent to procure, on a best efforts basis, places to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period.

The Placing Agent is a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties. As at the Latest Practicable Date, Mrs. Chu Yuet Wah, the ultimate beneficial owner of the Placing Agent, is interested in 200,000 Shares, representing approximately 0.00015% of the total issued share capital of the Company.

- Placing Period : The period commencing from the sixth (6th) Business Day after the Latest Time for Acceptance and ending at 4:00 p.m. on the tenth (10th) Business Day after the Latest Time for Acceptance.

LETTER FROM THE BOARD

Commission and expenses : Whether or not the Placing proceeds to completion, the Company shall pay on the Latest Time for Termination to the Placing Agent a fixed fee of HK\$100,000 (the “**Fixed Fee**”). For the avoidance of doubt, the Company is not liable to pay the Fixed Fee to the Placing Agent unless the Prospectus is despatched to the Qualifying Shareholders and the Non-Qualifying Shareholders. In addition to the Fixed Fee, subject to completion of the Placing taking place, the Company shall also pay a placing commission in Hong Kong dollars, of 2.0% of the amount (the “**Placing Commission**”) which is equal to the placing price multiplied by the number of the 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.

The aggregate of the Fixed Fee and the Placing Commission shall in any event be not greater than approximately HK\$1.52 million.

Placing price of the Unsubscribed Rights Shares and 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 shall be determined by the Placing Agent with the agreement of the Company based on the demand for and the market conditions of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the process of placement.

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

For the avoidance of doubt, no placee shall become a substantial shareholder of the Company.

Ranking of the placed Unsubscribed Rights Shares and NQS Unsold Rights Shares : The placed Unsubscribed Rights Shares and NQS Unsold Rights Shares (when allotted, issued and fully-paid, if any) 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.

LETTER FROM THE BOARD

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 Rights Issue having become unconditional;
- (ii) the Company's warranties contained in the Placing Agreement remaining true and accurate and not misleading in all material respects at all times prior to the date of completion of the Placing;
- (iii) the Listing Committee granting the listing of, and permission to deal in, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares with or without conditions;
- (iv) 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
- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

None of the above conditions can be waived. In the event that the above conditions precedent have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties under the Placing Agreement 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 and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination).

LETTER FROM THE BOARD

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

- (a) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industry, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would affect the success of the Placing; or
- (b) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would affect the success of the Placing; or

LETTER FROM THE BOARD

- (c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or
- (d) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's absolute opinion would affect the success of the Placing; or
- (e) any breach of any of the representations and warranties given by the Company as set out in the Placing Agreement having come to the knowledge of the Placing Agent or any event having occurred or any matter having arisen on or after the date of the Placing Agreement and prior to the completion of the Rights Issue which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (f) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

LETTER FROM THE BOARD

The Board identified 10 rights issue Comparables three months prior to and including the Last Trading Day. Excluding 4 Comparables that were involved in excess application for the rights issue (where the Company provides Compensatory Arrangements), the expected maximum gross proceeds from the Comparables ranged from HK\$8.25 million to HK\$172.80 million, with an average of approximately HK\$72.61 million, which the size of the fund raising is similar to that of the Company. Among these Comparables, the placing agent of the subject companies for the relevant rights issue charged a commission ranging from 0.5% to 3.5%, with a minimum charge ranging from HK\$100,000 to HK\$150,000. The Commission of 2% and a Fixed Fee of HK\$100,000 charged by the Placing Agent to the Company are within the range of the Comparables. Details of the Comparables are set out in the paragraph headed "Subscription Price" under the section headed "Rights Issue"

The terms of the Placing Agreement (including the Fixed Fee and the Placing Commission) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing rate of commissions for rights issues in the market, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. Due to the net deficit position of the Company, it was hard to find placing agent. Taking into consideration the commission charged by the Placing Agent (including the Fixed Fee) being within the range of the Comparables, the Directors consider that the terms of the Placing Agreement (including the Fixed Fee and the Placing Commission) are fair and reasonable and on normal commercial terms.

As explained above, the Rights Shares that are not accepted by the Qualifying Shareholders, together with the Rights Shares that the Non-Qualifying Shareholders are entitled to under the Rights Issue, will be placed by the Placing Agent to placee(s) who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) on a best efforts basis for the benefits of the No Action Shareholders and Non-Qualifying Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are successfully placed, any Net Gain will be distributed to the relevant No Action Shareholders and Non-Qualifying Shareholders. Any NQS Unsold Rights Shares and/or Unsubscribed Rights Shares that are not placed by the Placing Agent will not be issued by the Company. As at the Latest Practicable Date, the Placing Agent has not identified any placee(s). In any case, any placees shall be independent among themselves and should be independent of and not acting at the direction of or having any significant relationships with any connected person of the Company, and none of the Placees shall be a party acting in concert (as defined in the Takeovers Code) with any of them or other Placees. The Directors consider that the Compensatory Arrangements are fair and reasonable and provide adequate safeguard to protect the interests of the Company's minority Shareholders since the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders and the Non-Qualifying Shareholders; and (iii) a compensatory mechanism for the No Action Shareholders and Non-Qualifying Shareholders.

LETTER FROM THE BOARD

Conversely, excess application is considered as a passive arrangement to facilitate additional participation of the Qualifying Shareholders. Taking into account the low liquidity of the Shares during the six months prior to the Last Trading Day, the Directors consider it would be more desirable for the Company to adopt a more active measure by way of the Compensatory Arrangements to mitigate the uncertainty of the fund raising exercise.

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

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Wednesday, 2 October 2024 to those entitled thereto by ordinary post, at their own risk, to their registered addresses, each Shareholder will receive one share certificate for all allotted shares. Refund cheques, if the Rights Issue is terminated, are expected to be posted on or before Wednesday, 2 October 2024, by ordinary post to the applicants, at their own risk, to their registered addresses.

Fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any of these Rights Shares remain not sold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

Odd lots matching services

In order to facilitate the trading of odd lots (if any) of the Shares arising from the Rights Issue, the Placing Agent has been appointed as designated broker by the Company to match the purchase and sale of odd lots of the Shares at the relevant market price per Share during the period from 9:00 a.m. on Friday, 23 August 2024 to 4:00 p.m. on Tuesday, 17 September 2024 (both days inclusive). 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. James Lee of the Placing Agent at (852) 2298 6378 or by facsimile at (852) 2850 8511 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Holders of odd lots of Shares should note that successful matching of the sale and 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.

LETTER FROM THE BOARD

Application for listing of the Rights Shares

The Company has applied to the Listing Committee for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the equity or debt securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges. Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 8,000 Rights Shares.

Rights Shares will be eligible for admission into CCASS

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

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment of the following conditions:

- (i) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents, each duly signed by the Directors (or by their agents duly authorised in writing) on or before Prospectus Posting Date in compliance with the Companies (WUMP) Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (WUMP) Ordinance and the Listing Rules;

LETTER FROM THE BOARD

- (ii) the despatch of the Prospectus Documents to the Qualifying Shareholders and the despatch of the Prospectus to the Non-Qualifying Shareholders, if any, for information purpose only;
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, and remaining in full force and effect; and
- (iv) the Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms.

None of the above conditions can be waived. The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above (to the extent it is within its power to do so) and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue. If any of the conditions referred to above are not fulfilled at or before the Latest Time for Termination, the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the fulfilment of the above conditions, it may or may not proceed. Shareholders and public investors are advised to exercise caution in dealing in the securities of the Company.

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

The principal activities of the Group are (i) the processing, printing and sales of finished fabrics and subcontracting services and the trading of fabric and clothing business; (ii) the money lending business; (iii) the securities investment and brokerage services business; and (iv) the media, cultural and entertainment business.

As disclosed in the financial statements of the Company for the year ended 31 December 2023, the Group's total assets amounted to approximately RMB126.9 million, which were financed by current liabilities of approximately RMB814.8 million and non-current liabilities of approximately RMB2.9 million. The gearing ratio, which represents the ratio of borrowings (comprising leases liabilities, bond payables, convertible bonds, bank loans, loans from other financial institutions, and other borrowings) to total assets, stood at 280% as at 31 December 2023. The aforementioned financial position highlights the need for the Company to raise further funds.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Group has debt liabilities and other payable of approximately HK\$801.65 million which were due for repayment on demand, details of which are set out below:

Type of debts	Payment schedule	Outstanding amount (including interests) <i>HK\$ million</i>	Interest rate	Settlement by the use of proceeds from the Rights Issue (<i>Note 2</i>) <i>HK\$ million</i>	Potential extension of maturity date	Potential loan capitalisation <i>HK\$ million</i>	Other potential ways for the settlement
Loans from other financial institutions	Payable on demand	440.56	Ranging from 12% to 30% per annum	N/A	440.56	N/A	To settle part of the outstanding loans by the proceeds from potential placing of the new Shares under the General Mandate (as defined below)
Other borrowings	Payable on demand	208.94	Ranging from nil to 12% per annum	40.00	N/A	125.79	To discuss with the creditors for the haircut, and conduct other fund raising activities in the year of 2025 to settle the remaining debts
Bond payables	Payable on demand	87.37	8% per annum	10.80	N/A	76.57	N/A
Other payables	Payable on demand	64.78	Other payables represent, among others, the professional fees, rent and rate, salaries.	N/A	N/A	N/A	To settle part of the outstanding amount monthly by approximately HK\$1 million per month, generated from daily operations, for approximately 1 year, and to settle remaining balance by the proceeds from other fund raising activities in the year of 2025 and/or afterward
Total		801.65		50.80	440.56	202.36	107.93

Note 1: The above table is for illustrative purposes. As at the Latest Practicable Date, there was no concert conclusion regarding the potential fund raising activities mentioned above.

Note 2: The settlement of other borrowings and bond payables from the proceeds of the Rights Issue will be completed as soon as possible once the Company receives the funds.

LETTER FROM THE BOARD

To alleviate the repayment pressure of the Group and improve the gearing ratio of the Company, the Company is actively exploring various ways to raise fund and/or settle the liabilities. Details of the proposal are set out below.

Potential extension of the maturity date

The Company has approached some creditors in relation to the outstanding loan amount of approximately HK\$440.56 million for extension of the maturity date. The company has initially proposed to extend the maturity date by either six months or a year. As at the Latest Practicable Date, the discussion is still undergoing and final conclusion is yet to arrive.

Potential loan capitalisation

The Company is considering possible debt restructuring for the outstanding other borrowings. Discussions have been held with creditors regarding the potential loan capitalisation of approximately HK\$202.36 million. As at the Latest Practicable Date, there was no definitive conclusion regarding the proposed loan capitalisation. It is anticipated that preliminary terms of the proposal for the loan capitalisation will be concluded on or around October 2024.

Potential debt financing

Due to the net loss and net deficit position of the Company and the high gearing ratio, the management of the Company considered that the cost of further debt financing will be huge and will increase the financial burden of the Company. As at the Latest Practicable Date, save for discussions with the creditors or financial institutions about the extension of the existing loans, the Company has not contacted any other financiers for further debt financing.

Potential placing of new Shares

In addition to above, the Company is also exploring placing of new Shares under the general mandate (the “**General Mandate**”) granted on 26 July 2024 after the Rights Issue should there be an substantive interest shown in the Rights Issue. As at the Latest Practicable Date, no investor(s) or placing agent(s) have yet been identified.

LETTER FROM THE BOARD

If the aforesaid plan materialises, the further allotment and issue of Shares will have a substantial dilution effect on existing Shareholders' shareholdings.

As mentioned in the announcements of the Company dated 2 August 2024 and 6 August 2024, the subscription of the convertible bonds in the principal amount of HK\$300 million terminated on 2 August 2024. Such use of proceeds was expected to be utilised for the repayment of borrowings of the Group and for the working capital of the Group and/or development of the Group's existing business or any other possible investments in the future. Given (i) the net deficit position as at 31 December 2023 of the Company and its high gearing ratio of approximately RMB(690.70) million and 280%, respectively, and (ii) the termination of the convertible bonds, the need for fund raising is imminent. As at the Latest Practicable Day, save for the immediate financial needs, the Board believed there were no material impacts on the Company's operations as a result of the termination of the aforesaid convertible bond.

Equity fund raising, such as the placing of new Shares, would be relatively small scale as compared to a rights issue and it would not allow the Qualifying Shareholders to participate in the fund raising exercise and their respective shareholdings in the Company would be diluted without an equal opportunity to maintain their proportionate interests in the Company.

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. Pursuant to the Rights Issue, the Qualifying Shareholders may (i) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to availability); or (ii) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to market demand). The Board considers that the Rights Issue effected on a pro-rata basis gives all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company, whereas an open offer does not provide Shareholders with the same opportunity to increase or decrease their respective interests in the shareholding of the Company as described above. As such, the Board considered an open offer to be less favourable to the Shareholders and did not pursue it. The Board considers it is prudent and preferable to finance the long-term growth of the Group in the form of equity fund raising which will not increase the Group's financing costs. In addition, the Board believes that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position for future strategic investments as and when such opportunities arise.

With a high gearing ratio and in a net deficit position, the Board considered that the Group could not raise debts at a low cost and further debt financing would continue to increase its financial burden on interest repayment and affect its liquidity. As such, the Board is of the view that the Group should seek equity fund raising instead of debt financing with a view to restoring to a healthy financial position.

LETTER FROM THE BOARD

As it has become critical for the Company to be able to raise funds as soon as possible to meet the repayment obligations. After considering (i) the current financial position of the Group; (ii) the benefits and cost of the alternative fundraising means; and (iii) the importance of the fundraising exercise to the Company to satisfy its pressing financial needs, the Directors consider that the Rights Issue will enable the Group to raise the necessary funds in a timely manner to satisfy the Group's short term financial needs and thus improve the current financial position of the Group, is in the interests of the Company and the Shareholders as a whole. The Board will continue to consider different fund raising (such as loan capitalisation and/or placing of new Shares) to improve the financial position of the Group.

Use of Proceeds from the Rights Issue

The estimated net proceeds of the Rights Issue, if fully subscribed, will be up to approximately HK\$63.42 million (assuming no exercise of any Share Option and no change in the number of Shares in issue on or before the Record Date) and approximately HK\$68.85 million (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date).

Assuming no exercise of any Share Option and no change in the number of Shares in issue on or before the Record Date, the Company intends to utilise the net proceeds from the Rights Issue in the following manner:

- (i) approximately HK\$50.8 million (representing approximately 80% of the net proceeds) for repayment of debts; and
- (ii) remaining net proceeds for general working capital (including salary, rental and other general administrative and operating expenses) of the Group.

Assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date, the Company intends to utilise the net proceeds from the Rights Issue in the following manner:

- (i) approximately HK\$50.8 million (representing approximately 74% of the net proceeds) for repayment of debts; and
- (ii) remaining net proceeds for general working capital (including salary, rental and other general administrative and operating expenses) of the Group.

In the event that there is an under-subscription of the Rights Issue and the Placing (as the case may be), the net proceeds of the Rights Issue and the Placing (as the case may be) will be allocated and utilised in accordance with the following sequential order of proposed uses:

- (i) 80% for the settlement of outstanding debts with the sequential order of (a) repayment of other borrowings and (b) repayment of bond payables; and
- (ii) 20% for the general working capital of the Group.

LETTER FROM THE BOARD

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, 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 Shareholders have taken up their respective allotment of Rights Shares in full); and (iii) immediately after completion of the Rights Issue (assuming none of the Qualifying Shareholders has taken up any entitled Rights Shares and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent):

- (a) Assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue			
			Assuming all Qualifying Shareholders have taken up their respective allotment of Rights Shares in full		Assuming none of the Qualifying Shareholders has taken up any entitled Rights Shares and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent	
	No. of Shares	Approximately %	No. of Shares	Approximately %	No. of Shares	Approximately %
Mr. Liu Minbin (note 1)	183,713,200	14.01%	275,569,800	14.01%	183,713,200	9.34%
China Special Economic Zone Development Limited (note 2)	181,500,000	13.84%	272,250,000	13.84%	181,500,000	9.23%
Public Shareholders						
Oriental Textile Products Limited (note 3)	110,000,000	8.39%	165,000,000	8.39%	110,000,000	5.59%
Honghu Capital Co., Ltd. (note 4)	77,008,400	5.87%	115,512,600	5.87%	77,008,400	3.92%
The places	-	-	-	-	655,539,400	33.33%
Other public shareholders	758,857,200	57.89%	1,138,285,800	57.89%	758,857,200	38.59%
Total	1,311,078,800	100.00%	1,966,618,200	100.00%	1,966,618,200	100.00%

LETTER FROM THE BOARD

- (b) Assuming all Share Options having been exercised as at the Latest Practicable Date and no other change in the number of Shares in issue on or before the Record Date:

Shareholders	As at the Latest Practicable Date		Immediately after full exercise of all Shares Options but otherwise no other change in the issued share capital of the Company as at the Latest Practicable Date up to the Record Date		Immediately upon completion of the Rights Issue Assuming all Qualifying Shareholders have taken up their respective allotment of Rights Shares in full		Immediately upon completion of the Rights Issue Assuming none of the Qualifying Shareholders has taken up any entitled Rights Shares and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent	
	No. of Shares	Approximately %	No. of Shares	Approximately %	No. of Shares	Approximately %	No. of Shares	Approximately %
<i>Directors</i>								
Mr. Leong Wei Ping 梁韋坪先生*	-	-	12,820,000	0.90%	19,230,000	0.90%	12,820,000	0.60%
Ms. Tang Po Yi	-	-	12,820,000	0.90%	19,230,000	0.90%	12,820,000	0.60%
Mr. Liu Minbin (note 1)	183,713,200	14.01%	183,713,200	12.92%	275,569,800	12.92%	183,713,200	8.61%
China Special Economic Zone Development Limited (note 2)	181,500,000	13.84%	181,500,000	12.76%	272,250,000	12.76%	181,500,000	8.51%
<i>Public Shareholders</i>								
Oriental Textile Products Limited (note 3)	110,000,000	8.39%	110,000,000	7.74%	165,000,000	7.74%	110,000,000	5.16%
Honghu Capital Co., Ltd. (note 4)	77,008,400	5.87%	77,008,400	5.42%	115,512,600	5.42%	77,008,400	3.61%
The placees	-	-	-	-	-	-	710,939,400	33.33%
Other public shareholders	758,857,200	57.89%	844,017,200	59.36%	1,266,025,800	59.36%	844,017,200	39.58%
Total	1,311,078,800	100.00%	1,421,878,800	100.00%	2,132,818,200	100.00%	2,132,818,200	100.00%

Notes:

- Mr. Liu Minbin is an executive Director.
- China Special Economic Zone Development Limited is an investment holding company incorporated under the laws of Hong Kong. It is wholly owned by Build Rise Capital Group Limited ("Build Rise"). Build Rise, a company incorporated in Republic of Seychelles, is wholly-owned by Mr. Ma Fai.
- Oriental Textile Products Limited is an investment holding company incorporated under the laws of Hong Kong. It is wholly owned by Mr. Zhang Jingyuan.
- Honghu Capital Co., Ltd. is wholly-owned and beneficially owned by Mr. Deng Junjie.

* For identification purpose only

LETTER FROM THE BOARD

The above shareholder tables are for illustrative purpose only and the Company will comply with all relevant requirements under the Takeovers Code and minimum public float requirement.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY FOR THE PAST TWELVE MONTHS

Except for the equity fund raising activities as mentioned below, there has not been any other equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
7 June 2024	Placing of new shares	HK\$34.1 million	(1) approximately 58.7% (approximately HK\$20.0 million) for repayment of debts; and (2) approximately 41.3% (approximately HK\$14.1 million) for the general working capital of the Group	It is used as intended
19 December 2023	Issue of convertible bonds in the principal amount of HK\$300 million	HK\$299 million	To be utilised for (i) as to approximately HK\$269 million for repayment of the borrowings of the Group; and (ii) as to approximately HK\$30 million for general working capital of the Group and/or development or enhancement of the Group's existing businesses or any other possible investments in the future, when such opportunities arise.	N/A (<i>Note</i>)

Note: The convertible bonds terminated on 2 August 2024, details of which are set out in the announcements of the Company dated 2 August 2024 and 6 August 2024.

LETTER FROM THE BOARD

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

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Listing Committee granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed “Conditions of the Rights Issue” above in this Prospectus.

Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed. The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. Any dealings in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in nil-paid form are recommended to consult their professional advisers.

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

WARNING OF THE POSSIBLE DILUTION EFFECT

As mentioned in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” in the “Letter from the Board”, the Company is considering possible debt restructuring and issue of new shares. Discussions have been held with creditors regarding the potential loan capitalisation. As at the Latest Practicable Date, there was no definitive conclusion regarding the proposed loan capitalisation and/or placing of new Shares. If this materialises, the allotment and issue of subscription Shares to the creditors and/or the placing of new Shares to potential investors will have a substantial dilution effect on existing Shareholders.

LETTER FROM THE BOARD

Caution

The Shareholder and potential investors shall be aware of that the sufficiency of the Company's working capital has taken into account, among others, the debt restructuring as mentioned in the section headed "Reasons for and benefits of the Rights Issue and use of proceeds". The Company will not have sufficient working capital for the next twelve months from the date of this Prospectus in the absence of successful debt restructuring including extension of loan maturity date and loan capitalisation. The Company is proactively in discussion with the creditors to ease the liquidity issue. Details of which are set out in the section headed "Reasons for and benefits of the Rights Issue and use of proceeds".

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.

By Order of the Board
Asia Television Holdings Limited
Tang Po Yi
Executive Director

A. FINANCIAL INFORMATION OF THE GROUP

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

- (i) the audited consolidated financial information of the Group for the year ended 31 December 2021 is disclosed in the annual report of the Company for the year ended 31 December 2021 published on 31 May 2022, from pages 93 to 256 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0531/2022053102171.pdf>);
- (ii) the audited consolidated financial information of the Group for the year ended 31 December 2022 is disclosed in the annual report of the Company for the year ended 31 December 2022 published on 28 April 2023, from pages 96 to 256 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042800995.pdf>); and
- (iii) the audited consolidated financial information of the Group for the year ended 31 December 2023 is disclosed in the annual report of the Company for the year ended 31 December 2023 published on 30 April 2024, from pages 100 to 236 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043001221.pdf>).

B. INDEBTEDNESS

As at the close of business on 31 July 2024, being the latest practicable date for the purpose of ascertaining this indebtedness statement of the Group prior to the printing of this Prospectus, the Group had the following liabilities:

- (i) Loans and its accrued interests from other financial institutions of approximately HK\$440.56 million which are due for repayment on demand, with interest rates ranging from 12% to 30% per annum;
- (ii) Other borrowings and its accrued interests of approximately HK\$208.94 million, which are due for repayment on demand, with interest rates ranging from nil to 12% per annum. The other borrowings include convertible bond due in 2022, with an outstanding principal of HK\$50 million. It is because that the bondholder is not entitled to convert these bonds into shares upon maturity, and it is due for repayment on demand, it is classified as other borrowings; and
- (iii) Bond payables and its accrued interests of approximately HK\$87.3 million which are due for repayment on demand, with interest rates ranging from nil to 8% per annum.

Pledged assets

As the close of business on 31 July 2024, the Group's bond payables of approximately HKD87.37 million were secured by the entire equity interests of a wholly owned subsidiary, namely 協豐(福建)印染有限公司 with net asset values of approximately RMB1.4 million as at 31 July 2024.

Save for the above, the disclosed liabilities were not guaranteed or secured by the assets of the Group.

Save as aforesaid and apart from intra-group liabilities and normal trade and bills payables and accruals in the ordinary course of business, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, material capital or hire purchase commitments or other borrowings, mortgages, charges, guarantees or contingent liabilities as at the close of business on 31 July 2024.

C. WORKING CAPITAL

The Directors are of the opinion that, after due and careful enquiry, taking into account the existing available resources, the estimated maximum net proceeds of approximately HK\$68.85 million from the Rights Issue (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date), and successful loan extension and loan capitalisation, the Group would have sufficient working capital for the Group's requirements for twelve months from the date of this prospectus.

Major assumptions and events taking into account by the Directors in preparing the working capital forecast include:

- (i) the Rights Issue will be completed in October 2024;
- (ii) the lenders of loans and/or other borrowings will not demand partial or full repayment of the loans during the forecast period;
- (iii) the potential funding activities as mention in the section headed "Reasons for and benefits of the Rights Issue and use of proceeds" will materialise; and
- (iv) core business operation and asset base (including real assets, financial assets and any other forms of assets and/or liabilities and contingent liabilities) of the Group and the market conditions in which the Group operates and/or invests in will not differ materially from those of present during the forecast period.

As at the Latest Practicable Date, the Company has obtained the working capital sufficiency letter from its auditor, KTC Partners CPA Limited.

D. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

During the year ended 31 December 2023, the Group had engaged in four business streams including (i) the processing, printing and sales of finished fabrics and subcontracting services and the trading of fabric and clothing business (the “**Fabrics and Trading Business**”); (ii) the money lending business; (iii) securities investment and securities brokerage services business (the “**Investments and Brokerage Services Business**”); and (iv) media, cultural and entertainment business.

Fabrics and Trading Business

An increase in the revenue of fabrics and trading business from approximately RMB38.3 million for the year ended 31 December 2022 to RMB78.4 million for the year ended 31 December 2023. The growth was primarily fueled by an expansion in the fabric and clothing trading business, which benefited from the adoption of new online platform trading activities, opening new channels for fabric and clothing trading.

The loss from the reportable segment saw a rise, going from approximately RMB2 million for the year ending 31 December 2022 to about RMB18.4 million for the year ending 31 December 2023. This increase can be attributed to higher direct costs exerting continued pressure on the gross profit margin, alongside the narrow gross profits experienced in the online trading market.

The Group is sustaining the fabric and clothing trading business scale by exploring various new online platforms, given the uncertain economic environment.

Money Lending Business

As at 31 December 2023, the net carrying amount of the loan receivables were nil (as at 31 December 2022: nil). During the year of 2023, no new loans and loan facilities were granted. During times of economic uncertainty, the Company would implement cautious and prudent measures and tighten the credit policies, and decrease the proportion of money lending business with high value customers.

Investments and Brokerage Services Business

To enhance the financial performance, the Group held listed securities as investment during the year. During the year, the Group has no disposal of listed securities (2022: disposed of listed securities with carrying amount of approximately RMB126,000 and recognised the realised gain of approximately RMB63,000).

As at 31 December 2023, the aggregate amount of the Group's listed securities held for trading at fair value is approximately RMB14,008,000 (As at 31 December 2022: RMB9,151,000). The Group managed a portfolio of securities listed in Hong Kong and overseas.

The Group recorded nil of revenue from brokerage services business for the year (2022: RMB3.1 million). The decrease is mainly due to the subsidiaries that were engaging in brokerage services, which became an associate of the Group on 18 May 2022. Million Federal International Limited (“**Million Federal**”) and its subsidiaries (the “**Million Federal Group**”) were principally engaged in brokerage services. The Group decreased its equity interest in the Million Federal Group from 60% to 40% by disposing of 20% of the entire issued share capital on 18 May 2022, and Million Federal subsequently became an associate of the Group. Details of the disposal are set out in note 33(b) to the consolidated financial statements and the announcements of the Company dated 18 May 2022 and 21 June 2022.

The Group will maintain the investment portfolio at its current level.

Media, Cultural and Entertainment Business

Revenue of the media, cultural and entertainment business decreased from RMB35.1 million for the year ended 31 December 2022 to RMB26.9 million for the year ended 31 December 2023. This drop in revenue can be attributed to a decline in sponsorship income and shooting and broadcasting income, which was caused by the uncertain economic environment and intense business competition in the market. The reportable segment loss decreased from RMB39.6 million for the year ended 31 December 2022 to RMB37.5 million for the year ended 31 December 2023 due to the adoption of stringent cost control measures.

In mid-2023, the live-streaming e-commerce market (“**直播帶貨**”) did not perform well. The management is considering entering the market after evaluating the conditions. As part of its strategic plan to expand its revenue streams in the media sector, the Group intends to diversify by venturing into the production of short videos. This initiative aims to broaden the range of income sources and capitalize on the growing demand for video content.

The short-term strategy for the Group's media, cultural and entertainment business is to expand its multiple digital platforms and seek investment opportunities in film rights. Due to the lack of promising investment projects in film rights, the Group had not entered into significant investments or agreements related to expanding its digital platforms and investing in film rights as at the Latest Practicable Date.

The Group's goal is to establish a high-quality e-commerce platform with strong customer base. The e-commerce platform has been launched in the trial phase on the ATV application. Management will evaluate feedback to determine the official launch date and related activities. The Group offers TV programs on the digital platform to expand the customer base. Additionally, the Group provides incentives to encourage the audio customers to make purchases on the e-commerce platform. The Group will receive handling fees from suppliers on purchase orders. In the long run, the Group aims to expand vertically to provide our customers with a "one-stop" solution from creative production to media delivery. In the medium to long term development, it is expected that the platform will cover other Chinese-Speaking regions. The Group will focus on developing the media, cultural and entertainment business in different regions.

Despite the headwinds and challenges ahead, the Group will continue to enhance the corporate transparency and strengthen the corporate governance and internal control. The Group will take every opportunity to optimise the business to enrich the value of the shareholders of the Company.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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

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

The unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the directors of the Company (“**Directors**”) in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as if the Rights Issue had taken place on 31 December 2023.

The unaudited Pro Forma Financial Information of the Group is prepared based on the audited consolidated net liabilities of the Group attributable to the owners of the Company as at 31 December 2023, as extracted from the published annual report of the Group for the year ended 31 December 2023, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The unaudited Pro Forma Financial Information is prepared for illustrative purpose only and based on the judgements, estimates and assumptions of the Directors, and because of the hypothetical nature, it may not give a true picture of the consolidated net tangible liabilities of the Group attributable to the owners of the Company as at the date to which it is made up or at any future date.

(1) Assuming no outstanding Share Options having been exercised on or before the Record Date

		Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2023 RMB'000 (Note 1)	Estimated net proceeds from the Rights Issue RMB'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company after completion of the Rights Issue RMB'000	Audited consolidated net tangible liabilities per Share attributable to the owners of the Company before completion of the Rights Issue RMB (Note 3)	Unaudited pro forma adjusted consolidated net tangible liabilities per Share attributable to the owners of the Company after completion of the Rights Issue RMB (Note 4)
Based on 655,539,400 Rights Issue Shares to be issued at a Subscription Price of HK\$0.10 per Rights Issue Share	(393,609)	58,679	(334,930)	(0.30)	(0.17)	

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

(2) Assuming full conversion of the outstanding Share Options having been exercised on or before the Record Date

Audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2023 RMB'000 (Note 1)	Estimated net proceeds from the Rights Issue RMB'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company after completion of the Rights Issue RMB'000	Audited consolidated net tangible liabilities per Share attributable to the owners of the Company before completion of the Rights Issue RMB (Note 5)	Unaudited proforma adjusted consolidated net tangible liabilities per Share attributable to the owners of the Company after completion of the Rights Issue RMB (Note 6)
Based on 710,939,400 Rights Issue Shares to be issued at a Subscription Price of HK\$0.10 per Rights Issue Share	(393,609)	63,702	(329,907)	(0.28)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes:

1. The audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2023 of RMB393,609,000 is based on the audited consolidated net liabilities attributable to owners of RMB390,160,000 excluding intangible assets of approximately RMB3,449,000 as shown on the audited consolidated statement of financial position of the Group as at 31 December 2023 as extracted from the published audited annual report of the Company for the year ended 31 December 2023.
2. The estimated net proceeds from the Rights Issue are based on 655,539,400 Rights Issue Shares to be issued at the Subscription Price of HK\$0.10 each per Rights Issue Share, after deduction of the estimated related expenses of approximately HK\$2,131,000 (equivalent to RMB1,972,000) including the placing commission, financial advisory fee, printing, translation, accounting, levy and documentation charges. The estimated net proceeds are approximately HK\$63,423,000 (equivalent to approximately RMB58,679,000).

The estimated net proceeds from the Rights Issue are based on 710,939,400 Rights Issue Shares to be issued at the Subscription Price of HK\$0.10 each per Rights Issue Share, after deduction of the estimated related expenses of approximately HK\$2,242,000 (equivalent to approximately RMB2,074,000) including the placing commission, financial advisory fee, printing, translation, accounting, levy and documentation charges. The estimated net proceeds are approximately HK\$68,852,000 (equivalent to approximately RMB63,702,000).
3. The audited consolidated net tangible liabilities of the Group attributable to the owners of the Company per Share before the completion of the Rights Issue is determined based on the audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2023 of RMB393,609,000 as set out in the note 1 above, divided by 1,311,078,800 Shares which comprises:
 - (i) 1,092,566,800 Shares in issue as at 31 December 2023; and
 - (ii) 218,512,000 Placing Shares have been placed on 19 July 2024.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

4. The unaudited pro forma adjusted consolidated net tangible liabilities of the Group per Share attributable to the owners of the Company as at 31 December 2023 immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company immediately after completion of the Rights Issue of approximately RMB334,930,000, divided by 1,966,618,200 Shares which comprises:
 - (i) 1,092,566,800 Shares in issue as at 31 December 2023;
 - (ii) 218,512,000 Placing Shares have been placed on 19 July 2024; and
 - (iii) 655,539,400 Rights Shares to be issued, without taking into account any shares which may be issued pursuant to the convertible bonds, share option scheme or general mandate, or any shares which may be repurchased pursuant to the general mandate.
5. The audited consolidated net tangible liabilities of the Group attributable to the owners of the Company per Share before the completion of the Rights Issue is determined based on the audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2023 of RMB393,609,000 as set out in the note 1 above, divided by 1,424,778,800 Shares which comprises:
 - (i) 1,092,566,800 Shares in issue as at 31 December 2023;
 - (ii) 218,512,000 Placing Shares have been placed on 19 July 2024; and
 - (iii) 110,800,000 outstanding Share Options.
6. The unaudited pro forma adjusted consolidated net tangible liabilities of the Group per Share attributable to the owners of the Company as at 31 December 2023 immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company immediately after completion of the Rights Issue of approximately RMB329,907,000, divided by 2,132,818,200 Shares which comprises:
 - (i) 1,092,566,800 Shares in issue as at 31 December 2023;
 - (ii) 218,512,000 Placing Shares have been placed on 19 July 2024;
 - (iii) 110,800,000 outstanding Share Options; and
 - (iv) 710,939,400 Rights Shares to be issued, without taking into account any shares which may be issued pursuant to the convertible bonds, share option scheme or general mandate, or any shares which may be repurchased pursuant to the general mandate.
7. For the purpose of the Unaudited Pro Forma Financial Information, conversion of RMB and HK\$ is calculated at the exchange rate of RMB0.9252 to HK\$1.0. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, may be exchanged at this or any other rate or at all.
8. No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 31 December 2023.

B. ACCOUNTANT’S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**To the Directors of Asia Television Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Asia Television Holdings Limited (the “**Company**”) and its subsidiaries (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 statement of unaudited pro forma adjusted net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2023 and notes as set out in Appendix II to the prospectus issued by the Company dated 23 August 2024 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed right issue on the basis of one (1) Rights Issue Share for every two (2) Existing Shares held on the Record Date at the Subscription Price of HK\$0.10 per Rights Issue Share (the “**Rights Issue**”) on the Group’s net tangible liabilities as at 31 December 2023 as if the Rights Issue had taken place at 31 December 2023. As part of this process, information about the Group’s audited consolidated net tangible liabilities of the Group attributable to the owners of the Company has been extracted by the Directors from the Group’s audited consolidated statement of financial position as at 31 December 2023, on which an annual 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 (“**AG 7**”) “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

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

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

Reporting Accountant’s Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting 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 the Rights Issue on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been 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 transaction, and to obtain sufficient appropriate evidence about whether:

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

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the 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.

Yours faithfully,

KTC Partners CPA Limited
Certified Public Accountants (Practising)
Chow Yiu Wah, Joseph
Practising Certificate Number: P04686
Hong Kong, 23 August 2024

1. RESPONSIBILITY STATEMENT

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

(a) Share capital

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to completion of the Rights Issue and full acceptance of the Rights Shares, the authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately following completion of the Rights Issue will be, as follows:

(I) As at the Latest Practicable Date

	Number of Shares	Nominal value of ordinary Shares HK\$
Authorised:		
Shares of HK\$0.01 each	<u>200,000,000,000</u>	<u>2,000,000,000</u>
Issued and fully paid:		
Shares of HK\$0.01 each	<u>1,311,078,800</u>	<u>13,110,788</u>

(II) *Immediately following the completion of the Rights Issue (assuming no exercise of any Share Options and no change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders or all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent)*

	Number of Shares	Nominal value of ordinary Shares HK\$
Authorised:		
Shares of HK\$0.01 each	<u>200,000,000,000</u>	<u>2,000,000,000</u>
Issued and fully paid:		
Shares of HK\$0.01 each	1,311,078,800	13,110,788
Rights Shares to be issued pursuant to the Rights Issue of HK\$0.01 each	<u>655,539,400</u>	<u>6,555,394</u>
Shares in issue immediately after completion of the Rights Issue	<u>1,966,618,200</u>	<u>19,666,182</u>

(III) Immediately following the completion of the Rights Issue (assuming all Share Options having been exercised and no change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders or all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent)

	Number of Shares	Nominal value of ordinary Shares HK\$
Authorised:		
Shares of HK\$0.01 each	<u>200,000,000,000</u>	<u>2,000,000,000</u>
Issued and fully paid:		
Shares of HK\$0.01 each	1,311,078,800	13,110,788
Issue of Shares of HK\$0.01 each assuming full exercise of Share Options	110,800,000	1,108,000
Rights Shares to be issued pursuant to the Rights Issue of HK\$0.01 each	<u>710,939,400</u>	<u>7,109,394</u>
Shares in issue immediately after completion of the Rights Issue	<u>2,132,818,200</u>	<u>21,328,182</u>

(b) Share options

The Company operates the share option scheme (the “**Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible participants for their contribution to, and continuing efforts to promote the interests the Group. The Share Option Scheme was adopted on 15 June 2016 (the “**Effective Date**”) and, unless otherwise cancelled or amended, will remain in force for 10 years from the Effective Date. In determining the basis of eligibility of each participant, the Directors would take into account such factors as appropriate.

As at the Latest Practicable Date, there are outstanding Share Options for subscription of an aggregate of 110,800,000 Shares under the Share Option Scheme. Set out below is the summary of the outstanding Share Options as at the Latest Practicable Date:

Category of participants	Date of grant	Exercisable period	Exercise price	Outstanding Share options as at the Latest Practicable Date (Note (ii))
Directors				
Mr. Leong Wei Ping 梁璋珮先生* (Note (i))	22 July 2024	22 July 2024 to 21 July 2027 (both dates inclusive)	HK\$0.203 per Share	9,920,000
	21 May 2021	31 January 2022 to 20 May 2026 (both dates inclusive)	HK\$1.2 per Share	2,900,000
Ms. Tang Po Yi (Note (i))	22 July 2024	22 July 2024 to 21 July 2027 (both dates inclusive)	HK\$0.203 per Share	9,920,000
	21 May 2021	21 May 2021 to 20 May 2026 (both dates inclusive)	HK\$1.2 per Share	2,900,000
Others				
Employees (Note (i))	22 July 2024	22 July 2024 to 21 July 2027 (both dates inclusive)	HK\$0.203 per Share	79,360,000
	21 May 2021	21 May 2021 to 20 May 2026 (both dates inclusive)	HK\$1.2 per Share	5,800,000
				110,800,000

Notes:

- (i) The Share Options were granted to each grantee at a nominal consideration of HK\$1.0.
- (ii) The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme.

* For identification purpose only

As at the Latest Practicable Date, the Company had a convertible bond due in 2022 with the outstanding principal amount of HK\$50 million. Such bondholders are not entitled to convert these bonds into Shares as the bonds had matured as at the Latest Practicable Date, according to the terms of the bond.

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

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 he/she is taken or deemed to have under such provisions of SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in the Listing Rules were as follows:

Name of Director	Capacity in which the Interests are held	Nature of Interest	Total Interests held (long position)	% of the issued share capital of the Company
Leong Wei Ping 梁瑋珩*	Beneficial owner	Underlying Interest	12,820,000	0.98
Tang Po Yi	Beneficial owner	Underlying Interest	12,820,000	0.98
Liu Minbin	Beneficial Owner	Ordinary shares of HK\$1 each	183,713,200	14.01

* For identification purpose only

Save as disclosed above, as at the Latest Practical Date, none of the other Directors and chief executive of the Company, or their respective associate, had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2, 3, 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or, as recorded in the register required to be kept by the Company under section 352 of the SFO or required to be notified to the Company or the Stock Exchange under the Model Code.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to any Director or chief executives of the Company, the following persons or corporations (other than a Director or a chief executive of the Company) who had, or were deemed or taken to have an interest and short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 5% or more of the issued voting shares of the Company or had any option in respect of such securities:

Name of substantial shareholder	Capacity in which the Interests are held	Nature of Interest	Total Interests held (long position)	% of the issued share capital of the Company
Deng Junjie (Note 1)	Interest of Controlled Corporation	Ordinary shares of HK\$0.01 each	77,008,400	5.87
Honghu Capital (Note 1)	Beneficial Owner	Ordinary shares of HK\$0.01 each	77,008,400	5.87
Liu Minbin (Note 2)	Interest of Controlled Corporation	Ordinary shares of HK\$0.01 each	183,713,200	14.01

Name of substantial shareholder	Capacity in which the Interests are held	Nature of Interest	Total Interests held (long position)	% of the issued share capital of the Company
China Special Economic Zone Development Limited (“CSEZD”) (Note 3)	Beneficial Owner	Ordinary shares of HK\$0.01 each	181,500,000	13.84
Oriental Textile Products Limited	Beneficial Owner	Ordinary shares of HK\$0.01 each (Note 4)	110,000,000	8.39

Notes:

1. Honghu Capital is wholly-owned and beneficially owned by Mr. Deng Junjie.
2. Mr. Liu Minbin is an executive Director.
3. CSEZD is an investment holding company incorporated under the laws of Hong Kong, 100% of the issued share capital is directly held by Build Rise Capital Group Limited (“**Build Rise**”). Build Rise, a company incorporated in Republic of Seychelles, is wholly-owned by Mr. Ma. Accordingly, Build Rise and Mr. Ma are deemed to be interested in the 181,500,000 Shares held by CSEZD by virtue of the Securities and Futures Ordinance.
4. Oriental Textile Products Limited is an investment holding company incorporated under the laws of Hong Kong, 100% of the issued share capital is directly held by Zhang Jingyuan. Accordingly, Zhang Jingyuan is deemed to be interested in the 110,000,000 Shares held by Oriental Textile Products Limited by virtue of the SFO.

Save as disclosed above and as at the Latest Practicable Date, the Company had not been notified by any person, other than a Director or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

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

5. COMPETING INTERESTS

As at the Latest Practicable Date, as far as the Directors were aware, none of the Directors or their respective close associates had interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder.

6. DIRECTORS' INTERESTS IN ASSETS OF THE GROUP OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

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 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

7. LITIGATION

I. Litigation in Relation to Statutory Demands

Reference are made to the announcements of Company dated 21 October 2019, 24 October 2019 and 28 October 2019 (the "**Statutory Demands Related Announcements**") in relation to, inter alia, the commencement of litigations in relation to two alleged outstanding debts.

As disclosed in the Statutory Demands Related Announcements, on 9 October 2019, a statutory demand under section 178(1)(A) of the Ordinance ("**Statutory Demand I**") was served on the Company by a creditor (the "**Creditor I**") to demand the Company to repay the alleged outstanding debt in the amount of HK\$222,707,496 (the "**Debt**") within 3 weeks after service of the Statutory Demand I. After the expiry of the 3-week period after the services of Statutory Demand I, the Creditor I may present a winding-up petition against the Company.

Creditor I has agreed that they would not present the winding-up petition immediately if the Company could repay part of the outstanding debt, and expected the Company to repay the remaining outstanding debts after the completion of the connected transaction in relation to subscription of convertible bonds under specific mandate with the estimated gross proceeds of approximately HK\$400 million as stated in the announcement dated 24 September 2019.

The Company has been negotiating with Creditor I for better terms on the repayment schedule and for the avoidance of the potential winding-up petition. As at the Latest Practicable Date, no winding-up petition related to the debt presented against the Company. The Company is also negotiating with various other lenders for new credit lines in order to improve the cashflow position of the Company.

Reference are made to the announcements of Company dated 7 April 2020 and 12 May 2020 (the “**2020 Statutory Demand Announcements**”) in relation to, inter alia, the commencement of litigation in relation to the alleged outstanding debts.

As disclosed in the 2020 Statutory Demand Announcements, on 23 March 2020, a statutory demand under section 178(1)(A) of the Ordinance (“**Statutory Demand II**”) was served on the Company by a creditor (the “**Creditor II**”) to demand the Company to repay the alleged outstanding debt in the amount of HK\$45,978,301.36 (the “**Debt II**”) within 3 weeks after the service of the Statutory Demand II. After the expiry of the 3-week period after the services of Statutory Demand II, Creditor II may present a winding-up petition against the Company. On 12 May 2020, the Company has reached a settlement agreement (the “**Settlement Agreement**”) with the Creditor II. Pursuant to the terms and conditions of the Settlement Agreement, the Company shall pay and discharge the outstanding debts to the Creditor II in accordance with the repayment schedule in the Settlement Agreement. As a result, the Statutory Demand II was withdrawn by the Creditor II with immediate effect. However, on 11 August 2020, the Statutory Demand II under the Ordinance was served on the Company by the Creditor II again to demand the Company to repay the outstanding debt and the accrued interests of the Debt II. As at the Latest Practicable Date, no winding-up petition related to the debt presented against the Company.

II. Litigation in Relation to writ of Summons

On 22 May 2020, Asia Television Limited, an indirect non-wholly owned subsidiary of the Company, received a writ of summons under action number HCA 774/2020 (the “**Writ of Summons**”) together with statement of claim issued in the Court of First Instance of High Court of Hong Kong by HONG KONG SCIENCE TECHNOLOGY PARKS CORPORATION (the “**Plaintiff**”) against Asia Television Limited, as defendant (the “**Defendant**”). According to the Writ of Summons, the Defendant purchased the property located at 25-37 Dai Shing Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong (the “**Property**”) in September 2005 and signed the deed of variation (the “**Deed of Variation**”) with the Plaintiff. According to the Deed of Variation and the lease documents, the Defendant must abide by certain terms when using the Property, including only for television programme and film production, broadcasting programme, distribution, publications, multi-media entertainment and other related business. Otherwise, an additional premium of HK\$3,721.00 needs to be paid daily (the “**Additional Premium**”), and the Plaintiff also has the right to re-enter the Property. The Plaintiff believed that the Defendant violated the terms of the lease documents and the Deed of Variation, so it requested the Defendant to return the Property and recover the additional premium from 1 August 2017. The Plaintiff claims against the Defendant, among others (i) vacant possession of the Property; (ii) additional premium at HK\$3,721.00 per day from 1 August 2017 to 22 May 2020; (iii) mesne profits from 23 May 2020 to the date of the Defendant delivers vacant possession of the Property to the Plaintiff; (iv) costs on an indemnity basis; and (v) further or other relief as the Court may order.

The Defendant is seeking legal advice in respect of the above proceeding in HCA 774/2020 and would defend its position. The Company will make further announcement(s) to update the shareholders of the Company and the potential investors on any significant development regarding the above claim as and when appropriate. The hearing date has not been set as the parties are negotiating a settlement. There was no other development for this litigation as at the Latest Practicable Date.

Save for the above, as at the Latest Practicable Date, there were no litigation or claims of material importance known to the Directors pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

During the two years immediately preceding the date of this Prospectus up to and including the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group and are or may be material:

1. the Placing Agreement;
2. the disposal transaction of the Company on 27 and 28 June 2024 in relation to the disposal of an aggregate of 27,364,200 shares of Yong Tai Berhad, a company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad, at the average selling price of Malaysia 0.35 (equivalent to approximately HK\$ 0.578). The aggregate gross sale proceeds from the Disposal were approximately Malaysia 9.58 million (equivalent to approximately HK\$15.82 million) (excluding transaction costs). Details of the disposal is set out in the announcement of the Company dated 28 June 2024;
3. the placing agreement dated 7 June 2024 (as supplemented by a supplemental placing agreement dated 27 June 2024) entered into between the Company and the Placing Agent in relation to the placing of up to 218,512,000 placing shares under general mandate at a price of HK\$0.16 per placing share. The placing completed on 19 July 2024;
4. the memorandum of understanding dated 20 January 2023 entered into between Mr. Yang Zi* (楊子) and the Company in relation to the proposed acquisition of 30% equity interest of Hangzhou Yuanhou Tianxia Technology Company Limited* (杭州元猴天下科技有限公司) at a consideration of an initial proposed amount of USD 5 million. As no formal sale and purchase agreement has been entered into between the Company and the Vendor in connection with the proposed acquisition of 30% equity interest in the Target Company within the validity period, the memorandum of understanding has been automatically terminated; and
5. the subscription agreement dated 14 May 2021 (as amended on 17 May 2023) entered into between the Company and Nanotechnology Singapore Pte. Ltd. in relation to the subscription of convertible bonds in an aggregate principal amount of HK\$300 million. The subscription agreement was terminated on 2 August 2024.

* For identification purpose only

9. EXPERT AND CONSENT

The following are the qualifications of the experts who have given opinions or advice which are contained in this Prospectus:

Name	Qualification
KTC Partners CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert:

- (a) had given and had not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letters, reports and references to its name and logo, in the form and context in which they respectively appear;
- (b) had no shareholding in the Company or any other member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group; and
- (c) had no direct or indirect interests in any assets which had been, or proposed to be, acquired or disposed of by or leased to any member of the Group since 31 December 2023 (the date to which the latest published audited consolidated financial statements of the Group were made up).

10. DOCUMENTS ON DISPLAY

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

- (a) the report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;
- (b) the written consent referred to in the paragraph headed "Expert and Consent" in this Appendix; and
- (c) the material contracts referred under the section headed "Material Contracts" in this Appendix.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head Office and Principal Place of Business in Hong Kong	Room 515, 5/F., Tower A New Mandarin Plaza 14 Science Museum Road Tsim Sha Tsui East Kowloon
Authorised Representatives	Ms. Tang Po Yi House 8, The Graces Tai Po, Hong Kong Mr. Ho Yuk Ming Hugo Flat H, 6/F., Block 3, Kai Tak Garden 121 Choi Hung Road Kowloon, Hong Kong
Company Secretary	Mr. Ho Yuk Ming Hugo
Auditor/Reporting Accountants	KTC Partners CPA Limited 1305-07, 13/F., New East Ocean Centre, 9 Science Museum Road, Tsimshatsui East Kowloon, Hong Kong
Principal Bankers	Hang Seng Bank Limited 83 Des Voeux Road, Central, Hong Kong
Hong Kong Branch Share Registrar and Transfer Office	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Legal adviser to the Company as to Hong Kong Laws	Tang Tso & Lau Room 209, 2/F, China Insurance Group Building 141 Des Voeux Road, Central, Hong Kong

Financial adviser to the Company	Kingston Corporate Finance Limited 72/F, the Center 99 Queen's Road Central Central, Hong Kong
Placing agent to the Company	Kingston Securities Limited 72/F, the Center 99 Queen's Road Central Central, Hong Kong

12. PARTICULARS OF DIRECTORS

Executive Directors

Mr. Liu Minbin, aged 61, is currently an executive Director. He joined the Group in December 2022. He is a substantial shareholder of 廣東華洋宏理大健康產業集團有限公司 (the “廣東華洋”) which engaged in the retailer and wholesaler of health and personal care products. Mr. Liu graduated from Dalian Maritime University with a Bachelor Degree in electrical engineering (ship). He possesses over 30 years of experiences in industrial sector, involving real estates, education, culture, aviation, and other fields. He specialises in the formulation and development of corporate strategic planning, corporate management, and daily operations. Furthermore, with over 20 years of experiences in financial investment and capital operation, Mr. Liu is well-versed with the financial markets and capital markets domestically and overseas, in addition to relevant laws and regulations.

Mr. Leong Wei Ping, aged 47, is currently an executive Director. Mr. Leong joined the Group in January 2020. He holds a Bachelor Degree of Commerce in Accounting and Finance from Curtin University of Technology, Perth, Australia, and a Master Degree of Commerce in Accounting and Finance, from Macquarie University, Sydney, Australia. As advised by Mr. Leong, he started his professional career with various established professional firms including Big Four accounting firms, KPMG. During his tenure with these professional firms, he specialised in statutory and internal auditing, advisory works including initial and secondary offering, domestic and cross-border mergers and acquisitions. In addition, he regularly advised the board of directors with respect to their fiduciary responsibilities and corporate governance matters and he is able to contribute his corporate expertise to the board towards continuous improvement. Mr. Leong also has extensive experience in international business operations, particularly in emerging markets, and a demonstrated capability in strategic planning and organizational development.

Ms. Zha Mengling, aged 34, is currently an executive Director. She graduated from Swinburne University of technology in Melbourne of Australia and obtained a Bachelor of Commerce (Human Resource Management) degree in October 2014. She has extensive experience in human resource management and business development. Ms. Zha has been appointed as Fashion Accessories wholesaler of Engelite Pty Ltd since September 2014.

Mr. Li Yang (李陽), aged 52, is currently an executive Director. He obtained a diploma from Shenzhen University in 1992 and a Master of Business Administration from Shenzhen Economic and Management Institute in 2000. Mr. Li also completed a Master's degree programme in 2001 at the Graduate School of Chinese Academy of Social Sciences, majoring in World Economics. Mr. Li has over 20 years of experience in investment activities and business management. He has held directorships in several companies listed on the Main Board of the Stock Exchange and a public company listed on the stock market of the People's Republic of China. Mr. Li has held various senior management positions in a number of capital investment and entity enterprises, and has extensive industry experience in internet, information technology and other businesses. From September 2014 to June 2018, Mr. Li acted as the deputy chairman and an executive director of China Best Group Holding Limited (stock code: 370.HK). From June 2015 to September 2016, he acted as the chairman and a director of Guanghe Landscape Culture Communication Co., Ltd., Shanxi* (山西廣和山水文化傳播股份有限公司), shares of which are listed on the Shanghai Stock Exchange (stock code: 600234.SS). From February 2017 to December 2018, he also served as an independent non-executive director of Sino Haijing Holdings Limited (stock code: 1106.HK), the listing of which was cancelled on 2 November 2021 under Rule 6.01A of the Listing Rules. From November 2018 to December 2020, he acted as the deputy chairman and an executive director of Leyou Technologies Holdings Limited (stock code: 1089.HK). Such company was privatized by way of a scheme of arrangement under the Companies Law of its place of incorporation and its listing was withdrawn on 24 December 2020. From August 2020 to February 2021, he also acted as an executive director of CT Environmental Group Limited (stock code: 1363.HK), the listing of which was cancelled on 10 September 2021 under Rule 6.01A of the Listing Rules. Mr. Li has been appointed as the chairman of the board and an executive director of Virtual Mind Holding Company Limited (formerly known as CEFC Hong Kong Financial Investment Company Limited) (stock code: 1520) since 19 January 2022. Mr. Li has been appointed as an independent non-executive director of HG Semiconductor Limited (stock code: 6908) since 19 April 2022 and has been re-designated from an independent non-executive director to an executive director since 9 February 2024. Mr. Li has been appointed as an executive director and deputy chairman of IBO Technology Company Limited (stock code: 2708) since 21 March 2023, the company was ordered to be wound up by the High Court of the Hong Kong and trading on the Stock Exchange in the shares of the company was suspended on 29 April 2024.

* For identification purpose only

Ms. Tang Po Yi (鄧寶怡), aged 31, is currently an executive Director. She holds a Bachelor Degree in Economics and Business from University College London and MSc in Political Economy of Europe, London School of Economics and Political Science. After graduation, Ms. Tang had been working in Deloitte Hong Kong. Ms. Tang joined the Group as the Business Development Manager of Asia Television Digital Media Limited, a wholly owned company of the Group since June 2017 and has been appointed as a director since February 2019 which had been wound up in September 2022. Since January 2018, she has been appointed as a non-independent non-executive director of Yong Tai Berhad (Bursa Malaysia Securities Berhad, stock code: 7066). Ms. Tang was appointed as an executive Director from 15 September 2021 to 26 July 2024. At the annual general meeting held on 26 July 2024, Ms. Tang was being voted down for being the executive Director. On 29 July 2024, Ms. Tang has been appointed as an executive Director with effect from the same date. Currently, she is a director of certain subsidiaries of the Group. The length of service with the Group by Ms. Tang of seven years. As at the Latest Practicable Date, Ms. Tang is interested in share options entitling her to subscribe for 12,820,000 ordinary shares of the Company.

Independent Non-executive Directors

Ms. Han Xingxing, aged 43, is currently an independent non-executive Director of the Company, the chairman of the nomination committee of the Company (the “**Nomination Committee**”) and a member of the audit committee (the “**Audit Committee**”) and the remuneration committee (the “**Remuneration Committee**”) of the Company. Ms. Han joined the Group in September 2015. Ms. Han holds a bachelor degree of Information Warfare Technology from Northwestern Polytechnical University. Ms. Han has over ten years senior management experience in the field of information technology development and investment. Ms. Han has been the general manager of Qianhai Honghu Tairui Technology (Shenzhen) Company Limited (前海鴻鵠泰瑞科技(深圳)有限公司) since August 2014. She was the vice-president of Shenzhen Bio Technology Trading Company Limited (深圳市康大生科貿易有限公司) between September 2012 and July 2014.

Mr. Li Yu, aged 51, is currently an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Nomination Committee and the Audit Committee. Mr. Li obtained a Master in Business Administration from Asia Metropolitan University. Mr. Li had been working as a journalist and editor in various multi-media institutions and companies. From 2007 to 2012, Mr. Li served as the deputy general manager in Guangzhou Jiadi Culture Communication Co., Ltd (廣州佳帝文化傳播有限公司). Subsequently, Mr. Li focused on participating in social cultural development and investment management business. Mr. Li has extensive experience in corporate culture development, brand promotion as well as corporate sales and marketing management. The length of service with the Company by Mr. Li of seven years.

Mr. Lau Jing Yeung William, aged 42, is currently an independent non-executive Director, the Chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee of the Company. Mr. Lau joined the Group in December 2022. Mr. Lau has over 14 years of experience in accounting, finance, and consulting. Mr. Lau has been an independent non-executive director of Huisen Household International Group Limited (Stock code: 2127) from 2 December 2020 to 7 April 2022. Mr. Lau has been an independent non-executive director of Flying Financial Service Holdings Limited (Stock code: 8030) from 11 March 2022 to 5 December 2022. Mr. Lau became a member of the CPA Australia in December 2010, a member of the Institute of Certified Management Accountants in July 2012 and an associate of the Chartered Institute of Management Accountants in June 2011. He obtained a degree of Bachelor of Business (Accountancy) and a degree of Master of Business (Marketing) from the Queensland University of Technology in October 2002 and October 2003 respectively. Mr. Lau has been appointed as an independent non-executive director of Zhengwei Group Holdings Limited (Stock code: 2147) since December 2022.

Save for the disclosure in section headed “3. Disclosure of interests” and the above, as at the Latest Practicable Date, none of the Director (a) held any directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years prior to the date of this Prospectus; (b) held any other position with the Company and other members of the Group; and (c) had any relationships with any Directors, senior management or substantial or controlling shareholders of the Company; and none of the Director had any interest in the shares of the Company which are required to be disclosed pursuant to Part XV of the SFO.

Company secretary

Mr. Ho Yuk Ming Hugo (“**Mr. Ho**”) aged 52, has been appointed as the company secretary of the Company since January 2023. Mr. Ho is a qualified professional accountant with over 20 years of experience in auditing, accounting and financial management. He held senior position in a number of public and holding companies in Hong Kong. Mr. Ho graduated from the Hong Kong Shue Yan College (currently known as Hong Kong Shue Yan University) with a honours diploma in accounting in July 1996. He is an associate member of the Hong Kong Institute of Certified Public Accountants. Currently, Mr. Ho is an independent non-executive director of Wan Leader International Limited (Stock code: 8482), and is the company secretary of Neo-Neon Holdings Limited (Stock code: 1868) and Kwong Luen Engineering Holdings Limited (Stock code: 1413) respectively.

Business address of the Directors

The principal address of the Directors is the same as the Company's head office and principal place of business in Hong Kong located at Room 515, 5/F, Tower A, New Mandarin Plaza, 14 Science Museum Road, Tsim Sha Tsui East, Kowloon.

13. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (if any), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$2 million, which are payable by the Company.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consents as referred to under the paragraph headed "Expert and Consent" in this Appendix, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

15. 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 (WUMP) Ordinance, so far as applicable.

16. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Ho Yuk Ming Hugo, who is an associate member of the Hong Kong Institute of Certified Public Accountants.
- (b) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (c) As at the Latest Practicable Date, there was no contract for the hire or hire purchase of plant to or by any member of the Group for a period of over one year which are substantial in relation to the Group's business.
- (d) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (e) The head office and principal place of business of the Company is Room 515, 5/F, Tower A, New Mandarin Plaza, 14 Science Museum Road, Tsim Sha Tsui East, Kowloon.
- (f) The English text of this Prospectus shall prevail over its Chinese text.