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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Futian Holdings Limited, you should at once hand this prospectus to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed “Documents Registered by the Registrar of Companies in Hong Kong” in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (WUMP) Ordinance. Neither the SFC, nor the Stock Exchange nor the Registrar of Companies takes any responsibility as to the contents of any of these documents.

This prospectus is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.

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

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## FUTIAN HOLDINGS LIMITED

### 福田股份有限公司

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

**(Stock Code: 8196)**

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

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The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Friday, 28 June 2024. The procedures for acceptance and payment for the Rights Shares are set out in the paragraph headed “Procedures for acceptance and payment or transfer” of this prospectus.

Subject to the fulfilment of the conditions of the Rights Issue, **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 that there is an undersubscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly. There is no minimum amount which must be raised in order for the Rights Issue to proceed. Pursuant to the Company’s constitutional document, the Companies Act, the Companies (WUMP) Ordinance and the GEM Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue.

Dealings in the Rights Shares in their nil-paid form will take place from Tuesday, 18 June 2024 to Tuesday, 25 June 2024 (both dates inclusive).

Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form up to the latest time the conditions of the Rights Issue are fulfilled or waived (as applicable) (which is at 4:00 p.m. on Tuesday, 2 July 2024) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

14 June 2024

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## CHARACTERISTICS OF GEM

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

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

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## EXPECTED TIMETABLE

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*The expected timetable for the Rights Issue is set out below.*

<b>Event</b>	<b>Time and Date</b>
Despatch of the Prospectus Documents . . . . .	Friday, 14 June 2024
Effective date of change in board lot size from 4,000 Shares to 8,000 Shares . . . . .	Friday, 14 June 2024
Designated broker starts to stand in the market to provide matching services for odd lots of Shares . . . . .	9:00 a.m. on Friday, 14 June 2024
First day of dealings in nil-paid Rights Shares in the new board lots of 8,000 Shares . . . . .	Tuesday, 18 June 2024
Latest time for splitting of nil-paid Rights Shares .	4:30 p.m. on Thursday, 20 June 2024
Latest time of dealings in nil-paid Rights Shares in the new board lots of 8,000 Shares . . . . .	Tuesday, 25 June 2024
Latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares . . . . .	4:00 p.m. on Friday, 28 June 2024
Latest time for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Tuesday, 2 July 2024
Announcement of results of the Rights Issue . . . . .	Monday, 8 July 2024
Despatch of certificates for the fully-paid Rights Shares and refund of cheques, if any . . . . .	Tuesday, 9 July 2024
Commencement of dealings in the fully-paid Rights Shares . . . . .	9:00 a.m. on Wednesday, 10 July 2024
The last day for the designated broker to provide matching services for odd lots of Share . . . . .	4:00 p.m. on Wednesday, 17 July 2024

All times and dates stated in this prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

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## EXPECTED TIMETABLE

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### **EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

Whenever any part of the expected timetable of the Rights Issue may be interrupted by a typhoon, a black rainstorm warning or Extreme Conditions, the Company shall properly inform the Shareholders of the corresponding contingency arrangements, which contingency arrangements shall include the Latest Time for Acceptance not taking place on the time as scheduled:

- (i) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 5:00 p.m. on the same Business Day; or
- (ii) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended 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 or before 4:00 p.m. on Friday, 28 June 2024, the dates mentioned herein may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable of the Rights Issue as soon as practicable.

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 16 May 2024 in relation to, among other things, the Rights Issue and the Change in Board Lot Size
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 4,000 Shares per board lot to 8,000 Shares per board lot
“close associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Companies Act”	the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended and supplemented from time to time
“Company”	Futian Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8196)
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess of their entitlements under the Rights Issue

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## DEFINITIONS

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“Excluded Shareholder(s)”	Overseas Shareholders whom the Board, based on legal opinions provided by legal advisers, considers it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Extreme Conditions”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
“FY2023”	the financial year ended 31 December 2023
“FY2024”	the financial year ended 31 December 2024
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the same meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	16 May 2024, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of the Announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 28 June 2024 or such later time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares
“Latest Practicable Date”	6 June 2024, being the latest practicable date prior to the printing of this prospectus for inclusion of certain information in this prospectus
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong

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## DEFINITIONS

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“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this prospectus excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus Documents”	this prospectus, the PAL(s) and the EAF(s)
“Prospectus Posting Date”	Friday, 14 June 2024 or such other date as may be determined by the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders (or in case of Excluded Shareholder(s), the Prospectus only)
“Qualifying Shareholder(s)”	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Thursday, 13 June 2024, or on such other date as the Company may determine, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of up to 150,000,000 Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every two (2) Share held at the close of business on the Record Date payable in full on acceptance
“Rights Share(s)”	up to 150,000,000 new Shares to be allotted and issued under the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission in Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended and supplemented from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 17 June 2022



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## DEFINITIONS

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“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.3 per Rights Share under the Rights Issue
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	percentage

**FUTIAN HOLDINGS LIMITED**

**福田股份有限公司**

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

**(Stock Code: 8196)**

*Executive Directors:*

Mr. Xie Yang

*(Chairman and Chief Executive Officer)*

Mr. He Xuanxi

Ms. Liu Chujun

Ms. Sun Zhaoyang

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Independent Non-executive Directors:*

Ms. Bai Shuang

Mr. Ha Chengyong

Mr. Tse Chi Wai

*Principal place of business*

*in Hong Kong:*

Suite A, 20/F

Wah Hen Commercial Centre

383 Hennessy Road

Hong Kong

*Headquarters and principal place of  
business in the PRC:*

No. 18 Keyan Road

Science City

High-tech Industrial Development Zone

Guangzhou, PRC

14 June 2024

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

Dear Sir or Madam,

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

**INTRODUCTION**

On 14 May 2024, the Board announced, among other things, the proposed Rights Issue and the Change in Board Lot Size. As stated in the Announcement, the Board proposed to raise up to approximately HK\$45 million before expenses by issuing 150,000,000 Rights

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## LETTER FROM THE BOARD

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Shares at the Subscription Price of HK\$0.3 per Rights Share by way of the Rights Issue, on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue will only be available to the Qualifying Shareholders.

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

### TERMS OF THE RIGHTS ISSUE

#### Rights Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) Shares in issue and held on the Record Date by the Qualifying Shareholders
Subscription Price	:	HK\$0.3 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	300,000,000 Shares
Number of Rights Shares to be issued	:	Up to 150,000,000 Rights Shares (assuming full subscription under the Rights Issue)
Total number of Shares in issue upon completion of the Rights Issue	:	Up to 450,000,000 Shares (assuming full subscription under the Rights Issue)
Gross proceeds from the Rights Issue (before deducting the relevant expenses)	:	Up to HK\$45,000,000 (assuming full subscription under the Rights Issue)
Net proceeds from the Rights Issue (after deducting the estimated relevant expenses)	:	Up to approximately HK\$44,700,000 (assuming full subscription under the Rights Issue)
Right of excess applications	:	There will be excess application arrangements in relation to the Rights Issues pursuant to Rule 10.31(1)(a) of the GEM Listing Rules

The 150,000,000 Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represent (i) 50% of the existing issued share capital of the Company as at the date of the Latest Practicable Date; and (ii) approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares, assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue.

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## LETTER FROM THE BOARD

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### Subscription Price

The Subscription Price is HK\$0.3 per Rights Share and is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the relevant Rights Shares.

The Subscription Price represents:

- (i) no discount to or premium over the closing price of HK\$0.3 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 10.71% to the average closing price of approximately HK\$0.336 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including to the Last Trading Day;
- (iii) a discount of approximately 14.04% to the average closing price of approximately HK\$0.349 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including to the Last Trading Day;
- (iv) no discount to or premium over the theoretical ex-rights price of HK\$0.3 based on the closing price of HK\$0.3 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 4.60% based on the theoretical diluted price of approximately HK\$0.332 per Share and the benchmarked price of approximately HK\$0.348 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the closing prices of the Existing Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Last Trading Day); and
- (vi) a premium of approximately 8.70% over the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2023 of approximately RMB0.250 (equivalent to approximately HK\$0.276) per Share, which is calculated by dividing the audited consolidated net assets of the Group attributable to the Shareholders of approximately RMB75,006,000 (equivalent to approximately HK\$82,834,000) as at 31 December 2023 as set out in the annual report of the Company for the year ended 31 December 2023 by the number of Shares as at the Last Trading Day.

The Subscription Price was determined by the Directors with reference to the recent market price of the Shares under the prevailing market conditions during the twelve months prior to the Last Trading Day, which the daily closing price of the Shares demonstrated a downward trend from HK\$1.55 on 2 August 2023 to HK\$0.3 on the Last Trading Day, and the reasons for and benefits of the Rights Issue as discussed in the paragraph headed

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## LETTER FROM THE BOARD

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“Reasons for and Benefits of the Rights Issue and Use of Proceeds” of this prospectus. The Board considers that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

### **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 in issue and held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for. Any holdings (or balance of holdings) of less than two (2) Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the paragraph headed “Fractional entitlements” below.

### **Fractional entitlements**

The Company will not provisionally allot and will not accept applications for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number) and all nil-paid Rights Shares arising from such aggregation will be sold in the market and the proceeds will be retained by the Company for its own benefit, if a premium (net of expenses and stamp duty) can be obtained. Any such unsold aggregated fractions of nil paid Rights Shares will be made available for excess application by the Qualifying Shareholders.

### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots (if any) of the Shares arising from the Rights Issue and the Change in Board Lot Size, the Company has appointed China Sky Securities Limited as an agent to provide odd lot matching services, on a best effort basis, to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares to a full new board lot during the period from 9:00 a.m. on Friday, 14 June 2024 to 4:00 p.m. on Wednesday, 17 July 2024 (both dates inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. Shareholders who wish to take advantage of this service should contact Mr. Simon Yuen of China Sky Securities Limited at Unit 2302-03, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong or at telephone number (852) 2680 7899 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Shareholders who are in doubt about this service are recommended to consult their professional advisors.

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

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

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## LETTER FROM THE BOARD

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### **Qualifying Shareholders**

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders, and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Excluded Shareholders for their information only. Please take special note that the Company will send the PAL and EAF to the Qualifying Shareholders only.

The register of members of the Company was closed from Monday, Thursday, 6 June 2024 to Thursday, 13 June 2024 (both days inclusive) to determine the eligibility of the Qualifying Shareholders. No transfer of Shares was being registered during the book closure period.

To qualify for the Rights Issue, a Shareholder must: (i) be registered as a member of the Company at 5:00 p.m. on the Record Date; and (ii) not be an Excluded Shareholder.

The last day for dealing in the Shares on a cum-rights basis was Monday, 3 June 2024. The Shares have been dealt with on an ex-rights basis from Tuesday, 4 June 2024.

The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares is expected to be at 4:00 p.m. on Friday, 28 June 2024.

If a Qualifying Shareholder does not take up his/her/its/their entitlement in full under the Rights Issue, his/her/its/their proportionate shareholding in the Company may be diluted.

### **Rights of the Overseas Shareholders**

The Prospectus Documents are not expected to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue.

Based on the register of members of the Company as at the Latest Practicable Date, there were 7 Overseas Shareholder holding 135,428,000 Shares representing approximately 45.14% of the total number of issued Shares, whose addresses on register of members of the Company are in the PRC.

In compliance with Rule 17.41(1) of the GEM Listing Rules, the Board has made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders in the PRC. Based on the legal opinions obtained by the Company, there is no restriction under the applicable laws or requirements of the relevant regulatory body or stock exchange in the PRC that would limit or restrict the Rights Issue and the sending of the Prospectus Documents to Shareholders with registered addresses in the PRC to receive Shares under the Rights Issue. Accordingly, the Board is of the view that Shareholders with

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## LETTER FROM THE BOARD

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registered addresses in the PRC will be entitled to receive Shares under the Rights Shares and are considered to be Qualifying Shareholders, and therefore the Rights Shares will also be extended to the Overseas Shareholders in the PRC.

If a Shareholder resident in the PRC and/or any other PRC resident (including both individuals and companies) wishes to invest in the nil-paid Rights Shares or the fully-paid Rights Shares, he/she/it shall be responsible for complying with the relevant laws of the PRC. The Company will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident and thus, should the Company suffer any losses or damages due to non-compliance with the relevant laws of the PRC by any such Shareholder and/or resident, the Company shall not be obliged to issue the nil-paid Rights Shares or the fully-paid Rights Shares to any such Shareholder and/or resident, if issuing the nil-paid Rights Shares or the fully paid Rights Shares to them does not comply with the relevant laws of the PRC.

As at the Latest Practicable Date, there was no Excluded Shareholder. Since the register of members is closed from Thursday, 6 June 2024 to Thursday, 13 June 2024, there will be no Excluded Shareholder as at the Record Date. Accordingly, there will be no Excluded Shareholder for the purpose of the Rights Issue.

The Company reserves the right to treat as invalid any acceptance of or application for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

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

A PAL is enclosed with this prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by not later than 4:00 p.m. on Friday, 28 June 2024. All remittances (rounded down to the nearest cent) must be made in Hong Kong dollars and cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "TRICOR INVESTOR SERVICES LIMITED — A/C NO. 017" and crossed "Account Payee Only".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by not later than 4:00 p.m. on Friday, 28 June 2024, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its 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.

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## LETTER FROM THE BOARD

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If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer a part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Thursday, 20 June 2024 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar 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 (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferees, will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. For avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation or warranty. 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.

Save as described under the paragraph headed "Rights of the Overseas Shareholders" above, no action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving this prospectus, a PAL or an EAF in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares or excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy itself/himself/herself before acquiring any rights to subscribe for the provisionally allotted Rights Shares or excess Rights Shares as to the full observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. Shareholders should consult their own professional advisers if it doubt. For avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation or warranty. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for the Rights Shares will be accepted from any person who is an Excluded Shareholder.

If any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" below is not satisfied and/or waived (if applicable) by the Latest Time for Acceptance, the monies received in respect of acceptances of the Rights



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## LETTER FROM THE BOARD

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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 or such other persons to their registered addresses by the Registrar on or before Tuesday, 9 July 2024.

### **Application for excess Rights Shares**

Qualifying Shareholders may apply, by way of excess application, for (i) any unsold entitlements of the Excluded Shareholders, (ii) any Rights Shares provisionally allotted but not accepted, and (iii) any unsold Rights Shares arising out of the aggregation of fractional entitlements.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable (rounded down to the nearest cent) for the excess Rights Shares being applied for with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:00 p.m. on Friday, 28 June 2024 (Hong Kong time). All remittances (rounded down to the nearest cent) must be made in Hong Kong dollars and cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "TRICOR INVESTOR SERVICES LIMITED — A/C NO. 045" and crossed "Account Payee Only".

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PAL(s) is less than the aggregate number of excess Rights Shares applied for through EAF(s), the Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application. No reference will be made to Rights Shares subscribed through applications by PAL(s) or the existing number of Shares held by Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PAL(s) is greater than the aggregate number of excess Rights Shares applied for through EAF(s), the Directors will allocate in full to each Qualifying Shareholder the number of excess Rights Shares applied for under the EAF(s).

In applying the above principles, reference will only be made to the number of excess Rights Shares being applied for. No preference will be given to topping up odd lots to whole board lots. Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

If no excess Rights Shares are allotted and issued to a Qualifying Shareholder, the amount tendered on application is expected to be refunded to that Qualifying Shareholder in full without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Shareholder on or before Tuesday, 9 July 2024. If the number of excess Rights Shares allotted and issued to a Qualifying Shareholder is less than that applied for, the

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## LETTER FROM THE BOARD

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surplus application monies are also expected to be refunded to such Shareholder without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Shareholder on or before Tuesday, 9 July 2024.

Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

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

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be despatched by ordinary post on or before Tuesday, 9 July 2024 to those persons who have validly accepted and paid for the Rights Shares and those successful applicants for the excess Rights Shares to the registered address or, in case of joint applicants, to the registered address of the applicant whose name first appears in the register of members of the Company in Hong Kong or, as the case may be, the transfer form, at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) will be despatched on or before Tuesday, 9 July 2024 by ordinary post to the addresses as aforesaid at the respective applicants' own risks. One share certificate will be issued for all the Rights Shares a shareholder is entitled to.

### **Application for listing**

The Company has applied to the GEM Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid form to be issued and allotted pursuant to the Rights Issue. The nil-paid and fully-paid Rights Shares will be traded in the board lots of 8,000 Shares.

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

Shareholders should seek advice from their stockbroker or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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Shareholders should seek advice from their stockbroker or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests if they are in any doubt.

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

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

### **The Rights Issue on a non-underwritten basis**

Subject to the fulfilment of the conditions of the Rights Issue, 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 that there is an under-subscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly. There is no minimum amount which must be raised in order for the Rights Issue to proceed. Pursuant to the Company's constitutional document, the Companies Act, the Companies (WUMP) Ordinance and the GEM Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue.

Besides, any Shareholder who applies to take up all or part of his entitlement under the PAL or apply for excess Rights Shares under EAF may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained.

Accordingly, the Rights Issue will be made on the term that the Company will provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for his entitlement under the PAL or for excess Rights Shares under the EAF can 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.

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

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

- (a) the delivery to the Stock Exchange for authorisation and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Board (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong);
- (b) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date; and

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- (c) the GEM 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 both their nil-paid and fully-paid forms.

None of the above conditions can be waived. If any of the conditions referred to above are not fulfilled or waived at or before 4:00 p.m. on Tuesday, 2 July 2024, the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed accordingly.

### **Intentions of Substantial Shareholders**

The Company has not received any information or irrevocable undertaking from any substantial shareholders (as defined in the GEM Listing Rules) of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

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

The Group is a provider of wastewater and drinking water treatment engineering services in the PRC and the Company is principally engaged in investment holding. The revenue of the Group is mainly generated from (1) engineering, procurement and construction projects (“EPC Projects”); (2) construction projects other than EPC Projects; (3) equipment projects; (4) development, construction and operation of a sewage treatment project; and (5) other environmental projects.

In respect of the EPC Projects, the Group acts as the contractor in charge of the overall project management of building a wastewater treatment plant from initiation to final commissioning at a pre-determined project amount. Sub-contractors and suppliers are engaged by the Group to perform construction or installation work under supervision of the Group’s project management team. The Group often needs to settle with the sub-contractors and suppliers for the project costs before payment from customers. Majority of the contract amounts are back-end payments which are settled by the customers when the project has been completed and the treatment facility has been tested and approved by the customers. The amount of payments to sub-contractors and suppliers for settling project costs usually exceeds the amount of receipts of project billings from the customers until the projects reach the stage where the treatment facility has been fully tested and accepted by the customers. In light of such time gap between receipt of the customers’ invoice payment and payment to sub-contractors and suppliers, there would usually be a cashflow deficit during the process of the EPC Projects, which needs to be funded by the Group’s working capital. According to the annual report of the Company for FY2023, the cash and cash equivalents of the Group as at 31 December 2023 amounted to approximately RMB53.4 million. The Group incurred administrative expenses of approximately RMB19.9 million for FY2023, and the Group expects to incur at least a similar amount of administrative expenses for FY2024. Based on the contracts entered into by the Group in relation to the ongoing and upcoming EPC Projects, the Group anticipates a cashflow deficit of not less than RMB28 million for such EPC Projects until they reach the final stages due to the

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reasons mentioned above. Further, as the Group intends to continue identifying opportunities for new EPC Projects, the Group is required to maintain sufficient reserve of cash to ensure that it will be able to meet the working capital requirement for the potential projects. Hence, the Company seeks to conduct the Rights Issue to maintain a healthy cash level to fund the working capital for the EPC Projects and also the general working capital of the Group to enhance the Group's capital base and financial position.

Assuming full subscription of the Rights Shares by the Qualifying Shareholders, the net proceeds from the Rights Issue after deducting the relevant expenses are estimated to be approximately HK\$44.7 million (assuming no change in the number of Shares in issue on or before the Record Date).

The Company intends to apply the net proceeds from the Rights Issue in the following manner:

- (i) approximately HK\$39.7 million for funding the working capital for the EPC Projects; and
- (ii) approximately HK\$5.0 million for general working capital of the Group, including but not limited to staff costs and other general and administrative expenses of the Group.

In the event that the Rights Issue is not subscribed in full, the net proceeds will be allocated and utilised in accordance with the same proportion to the above uses.

The Board has considered other fundraising alternatives before resolving to the proposed Rights Issue, including but not limited to debt financing, placing and open offer. As debt financing would result in additional interest burden, particularly given the recent global interest rate hikes, and result in a higher gearing ratio of the Group and subject the Group to repayment obligations, the Board does not consider any debt financing by the Company to be optimal for the Group. In addition, debt financing will require the Group to pledge its material assets as collaterals which may reduce the Group's flexibility, and may not be achievable on favourable terms in a timely manner. As for placing of new Shares, taking into account that (i) a placing is relatively smaller in scale as compared to fund raising through rights issue; and (ii) it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company, it was not considered by the Board to be the most suitable fundraising method for the Company. As for open offer, the Directors consider that the Rights Issue would be more attractive and flexible to the Shareholders than open offer because the Shareholders would have a choice to sell their entitled nil-paid rights if they do not wish to participate in the Rights Issue.

On the other hand, the Directors consider raising funds by way of the Rights Issue is more appropriate as the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. The Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more

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flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

In the event that the Rights Issue does not proceed or is under-subscribed, the Company may consider debt financing as an alternative to raise the necessary funds for the aforementioned uses. However, as discussed above, the Board does not consider debt financing to be optimal for the Group as compared with conducting the Rights Issue. Hence, the Company may resort to debt financing only if the Rights Issue does not proceed or is under-subscribed.

The Board considers that the terms of the Rights Issue are fair and reasonable and in the best interest of the Shareholders as a whole as it allows the Qualifying Shareholders to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Company and it will strengthen the capital base and financial position of the Company.

### FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately before the Latest Practicable Date.

### EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue is set out below:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders)	
	<i>No. of Shares</i>	<i>Approx.%</i>	<i>No. of Shares</i>	<i>Approx.%</i>
Oceanic Expert Investments Limited ( <i>Note</i> )	78,000,000	26.00	117,000,000	26.00
Public Shareholders	<u>222,000,000</u>	<u>74.00</u>	<u>333,000,000</u>	<u>74.00</u>
Total	<u>300,000,000</u>	<u>100.00</u>	<u>450,000,000</u>	<u>100.00</u>

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*Note:*

Mr. XIE Yang, chairman and chief executive officer of the Company and an executive Director, beneficially owns the entire issued share capital of Perfect Wave Holdings Limited which in turn wholly owns Oceanic Expert Investments Limited.

### **POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME**

As at the Latest Practicable Date, there are 12,000,000 outstanding Share Options granted by the Company, which are exercisable into 12,000,000 Shares. Pursuant to the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme. 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 and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

### **IMPLICATIONS UNDER THE GEM LISTING RULES**

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of the Announcement and the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of the Announcement and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not subject to Shareholders' approval under Rule 10.29(1) of the GEM Listing Rules.

### **RISK FACTORS**

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The following are the key risks and uncertainties identified by the Group.

#### **Government Policies Risk**

The Company is in an industry where regulatory standards play a critical role in influencing the demand for the services. The Company has benefited in the past from the increasing awareness of environmental protection, the heightened wastewater treatment standards in the PRC and the recent PRC economic stimulus plan to increase government

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spending on infrastructure, including wastewater treatment facilities. However, there can be no assurance that the Company will continue to benefit from these PRC standards, economic stimulus plans, regulations and government policies in the future if there is any change, suspension or withdrawal of such regulations and government policies in the future. Moreover, the PRC government's intentions or announcements should not be regarded as an indication of the future prospects of the industry or the future performance of the Company. Any changes in legislative, regulatory or industrial requirements and government policies in places where the Company operates in and outside the PRC may render certain of its wastewater treatment engineering services redundant or obsolete. Acceptance of new wastewater treatment engineering services may also be affected by the adoption of new government regulations requiring stricter standards. The ability to anticipate changes in regulatory standards and government policies and to develop and introduce water and wastewater treatment processes to keep up with such new regulatory standards and government policies will be a significant factors in the Company's ability to grow and to remain competitive.

If the treatment facilities constructed under the EPC Projects or the equipments procured by the Company fail to comply with these standards, laws and regulations, the customers may be exposed to penalties or fines from the regulatory authorities and the Company may be subject to claims, litigation and legal proceedings for breach of customers' requirements and their technical specifications. Such events could materially and adversely affect the business, financial condition and results of operations of the Company.

Furthermore, there can be no assurance that the regulatory requirements for operating in the wastewater treatment engineering industry (including without limitation technological requirements, capital base and qualifications) will not be changed in the future. If there is any such change to the regulatory requirements, the Group may incur additional costs in complying with the new requirements which may adversely affect the business, results of operation and financial condition of the Group.

### **Intense Competition Risk**

Competition in the market for wastewater treatment engineering services is intense. The Company expects to face more intense competition from existing competitors and new market entrants in the future. The Company competes with a variety of companies, some of which may have longer operating histories, more established reputations for the type of project, better technical expertise, better customer service, better pricing, stronger relationships with municipal governments and industrial companies, greater familiarity with local market conditions, larger client base, larger teams of professional staff and greater financial, technical, marketing and other resources and may be in a better position to develop and expand their range of services and market share. The competitors of the Company may, from time to time, engage in aggressive pricing to gain market share and the Company may be under pressure to offer products at comparable price to maintain its competitiveness. In addition, companies which currently do not compete directly with the Company may expand their business to offer competing wastewater treatment engineering services and the Company cannot give any assurance that they will not compete with it in the future. There is no assurance that the Company will be able to effectively compete with



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its competitors in winning such projects in the future. If the Company fails to compete successfully against existing or future competitors, the business, financial condition and operating results of the Company will be materially and adversely affected.

### **Risks arising from the Expansion of New Environmental Protection Business**

We have developed a professional image as a wastewater and drinking water treatment engineering service provider in the PRC. Recently, we also plan to expand to other fields of environmental protection. However, there can be no assurance that we can remain profitable in these new business areas. Should we fail to effectively meet the challenges arising from these new business areas, such as (i) shortage of technical staff; (ii) significant technical updates; (iii) intensifying competition; and (iv) significant change in relevant regulations and/or government policies in the new business areas, our business, financial condition and results of operations may be materially and adversely affected.

### **Change in Preferential Tax Treatment Risk**

Under the PRC Enterprise Income Tax (the “EIT”) Law, enterprises in the PRC are generally subject to a uniform 25% enterprise income tax rate on their worldwide income. Guangzhou Great Water Environmental Protection Company Limited (廣州中科建禹環保有限公司), being our operating subsidiary in the PRC, was subject to 15% enterprise income tax rate during the year ended 31 December 2023 as a result of its accreditation as a High and New Technology Enterprise by the Guangdong Provincial Science and Technology Department and relevant authorities in the PRC. Our current High and New Technology Enterprises certificate was renewed in December 2021 and is effective for a period of three years.

There is no assurance that the current policies in the PRC with respect to the preferential tax treatment the Company currently enjoys will not be unfavourably changed or discontinued, or that the approval for such preferential tax treatment will be granted to the Company in a timely manner. In the event that the termination or expiration of the preferential tax treatment, or the imposition of additional taxes to the Company, its business, financial conditions and results of operations could be adversely affected.

### **Manpower and Retention Risk**

The Company may face the risk of not being able to attract and retain key personnel and talents with appropriate and required skills, experience and competence which would meet the business objectives of the Company. The Company will provide attractive remuneration package to suitable candidates and personnel.

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## LETTER FROM THE BOARD

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

The Shares have been dealt on an ex-rights basis from Tuesday, 4 June 2024. Dealings in the nil-paid Rights Shares in the new board lots of 8,000 Shares are expected to take place from Tuesday, 18 June 2024 to Tuesday, 25 June 2024 (both days inclusive). If the conditions of the Rights Issue (please refer to the paragraph headed “Conditions of the Rights Issue” in this prospectus) are not fulfilled, the Rights Issue will not proceed.

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

The Rights Issue will proceed on a non-underwritten basis irrespective of the acceptance of the provisionally allotted Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this prospectus.

Yours faithfully,  
By order of the Board  
**Futian Holdings Limited**  
**XIE Yang**  
*Chairman*

## 1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the years ended 31 December 2021, 2022 and 2023 are disclosed in the annual reports of the Company for the years ended 31 December 2021, 2022 and 2023, respectively. These annual reports are published on the website of the Stock Exchange (<http://www.hkexnews.com.hk>) and the website of the Company (<http://www.greatwater.com.cn>):

- from pages 61 to 131 of the Company's annual report for the year ended 31 December 2023 published on 3 April 2024, which can be found at:

<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0403/2024040302081.pdf>

- from pages 64 to 137 of the Company's annual report for the year ended 31 December 2022 published on 30 March 2023, which can be found at:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0330/2023033002614.pdf>

- from pages 57 to 125 of the Company's annual report for the year ended 31 December 2021 published on 30 March 2022, which can be found at:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0330/2022033002398.pdf>

## 2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 May 2024, being the latest practicable date for the purpose of determining the indebtedness of the Group prior to the publication of this prospectus, the details of the Group's indebtedness were as follows:

### **Lease liabilities**

As at the close of business on 31 May 2024, the Group had lease liabilities of approximately RMB22,000.

Save as disclosed above and for intra-group liabilities, the Group did not have any debt securities authorized or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guaranteed, unguaranteed, secured and unsecured borrowing and debt, or other material contingent liabilities as at the close of business on 31 May 2024.

### 3. FINANCIAL AND TRADING PROSPECTS

During the pandemic in the past three years, the Group was able to make investments in markets and regions which were relatively mature and stable and to which the Group was relatively familiar with and relied on a relatively conservative business strategy to monitor the Group's cash flow, allowing the Group to maintain its operations. In the post-pandemic era, although the sudden pandemic-related influences in the market have generally disappeared, the Group will also continue to utilise its strategies from the previous three years to operate steadily and pragmatically to regain its strength first. After strengthening the foundation of the Group's operations, the Group expects to achieve better results in the gradually recovering market environment.

In terms of business, the Group has adjusted the allocation of its resources for business development as mentioned previously. The Group will increase its investment in the Vietnamese market as it believes that the Vietnamese market has recovered significantly, and it has many years of successful experience in doing business in Vietnam, which is an attractive advantage for its long-term customers and new customers. The Vietnam project, which was delayed due to the pandemic, was resumed in 2022 and is currently under smooth construction. Besides, a new business contract worth tens of millions of Renminbi was signed between the Group and the project client at the beginning of 2023. The project is expected to start construction by the end of 2024 or the start of 2025. The Group has also increased investment in human resources in the Vietnamese market. The Group believes that Vietnam will gradually become one of the key markets for its continuous development. As for local customers, the Group does not expect quick results after the end of the pandemic. For customers with long-term partnerships with the Group, we have invested relatively more resources to facilitate our cooperation. Although the level of confirmed business opportunities are still relatively small at present, the Group believes that good relationship with customers coupled with the customers' recognition of the Group in such markets and industries will be favourable to the Group's future business development. On the other hand, the Group continues to focus on the Greater Bay Area in the PRC and will keep an eye on our customers' operations while communicating with new customers. The Group believes that it will perform better in more familiar markets with more stable customers such as in the Greater Bay Area. In addition, the Group intends to establish deeper cooperation with customers in need of environmental protection. We believe that such partnerships will help us target customers with slightly different demands and longer-term environmental protection needs, and ensure more stable momentum to drive the Group's future business development.

With the above strategies, we hope not only to maintain the strategic position but to enhance the quality of products, boost our revenue and improve the profitability and customer loyalty.

Despite economic recovery in China, the Board believes that it would not be optimistic immediately about the business environment that the Group operates in as we believe the various challenges still remain. For instance, the global political situation and warfare have brought about negative impacts on the global economy, China's economy and Chinese companies. Furthermore, (i) it is still uncertain when the PRC will be fully integrated into

the globalised trading system as it was before the pandemic; (ii) amongst the domestic GDP figures, the tertiary sector showed the most significant growth, while the GDP growth of the secondary sector, which is closely related to the Group's operations, was not very outstanding; and (iii) whilst the spending power of customers has returned to a rational level after retaliatory consumption post-pandemic, employment and economic recovery in the post-pandemic era requires time to overcome market challenges.

Therefore, even after delivering profitable results during the financial year ended 31 December 2023, the Group remains prudent and pragmatic. The Group believes that prudent selection of customers, stable income, costs control and attention to cash flow should be maintained as the business strategies of the Group in 2024. The Group considers that (i) it shall prioritize traditional business as its cornerstone, increase investment in all aspects but with caution, and control cash flow risks; (ii) for operating activities that can be monetised into cash flow, the Group may seize opportunities to consolidate its business foundation; (iii) it shall continue to reduce costs; and (iv) new businesses should be handled with caution, but in the meantime, given the actual situation of various new businesses in the market after the lifting of the pandemic restrictions for nearly a year, especially those related to the tertiary sector and industries that have maintained upward momentum during the pandemic or in the current international community, good opportunities can be considered to be taken whenever they arise.

#### **4. SUFFICIENCY OF WORKING CAPITAL**

The Directors are of the opinion that, in the absence of unforeseen circumstances, after taking into account the financial resources presently available to the Group including internally generated funds and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the date of the publication of this prospectus.

#### **5. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated accounts of the Group were made up, up to and including the Latest Practicable Date.

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

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 31 of Chapter 7 of the GEM Listing Rules is set out below to illustrate the effects of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 31 December 2023.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible assets of the Group as at 31 December 2023, adjusted as described below:

Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 <i>(Note 1)</i> RMB'000	Estimated net proceeds from the Rights Issue <i>(Note 2)</i> RMB'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 December 2023 RMB'000
74,942	40,636	115,578
Audited consolidated net tangible assets per Share before completion of the Rights Issue <i>(Note 3)</i>		<u>RMB0.250</u>
Unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Rights Issue <i>(Note 4)</i>		<u>RMB0.257</u>

*Notes:*

1. The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2023 are based on the consolidated net assets in the audited consolidated statement of financial position of the Group as at 31 December 2023.
2. The estimated net proceeds from the Rights Issue of HK\$44,700,000 (equivalent to RMB40,636,000) are based on 150,000,000 Rights Shares to be issued at the Subscription Price of HK\$0.30 per Rights Share, after deduction of the estimated related expenses of approximately HK\$300,000, assuming the Rights Issue had been completed on 31 December 2023.

3. The calculation is determined based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 of approximately RMB75,006,000 divided by 300,000,000 Shares as if the Rights Issue had occurred on 31 December 2023.
  
4. The calculation is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 December 2023 of approximately RMB115,636,000 divided by total number of Shares as enlarged by the issue of the Rights Shares of 450,000,000 which is arrived at on the basis that 300,000,000 Shares in issue and 150,000,000 Rights Shares to be issued upon completion of the Rights Issue, as if the Rights Issue had been completed on 31 December 2023.

**B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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



**ZHONGHUI ANDA CPA Limited**  
*Certified Public Accountants*

14 June 2024

*The Board of Directors*  
**Futian Holdings Limited**

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Futian Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 31 December 2023 as set out on pages II-1 to II-2 of the rights issue prospectus issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described on pages II-1 to II-2.

The pro forma financial information has been compiled by the directors to illustrate the impact of the Rights Issue on the Group’s net tangible assets as at 31 December 2023 as if the transaction had been taken place at 31 December 2023. As part of this process, information about the Group’s net tangible assets has been extracted by the directors from the Group’s consolidated financial statements as included in the annual report for the year ended 31 December 2023, on which an audit report has been published.

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

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 13 of Appendix 1B and paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock exchange of Hong Kong Limited (the “GEM Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).



**Our Independence and Quality 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.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" 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 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 pro forma financial information.

The purpose of pro forma financial information included in an rights issue prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2023 would have been as presented.

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

- The related pro forma adjustments give appropriate effect to those criteria; and
- The 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 judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

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

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

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under "Reasons for and benefits of the Rights Issue and the use of proceeds" set out on pages 17 to 19 of the rights issue prospectus.

**Opinion**

In our opinion:

- (a) the 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 pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,

**ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

**Wan Ho Yuen**

Practising Certificate Number P04309

Hong Kong

## 1. RESPONSIBILITY STATEMENT

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

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Rights Issue (assuming no further issue of Shares from the Latest Practicable Date to the completion of the Rights Issue) will be as follows:

As at the Latest Practicable Date

	<i>HK\$</i>
<i>Authorised</i>	
<u>2,000,000,000</u> Shares	<u>20,000,000</u>
<i>Issued and fully paid</i>	
<u>300,000,000</u> Shares	<u>3,000,000</u>
<i>Upon completion of the Rights Issue</i>	
<u>150,000,000</u> Rights Shares to be allotted and issued under the Rights Issue	<u>1,500,000</u>
<u>450,000,000</u> Shares in issue immediately after completion of the Rights Issue	<u>4,500,000</u>

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

The Shares are primarily listed on the Stock Exchange and all of the Rights Shares will be listed on the Stock Exchange. There is no arrangement under which future dividends are waived or agreed to be waived as at the Latest Practicable Date.

None of the capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option.

### 3. DISCLOSURE OF INTERESTS

#### Interests and short positions of Directors and chief executive in the shares, underlying shares and debentures of the Group and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register of the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

#### (i) Long positions in Shares

Name of director	Capacity	Number of Shares (Note 1)	Approximate percentage of the total number of Shares in issue (Note 2)
Mr. XIE Yang (Note 3)	Interest in controlled corporation	78,000,000 (L)	26.00%

*Notes:*

- The letter "L" denotes a long position.
- The percentage were calculated based on 300,000,000 Shares in issue as at the Latest Practicable Date.
- These Shares are owned by Oceanic Expert Investments Limited which is wholly owned by Perfect Wave Holdings Limited, which is in turn 100% beneficially owned by Mr. Xie Yang. Accordingly, Mr. Xie Yang is taken or deemed to be interested in the 78,000,000 Shares held by Oceanic Expert Investments Limited by virtue of the SFO.

*(ii) Long positions in the underlying Shares*

Name of director	Capacity	Number of the underlying Shares	Approximate percentage of shareholding of the issued share capital of the Company (Note)
Mr. XIE Yang	Beneficial Owner	3,000,000	1.00%
Mr. HE Xuanxi	Beneficial Owner	1,000,000	0.33%

*Note:*

The percentage were calculated based on 300,000,000 Shares in issue as at the Latest Practicable Date.

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

**The interests of substantial Shareholders and the interests and short position of other persons in the Shares and underlying Shares**

As at the Latest Practicable Date, so far as the Directors are aware, the interests or short positions owned by the following persons (other than the Directors or chief executive of the Company) in the shares or underlying shares of the Company which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or which are required to be recorded in the register of the Company required to be kept under section 336 of the SFO are as follows:

*Long positions in the Shares*

Name of shareholder(s)	Capacity	Number of Ordinary Shares (Note 1)	Approximate percentage of the total number of Shares in issue
Oceanic Expert Investments Limited (Note 2)	Beneficial owner	78,000,000 (L)	26%
Perfect Wave Holdings Limited (Note 2)	Interest in controlled corporation	78,000,000 (L)	26%

*Notes:*

1. The letter “L” denotes a long position.
2. Mr. XIE Yang beneficially owns the entire issued share capital of Perfect Wave Holdings Limited which in turn wholly owns Oceanic Expert Investments Limited which held 78,000,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

#### **4. DIRECTORS’ INTERESTS IN THE GROUP’S ASSETS AND CONTRACTS**

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group as a whole.

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

#### **5. SERVICE AGREEMENTS**

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

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

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or controlling shareholders or their respective close associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

#### **7. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against either the Company or any of its subsidiaries.

**8. PARTICULARS OF DIRECTORS****(a) Names and address of the Directors of the Group**

<b>Name</b>	<b>Business address</b>
<i>Executive Directors</i>	
Mr. Xie Yang	Suite A, 20/F, Wah Hen Commercial Centre, 383 Hennessy Road, Hong Kong
Mr. He Xuanxi	Suite A, 20/F, Wah Hen Commercial Centre, 383 Hennessy Road, Hong Kong
Ms. Liu Chujun	Suite A, 20/F, Wah Hen Commercial Centre, 383 Hennessy Road, Hong Kong
Ms. Sun Zhaoyang	Suite A, 20/F, Wah Hen Commercial Centre, 383 Hennessy Road, Hong Kong
<i>Independent non-executive Directors</i>	
Mr. Ha Chengyong	Suite A, 20/F, Wah Hen Commercial Centre, 383 Hennessy Road, Hong Kong
Mr. Tse Chi Wai	Suite A, 20/F, Wah Hen Commercial Centre, 383 Hennessy Road, Hong Kong
Ms. Bai Shuang	Suite A, 20/F, Wah Hen Commercial Centre, 383 Hennessy Road, Hong Kong



*Company secretary*

Mr. Tsui Kan Chun  
Suite A, 20/F,  
Wah Hen Commercial Centre,  
383 Hennessy Road,  
Hong Kong

**(b) Brief biographies of the Directors and senior management of the Group***Executive Directors*

Mr. XIE Yang (謝楊先生), aged 60, is an executive Director, the chairman and the chief executive officer of the Company. Mr. Xie joined the Group since August 2001 and was appointed as a director of the Company on 25 March 2015 before his re-designated as an executive Director on 27 May 2015. Mr. Xie is one of the Controlling Shareholders. Mr. Xie is also a director of each of Guangzhou Hongrun Environmental Protection Technology Co., Ltd. (廣州宏潤環保技術有限公司) (“Hongrun EP”), Guangzhou Lintao Environmental Protection Technology Co., Ltd. (廣州霖濤環保技術有限公司) (“Lintao EP”), Guangzhou Great Water Environmental Protection Co., Ltd. (廣州中科建禹環保有限公司) (“Guangzhou Great Water”) and Great Water EP Investment (China) Limited (“Great Water Hong Kong”), all being wholly-owned subsidiaries of the Company. He has over 13 years of experience in wastewater and water treatment engineering service industry in the PRC. Mr. Xie is primarily responsible for the overall management, strategic planning and business development of the Group. He is also the legal representative and general manager of Guangzhou Great Water. Mr. Xie is one of the founding shareholders of Guangzhou Great Water in August 2001. Prior to the establishment of Guangzhou Great Water, Mr. Xie was a shareholder and a director of Guangzhou Sunshine Gas Development Co. Ltd. (廣州陽光燃氣發展有限公司), a company principally engaged in the design, implementation and management of natural gas facilities and pipes from 1996 to 2001, where he was responsible for its overall management, strategic planning and business development.

Mr. Xie graduated from the Hunan Normal University (湖南師範大學), the PRC in July 1981. He further completed his education in political sciences at Central School of China Communist Youth League (中國共產主義青年團中央團校) (currently known as China Youth University of Political Studies (中國青年政治學院)) in January 1988. In November 2003, Mr. Xie was appointed as a visiting professor at Hunan Technology College (湖南科技學院). He is also a senior engineer in the field of environmental engineering recognised by Chinese Academy of Sciences (中國科學院) in November 2004.

Mr. HE Xuanxi (何炫曦先生), aged 42, is an executive Director and the compliance officer of the Company. Mr. He was appointed as an executive Director on 27 May 2015 and he is primarily responsible for general management and overseeing major affairs of the Group, including project management and

strategic development of the Group. Mr. He has over 9 years of experience in accounting and financial management. Mr. He joined the Group as an accountant in January 2007 and was later promoted to finance supervisor in November 2007, finance deputy manager in March 2008, finance manager in January 2009 and assistant to general manager in March 2014. Mr. He graduated from Guangdong Finance and Economics College (廣東財經職業學院大學專科) in July 2005 with a diploma in accountancy. He further obtained a bachelors degree in accountancy from South China University of Technology School of Continuing Education (華南理工大學繼續教育學院) in Guangzhou, the PRC, in January 2011.

Ms. LIU Chujun (劉楚君女士), aged 50, was appointed as an executive Director of the Company on 6 January 2024. Ms. Liu is primarily responsible for corporate management and market development of the Group. Ms. Liu has more than 18 years of experience in electronics, semiconductor and integrated circuit industries in the PRC. From June 2005 to December 2023, Ms. Liu was the general manager of Shenzhen Sawink Technology Co., Ltd. Ms. Liu obtained a Bachelor of Business Administration degree and a Master of Business Administration degree from UNIVERSIDAD PANAMERICANA in Mexico by way of distance learning in 2015 and 2016 respectively.

Ms. SUN Zhaoyang (孫朝陽女士), aged 36, was appointed as an executive director of the Company on 15 May 2024. Ms. Sun is primarily responsible for corporate management and market development of the Group. Ms. SUN has over 14 years of experience in the field of network communication in the PRC. Since August 2009, Ms. SUN has been a deputy managing director of Xinjiang Guangxinxing Network Communication Equipment Co., Ltd.\* (新疆廣信興網路通訊設備有限公司) and since July 2020, she has been the supervisor of and a shareholder holding 75% equity interest in such company. Since October 2015, she has been employed as a deputy general manager of Guangzhou Nulun Communication Equipment Technology Co.,Ltd.\* (廣州紐倫通信設備科技有限公司). Ms. Sun obtained a Bachelor of Business Administration degree and a Master of Business Administration degree from UNIVERSIDAD PANAMERICANA in Mexico by way of distance learning in 2019 and 2020 respectively.

#### ***Independent Non-Executive Directors***

Mr. HA Chengyong (哈成勇先生), aged 65, has been appointed as an independent non-executive Director since December 2015. Mr. Ha has 33 years of experience in research, application of and management regarding chemistry and natural sciences. During the period from December 2000 to June 2009, Mr. Ha was the deputy head of Guangzhou Chemistry Research Institutes of Chinese Academy of Sciences (中國科學院廣州化學研究所) who was responsible for overseeing chemistry research activities. From December 2001 to May 2009, Mr. Ha served as a managing director of Chinese Academy of Sciences Guangzhou Chemistry Co., Ltd. (中科院廣州化學有限公司), a company principally engaged in the research and development on chemical engineering and other engineering services where he was responsible for the overall

management, the strategic development and formulation of research area and direction of the Company. During the period from January 2012 to October 2015, Mr. Ha has served as an assistant to the Dean of Institute of Industry Technology, Guangzhou & Chinese Academy of Sciences, a national academy for natural sciences of the PRC and Mr. Ha was responsible for property investment and supervising the research on the application of polymer materials. During the period between August 2015 and September 2018, Mr. Ha has been the Deputy Chief Officer (副主任) of Yinchuan Technology Innovation & Incubation Center of China Academy of Sciences (a business unit jointly organized by China Academy of Sciences and Yinchuan City Government and designated to improve the transference and transformation of the technological achievements of China Academy of Sciences in Yinchuan), mainly responsible for monitoring the whole process of technological achievement transference and providing consultation and training for new technology applications. Since November 1997, Mr. Ha worked as a researcher and was later promoted to tutor for master students at Guangzhou Chemistry Research Institute of Chinese Academy of Sciences. Mr. Ha retired since December 2018.

Mr. Ha graduated from Wuxi Light Industry College (無錫輕工業學院) (now known as Jiangnan University (江南大學)) with a bachelor's degree in industrial chemistry in December 1982. He then obtained a master's degree in forest chemical processing engineering at Institute of Chemical Industry of Forest Products (中國林業科學研究院) in September 1985 and later completed his PhD at the same institute in October 1991. During the period between November 2008 and December 2014, Mr. Ha was an independent director of Xilong Chemical Co., Ltd. (西隴化工股份有限公司) (a company principally engaged in the production, sale, research and development of chemical reagent, which is established in the PRC and listed on the Shenzhen Stock Exchange (stock code: 002584)).

Mr. TSE Chi Wai (謝志偉先生), aged 56, has been appointed as an independent non-executive Director since December 2015. Mr. Tse has over thirty years of experience in areas of auditing, accounting and finance gained from working with various international accounting firms and listed companies. Mr. Tse graduated from the University of Hong Kong in June 1989 with a bachelor's degree in social sciences. Mr. Tse is currently a practising member of the Hong Kong Institute of Certified Public Accountants. He is an executive director of Shanghai Conglin Environmental Technology Co., Ltd (上海叢麟環保科技股份有限公司), a company listed on the Shanghai Stock Exchange Star Market (上海證券交易所科創板) since August 2022 (Stock Code: 688370). He is an independent non-executive director of Hong Kong listed company, China Environmental Technology Holdings Limited (Stock Code: 646).

Ms. BAI Shuang (白爽女士), aged 52, has been appointed as an independent non-executive Director since December 2015. Ms. Bai is a seasoned practising lawyer in the PRC and has more than twenty years practising legal experience in the PRC. She is currently a partner of Beijing Dacheng (Guangzhou) Law Offices (北京大成(廣州)律師事務所) since November 2010. From October 2006 to October 2010, Ms. Bai was a partner of Guangdong Debi Law Offices (廣東德比律師事務所). From October 2001 to October 2006, she worked as a lawyer at Guangdong Kings Law Firm (廣東金領律師事務所). Ms. Bai graduated from Southwest University of Political Science and Law (西南政法大學) with a bachelor's degree in laws in July 1992.

#### *Audit Committee*

The Audit Committee of the Board comprises three members, all being independent non-executive Directors. The chairperson of the committee is Mr. Tse Chi Wai and the other members are Mr. Ha Chengyong and Ms. Bai Shuang. The primary duties of the Audit Committee are to review and supervise the financial reporting process and the effectiveness of the risk management and internal control systems of the Company, make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and review the Company's financial information.

#### *Company secretary*

Mr. TSUI Kan Chun (徐勤進先生), aged 50, is our chief financial officer and the company secretary of the Company. Mr. Tsui joined the Group in March 2015. Mr. Tsui was appointed the chief financial officer and the company secretary of the Company on 27 May 2015. He has over 20 years of experience in auditing, finance and accounting. Mr. Tsui is responsible for overseeing the accounting and financial operations of the Group. Prior to joining the Group, from September 2012 to July 2014, he was the company secretary, authorised representative and chief financial officer of Blue Sky Power Holdings Limited (currently known as Beijing Gas Blue Sky Holdings Limited), a company listed on the Main board of the Stock Exchange (stock code: 6828). From May 2007 to July 2012, he worked as a company secretary, authorised representative and group financial controller of Shanghai Tonva Petrochemical Co., Ltd. (now changed the company name to Shanghai Dasheng Agriculture Finance Technology Co., Ltd.), a company listed on the Main board of the Stock Exchange (stock code: 1103).

Mr. Tsui graduated from the University of Wollongong in Australia with a bachelor's degree in accountancy in May 1997. He further obtained a master's degree in corporate governance from Hong Kong Polytechnic University in December 2006. Mr. Tsui is an associate member of the Hong Kong Institute of Certified Public Accountants, a member of the Certified Practising Accountants in Australia and an associate member of the Hong Kong Institute of Chartered Secretaries.

**9. MATERIAL CONTRACTS**

As at the Latest Practicable Date, no contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) had been entered into by the Company or any of its subsidiaries within two years preceding the date of this prospectus and ending on the Latest Practicable Date, which are or may be material in relation to the business of the Group as a whole.

**10. CORPORATE INFORMATION****Registered office**

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

**Headquarters and principal place of business in the PRC**

No. 18, Keyan Road  
Science City  
High-tech Industrial Development Zone  
Guangzhou, PRC

**Principal place of business in Hong Kong**

Suite A, 20/F,  
Wah Hen Commercial Centre,  
383 Hennessy Road,  
Hong Kong

**Principal share registrar and transfer office**

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

**Hong Kong branch share registrar and transfer office**

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

**Principal bankers**

Industrial and Commercial Bank of China  
Guangzhou Economic and Technological Development  
District Branch  
No. 2 Xiangxue 2nd Road  
Kaichuang Avenue North  
Luogang District  
Guangzhou City  
PRC

Shanghai Pudong Development Bank  
Guangzhou Branch  
No. 12 Zhujiang Road West  
Tianhe District  
Guangzhou City  
PRC

**Auditor**

ZHONGHUI ANDA CPA Limited  
23/F, Tower 2, Enterprise Square Five,  
38 Wang Chiu Road,  
Kowloon Bay, Kowloon,  
Hong Kong

**Legal advisers as to Hong Kong law**

Bird & Bird  
6/F, The Annex, Central Plaza  
18 Harbour Road  
Hong Kong

**Authorised representatives**

Mr. Xie Yang  
Suite A, 20/F,  
Wah Hen Commercial Centre,  
383 Hennessy Road,  
Hong Kong

Mr. Tsui Kan Chun  
Suite A, 20/F,  
Wah Hen Commercial Centre,  
383 Hennessy Road,  
Hong Kong

## 11. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has provided its respective advice which is contained in this prospectus:

Name	Address	Qualification
ZHONGHUI ANDA CPA Limited	23/F, Tower 2, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong	Certified Public Accountants

ZHONGHUI ANDA CPA Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its letter and the reference to its name in the form and context in which they appear. As at the Latest Practicable Date, ZHONGHUI ANDA CPA Limited was not interested beneficially or otherwise in any shares or securities in any member of the Group and did not have any rights, whether legally enforceable or not, or option to subscribe for or to nominate persons to subscribe for any shares or securities in any member of the Group nor did they have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 12. EXPENSES

The expenses in connection with the Rights Issue, including professional fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$0.3 million and are payable by the Company.

## 13. DOCUMENTS REGISTERED BY THE REGISTRAR OF COMPANIES IN HONG KONG

Copies of the Prospectus Documents and the written consent by ZHONGHUI ANDA CPA Limited have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (WUMP) Ordinance.

## 14. DOCUMENTS ON DISPLAY

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

- (a) the letter from ZHONGHUI ANDA CPA Limited relating to the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus; and

- (b) the written consent referred to in the paragraph headed “11. Expert’s Qualification and Consent” in this appendix; and
- (c) the Prospectus Documents.

**15. MISCELLANEOUS**

- (i) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities.
- (iii) The English text of this Prospectus shall prevail over the Chinese text in the case of inconsistency.