
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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 as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. 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.

A copy of each of the Prospectus Documents, together with the other document(s) specified in the paragraph headed "17. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the Prospectus Documents or any other document(s) referred to above.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed "Warning of the Risks of Dealing in the Shares and nil-paid Rights Shares" in the "Letter from the Board" of this Prospectus.

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



aeso

AESO HOLDING LIMITED

艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)

RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE

Financial Adviser to the Company



Placing Agent to the Company



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

The Rights Issue is on a non-underwritten basis. Pursuant to the Company's constitutional document, Companies Law, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the GEM Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfillment or (where applicable) waiver of the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" in the "Letter from the Board" of this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Tuesday, 24 November 2020). The conditions include non-occurrence of force majeure events.

If the conditions of the Rights Issue are not fulfilled or (where applicable) waived on or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Shares have been on an ex-rights basis from Thursday, 15 October 2020. Dealings in the Rights Shares in their nil-paid form will take place from Thursday, 29 October 2020 to Thursday, 5 November 2020 (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 when the conditions of the Rights Issue are fulfilled or (where applicable) waived (which is expected to be 4:00 p.m. Tuesday, 24 November 2020) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

The latest time for acceptance and payment for the Rights Shares is 4:00 p.m. on Tuesday, 10 November 2020.

The procedures for acceptance and transfer of the Rights Shares are set out in the section headed "Procedures for acceptance and payment or transfer" in the "Letter from the Board" of this Prospectus.

27 October 2020

CHARACTERISTICS OF GEM

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

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

CONTENTS

	<i>Page</i>
DEFINITIONS	1
EXPECTED TIMETABLE	8
LETTER FROM THE BOARD	10
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III – GENERAL INFORMATION	III-1

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 3 September 2020 in relation to, among other things, the Increase in Authorised Share Capital and the Rights Issue
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 22 September 2020 in relation to, among other things, the Increase in Authorised Share Capital and the Rights Issue
“Company”	AESO Holding Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8341)
“Company (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 10.26(2) of the GEM Listing Rules

DEFINITIONS

“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held and convened to consider and approve the Increase in Authorised Share Capital, the Rights Issue, and the transactions contemplated thereunder
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from US\$5 million divided into 500,000,000 Shares to US\$20 million divided into 2,000,000,000 Shares

DEFINITIONS

“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and connected persons of the Company
“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the beneficial owner’s shares with a CCASS participant
“Latest Placing Date”	24 November 2020 or such later date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares
“Latest Placing Time”	5:00 p.m. on the Latest Placing Date
“Latest Practicable Date”	20 October 2020, being the latest practicable date before the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 10 November 2020, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Last Trading Day”	3 September 2020, being the last trading day of the Shares on the Stock Exchange immediately prior to the publishing of the Announcement
“Long Stop Date”	25 November 2020 or such later date as may be agreed between the Placing Agent and the Company in writing
“Mr. Chan”	Mr. Chan Siu Chung, the Chairman and an executive Director of the Company
“Net Gain”	Any premiums paid by the placees over the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements

DEFINITIONS

“No Action Shareholders”	Qualifying Shareholders (excluding Mr. Chan) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Optionholder’s Undertaking(s)”	the undertaking(s) executed on 3 September 2020 by the holders of the Share Options, whereby each of such Share Option holders irrevocably undertake, represent and warrant to the Company that he/she will not exercise such Share Options held by him/her for the period from the date of such undertaking to the Record Date
“Overseas Letter”	a letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is(are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement

DEFINITIONS

“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to the Placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Sorrento Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 10.26(2) of the GEM Listing Rules
“Placing Agreement”	the placing agreement dated 3 September 2020 and entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Placee(s) on a best effort basis
“Placing Arrangement”	the placing arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares as described in the section headed “The Placing Agreement” in this Prospectus
“Placing Period”	a period commencing from the second Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares, which is expected to be Tuesday, 17 November 2020, and ending at the Latest Placing Time
“Poll Results Announcement”	the announcement of the Company dated 12 October 2020 in relation to, among other things, the poll results of the EGM
“Posting Date”	Tuesday, 27 October 2020 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders

DEFINITIONS

“PRC”	the People’s Republic of China, and for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and PAL
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Friday, 23 October 2020 or such other date as may be determined by the Company, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	Up to 600,000,000 new Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders for subscription pursuant to the Rights Issue, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of US\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 30 September 2019
“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder Irrevocable Undertaking”	the irrevocable undertaking executed on 3 September 2020 by Mr. Chan in favour of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.080 per Rights Share
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Timetable Announcement”	the announcement of the Company dated 13 October 2020 in relation to, among other things, the timetable of the Rights Issue
“Unsubscribed Rights Shares”	Rights Shares that are not subscribed by the Qualifying Shareholders
“US”	the United States of America
“US\$”	US dollars, the lawful currency of the US
“%”	per cent

EXPECTED TIMETABLE

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

Rights Issue

2020

First day of dealings in nil-paid Rights Shares 9:00 a.m. on Thursday, 29 October

Latest time for splitting nil-paid Rights Shares 4:30 p.m. on Monday, 2 November

Latest time of dealings in nil-paid Rights Shares 4:00 p.m. on Thursday, 5 November

Latest time for acceptance of and payment

for the Rights Shares. 4:00 p.m. on Tuesday, 10 November

Announcement of the number of Unsubscribed
Rights Shares and the ES Unsold Rights Shares
subject to the Compensatory Arrangements Monday, 16 November

Commencement of placing of Unsubscribed
Rights Shares and the ES Unsold Rights Shares
by the Placing Agent Tuesday, 17 November

Latest time of placing of the Unsubscribed
Rights Shares and the ES Unsold Rights Shares
by the Placing Agent Tuesday, 24 November

Latest time for the Rights Issue and placing of
the Unsubscribed Rights Shares and ES Unsold
Rights Shares to become unconditional Tuesday, 24 November

Announcement of results of the Rights Issue
(including results of the placing of the Unsubscribed
Rights Shares and the ES Unsold Rights Shares
and the amount of the Net Gain per Unsubscribed
Rights Share and per ES Unsold Rights Share under
the Compensatory Arrangements) Wednesday, 25 November

Refund cheques, if any, to be despatched
(if the Rights Issue does not proceed) On or before Thursday, 26 November

Certificates for fully paid Rights Shares
to be despatched On or before Thursday, 26 November

EXPECTED TIMETABLE

Commencement of dealings in fully-paid

Rights Shares 9:00 a.m. on Friday, 27 November

Designated broker starts to stand in the market

to provide matching services for odd lots of Shares Friday, 27 November

Last day for the designated broker to provide

for odd lot matching Thursday, 17 December

Payment of Net Gain to relevant No Action

Shareholders (if any) or Excluded Shareholders (if any) Friday, 18 December

All times and dates in this Prospectus refer to Hong Kong local times and dates.

The expected timetable is subject to change, and any such change will be further announced by the Company as and when appropriate.

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

The latest time for acceptance of and payment for the Rights Shares will not take place if:

1. tropical cyclone warning signal no. 8 (or above);
2. “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or
3. a “black” rainstorm warning
 - (a) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
 - (b) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates of the events subsequent to the Latest Time for Acceptance mentioned in this section may be affected. Announcement will be made by the Company in such event as soon as possible.

LETTER FROM THE BOARD



aeso

AESO HOLDING LIMITED

艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)

Executive Directors:

Mr. Chan Siu Chung
Mr. Cheung Hiu Tung
Mr. Zhang Hai Wei

Registered office:

89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

Independent non-executive Directors:

Mr. Yeung Chun Yue, David
Ms. Lai Wing Sze
Ms. Yu Wan Ki

*Principal place of business
in Hong Kong:*

18/F., The Pemberton
22-26 Bonham Strand
Sheung Wan
Hong Kong

27 October 2020

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

Dear Sir or Madam,

RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE

INTRODUCTION

Reference is made to the Announcement, the Circular, the Poll Results Announcement and the Timetable Announcement, in relation to, among other matters, the Rights Issue. On 3 September 2020, the Company proposed to raise up to approximately HK\$48.0 million on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date by issuing 600,000,000 Rights Shares at the Subscription Price of HK\$0.080 per Rights Share (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date). The Subscription Price is payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a renounee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders.

LETTER FROM THE BOARD

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

RIGHTS ISSUE

The Board proposed to raise up to approximately HK\$48.0 million on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date by issuing 600,000,000 Rights Shares at the Subscription Price of HK\$0.080 per Rights Share (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date).

Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) Share held at the close of business on the Record Date
Subscription Price	:	HK\$0.080 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	200,000,000 Shares
Number of Rights Shares	:	Up to 600,000,000 Rights Shares with an aggregate nominal value of US\$6 million, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
Number of issued shares of the Company upon completion of the Rights Issue	:	Up to 800,000,000 Shares, assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before the Record Date
Amount to be raised	:	Up to approximately HK\$48.0 million before expenses, assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before the Record Date

As at the Latest Practicable Date, there are 20,000,000 outstanding Share Options, which are exercisable during the period from 15 November 2019 to 14 November 2022 at the exercise price of HK\$0.445 each.

LETTER FROM THE BOARD

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

The nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 300.00% of the Company's issued share capital as at the Latest Practicable Date and approximately 75% of the Company's issued share capital as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before completion of the Rights Issue.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders, which do not include any Rights Shares to be provisionally allotted to Mr. Chan for which subscription of Rights Shares will be subject to the Shareholder Irrevocable Undertaking as set out in the section headed "The Shareholder Irrevocable Undertaking" in this Prospectus, will be placed to independent places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

LETTER FROM THE BOARD

The Shareholder Irrevocable Undertaking

As at the Latest Practicable Date, Mr. Chan is beneficially interested in 26,500,000 Shares, representing approximately 13.25% of the existing issued share capital of the Company. Pursuant to the Shareholder Irrevocable Undertaking, Mr. Chan has provided irrevocable undertakings to the Company, among other things, (i) to take up all of the assured entitlements to the Rights Shares in respect of Shares beneficially owned by him as at the date of the Shareholder Irrevocable Undertaking pursuant to the terms of the Rights Issue provided that the total number of Rights Shares to be subscribed by Mr. Chan under the Rights Issue will be scaled down to the extent that Mr. Chan will not trigger a general offer obligation in accordance to the note to Rule 10.26(2) of the GEM Listing Rules; and (ii) Mr. Chan will not dispose of or transfer any interests in the Company (including Shares) from the date of the Shareholder Irrevocable Undertaking up to and including the date on which the Rights Issue has become unconditional or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier.

Save for the Shareholder Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any other 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 as at the Latest Practicable Date.

The Optionholder's Undertakings

As at the Latest Practicable Date, each of the holders of the Share Options (including three Directors) has signed an Optionholder's Undertaking not to exercise the Share Options granted to him/her on or before the Record Date.

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.080 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a renounee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 29.2% to the closing price of HK\$0.113 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 16.7% to the closing price of HK\$0.096 per Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM THE BOARD

- (c) a discount of approximately 4.8% to the theoretical ex-rights price of approximately HK\$0.084 per Share based on the closing price of HK\$0.096 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a discount of approximately 16.2% to the average of the closing prices of approximately HK\$0.0955 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (e) a discount of approximately 16.2% to the average of the closing prices of approximately HK\$0.0955 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day; and
- (f) a premium of approximately HK\$0.186 per Share over the audited net liabilities value per Share of approximately HK\$0.106 based on the published audited consolidated net liabilities of the Company of approximately HK\$21.135 million as at 31 March 2020 and 200,000,000 Shares in issue as at 31 March 2020.

The Subscription Price was determined by the Company with reference to, among other things, the recent market price of the Shares since July 2020 and up to the Last Trading Day which were generally around HK\$0.105 per Share and a discount with reference to the recently completed rights issue exercise, the prevailing market conditions, the amount of funds and capital needs and the reasons for the Rights Issue as discussed in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS” in this Prospectus. All Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date so as to maintain their proportionate interests in the Company and participate in the future growth of the Group.

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

LETTER FROM THE BOARD

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Rights Issue is approximately 75.0%. The theoretical dilution effect of the Rights Issue is approximately 12.5% which is below 25% as required under Rule 10.44A of the GEM Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders, and that all Qualifying Shareholders are treated equally. The net price per Rights Share (i.e. the Subscription Price less cost and expenses incurred in the Rights Issue) is estimated to be approximately HK\$0.0763, if fully subscribed.

Basis of provisional allotments

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

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

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be an Excluded Shareholder.

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

Rights of Overseas Shareholders (if any)

As at the Latest Practicable Date, there is no Shareholder with registered address (as shown on the register of members of the Company) which is outside Hong Kong.

The Prospectus Documents have not been 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 as explained below.

LETTER FROM THE BOARD

However, if there are Overseas Shareholders as at the Record Date, the Company will comply with Rule 17.41(1) of the GEM Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders.

The Company will subject to the advice of the Company's legal advisers in the relevant jurisdictions where the Excluded Shareholders located, send the Prospectus to the Excluded Shareholders (if any) for their information only, but will not send any PAL to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in the market in their nil-paid form during the period from 9:00 a.m. on Thursday, 29 October 2020 to 4:00 p.m. on Thursday, 5 November 2020 if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Excluded Shareholders.

In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing Arrangement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the nil-paid Rights Shares that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

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

LETTER FROM THE BOARD

Distribution of the Prospectus Documents

The Company will only send this Prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders on the Posting Date. However, to the extent reasonably practicable and legally permitted, the Company will send this Prospectus, for information purposes only, to the Excluded Shareholders (if any). The Company will not send any PALs to the Excluded Shareholders (if any).

Distribution of this Prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of the Prospectus Documents (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or beneficial owner of the Shares who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

Receipt of this Prospectus and/or a PAL or the crediting of Nil Paid Rights to a stock account in CCASS does not and will not constitute an offer in any jurisdiction in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or a PAL must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this Prospectus and/or a PAL or whose stock account in CCASS is credited with Nil Paid Rights should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer the Nil Paid Rights to any person in, into or from, any such jurisdiction. If a PAL or a credit of Nil Paid Rights in CCASS is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL or transfer the Nil Paid Rights in CCASS unless the Company determines that such action would not violate any applicable legal or regulatory requirements.

Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this Prospectus or a PAL in, into or from any such jurisdiction (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

No part of the Prospectus Documents should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the written consent of the Company.

LETTER FROM THE BOARD

Beneficial owners of the Shares who reside outside Hong Kong should note that the Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, Nil Paid Rights or fully-paid Rights Shares or to take up any entitlements to Nil Paid Rights or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

It is the responsibility of the relevant beneficial owners and/or their respective agents, custodians, nominees or trustees wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

Status of Rights Shares

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

Fractions of the Rights Shares

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

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 at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:00 p.m. on Tuesday, 10 November 2020 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed "Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares" in "Expected Timetable" in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "AESO HOLDING LIMITED – RIGHT ISSUE" and crossed "ACCOUNT PAYEE ONLY". It should be noted that unless the PAL, together with the

LETTER FROM THE BOARD

appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Tuesday, 10 November 2020, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole absolute 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. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage. Qualifying Shareholder(s) must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected. In the event of an overpaid application, a refund cheque, without interest, will be made out to Qualifying Shareholder(s) only if the overpaid amount is HK\$100 or above. No receipt will be issued in respect of any PAL and/or relevant remittance received.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Monday, 2 November 2020 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day following the surrender of the original PAL. This process is commonly referred to as "splitting" of nil-paid Rights Shares. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

The PAL contains the full information regarding the procedures to be followed for Qualifying Shareholders who wish to: (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Qualifying Shareholders are advised to study the procedures set out in the PAL carefully.

The Registrar will determine the eligibility for the cash compensation as derived from the lapsed PALs after the completion of the re-registration for all re-registration request received by the Registrar on or before the latest time for acceptance of and payment for Rights Shares and by all means before the announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares subject to the Compensatory Arrangements is posted on the Stock Exchange's website and the Company's website. The Registrar should notify the transferee(s) of any unsuccessful re-registration as soon as possible.

LETTER FROM THE BOARD

If any of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” in this “Letter from the Board” of this Prospectus is not fulfilled at or before 4:00 p.m. on Tuesday, 24 November 2020 or such later date as may be considered by the Company, the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for the Rights Shares will be returned to the relevant applicants or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Thursday, 26 November 2020.

Cheques and banker’s cashier orders

All cheques and banker’s cashier orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of a PAL together with a cheque or banker’s cashier order in payment of the Rights Shares applied for will constitute a warranty that the cheque or banker’s cashier order will be honoured upon first presentation. If any cheque or banker’s cashier order is not honoured upon first presentation, the PAL (as the case may be) is liable to be rejected and/or deemed invalid by the Company in its absolute discretion, and in the case of an acceptance of a Qualifying Shareholder’s assured entitlement all such assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

Beneficial owners’ instructions to their Intermediary

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

LETTER FROM THE BOARD

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

Pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, the Company must make arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent places for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance to independent places on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 5:00 p.m., on 24 November 2020, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares at a price not less than the Subscription Price.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and ES Unsold Rights Shares) to the No Action Shareholders and the Excluded Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below);
- (iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

It is proposed that Net Gain to any of the No Action Shareholder(s) or Overseas Shareholder(s) mentioned in (i) to (iii) above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

LETTER FROM THE BOARD

THE PLACING AGREEMENT

On 3 September 2020 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date	:	3 September 2020 (after trading hours)
Issuer	:	the Company
Placing Agent	:	Sorrento Securities Limited was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares.

The Placing Agent confirmed that it is independent of and not connected with the Company and its connected persons or any of their respective associates.

Placing price of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares	:	The placing price of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares shall be not less than the Subscription Price.
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The final price determination is depended on the demand and market conditions of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares during the process of placement.

Commission	:	2.5% of the amount which is equal to the Placing Price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.
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The commission is not payable by the Company to the Placing Agent if the Placing Agreement has not become unconditional or is otherwise terminated in accordance with its terms.

LETTER FROM THE BOARD

Placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case maybe) :

The placing price of each of the Unsubscribed Rights Shares and/or the ES Unsold Rights Share (as the case maybe) shall be at least equal to the Subscription Price.

The final price determination is depended on the demand and market conditions of the Unsubscribed Rights Shares and the ES Unsold Rights Shares during the process of placement.

Placees :

The Unsubscribed Rights Shares and the ES Unsold Rights Shares are expected to be placed to not less than six Placee(s) who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies).

Ranking of Unsubscribed Rights Shares and the ES Unsold Rights Shares :

Unsubscribed Rights Shares and the ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

Conditions Precedent :

The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):

- (i) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;

LETTER FROM THE BOARD

- (ii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof. The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the conditions precedent to the Placing Agreement (other than those set out in paragraph (i) above) by notice in writing to the Company.

Termination : The Placing Arrangement shall end on 24 November 2020 or any other date by mutual written agreement between the Placing Agent and the Company.

The engagement of the Placing Agent may also be terminated by Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill its duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

LETTER FROM THE BOARD

Placing Completion : Completion is expected to take place within six Business Days after publication of an announcement by the Company of the number of the Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements and upon fulfilment or waiver (as the case may be) of the conditions precedent to the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing.

The Company shall use its best endeavours to procure the fulfilment of such conditions precedent to the Placing Agreement by the Long Stop Date. If any of the conditions precedent to the Placing Agreement have not been fulfilled by the Long Stop Date or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfilment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

The Placing Agent confirmed that it is independent of and not connected with the Company and its connected person and not a connected person of the Company. The engagement between the Company and the Placing Agent for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Company and the Placing Agent and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors consider that the terms of Placing Agreement for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders; and (iii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Directors consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

LETTER FROM THE BOARD

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 5,000 Shares in one board lot. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Rights Shares will be eligible for admission in CCASS

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

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

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms 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.

Taxation

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

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on or before Thursday, 26 November 2020 by ordinary post to the allottees, at their own risk, to their registered addresses. Each Shareholder will receive one share certificate for all allotted Shares.

LETTER FROM THE BOARD

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the passing by the Shareholders (or the Independent Shareholders, as the case may be) at the EGM of the necessary resolution(s) to approve the Increase in Authorised Share Capital, the Rights Issue, and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
- (b) the Increase in Authorised Share Capital of the Company having becoming effective;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (d) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus and the PALs (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the GEM Listing Rules by no later than the Prospectus Posting Date;
- (e) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus and the Overseas Letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue by the Prospectus Posting Date; and
- (f) compliance with and performance of all undertakings and obligations of Mr. Chan under the Shareholder Irrevocable Undertaking in all material respects.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. As at the Latest Practicable Date, conditions (a) and (b) as stated above have been satisfied.

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

LETTER FROM THE BOARD

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any), the Company has appointed Sorrento Securities Limited as an agent to provide odd lot matching services during Friday, 27 November 2020 to Thursday, 17 December 2020 (both dates inclusive). Shareholders who wish to take advantage of this service should contact Sorrento Securities Limited at 11/F, The Wellington, 198 Wellington Street, Central, Hong Kong or at telephone number (852) 3959 9800 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. Shareholders who are in doubt about this service are recommended to consult their professional advisors.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 200,000,000 Shares in issue. On the assumption that there is no change in the shareholding structure of the Company from the Latest Practicable Date to completion of the Rights Issue other than the allotment and issue of Rights Shares pursuant to the Rights Issue, the table below depicts, for illustrative purposes only, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Chan who has provided the Shareholder Irrevocable Undertaking and none of any of Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent; and (iv) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Chan who has provided the Shareholder Irrevocable Undertaking and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent:

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Chan who has provided the Shareholder Irrevocable Undertaking and none of any of Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Chan who has provided the Shareholder Irrevocable Undertaking and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent	
	Number of Shares	Approx.% (note)	Number of Shares	Approx.% (note)	Number of Shares	Approx.% (note)	Number of Shares	Approx.% (note)
Mr. Chan	26,500,000	13.25	106,000,000	13.25	74,355,000	29.99	106,000,000	13.25
Public Shareholders	173,500,000	86.75	694,000,000	86.75	173,500,000	70.01	173,500,000	21.69
Independent placees	-	-	-	-	-	-	520,500,000	65.06
Total	200,000,000	100.00	800,000,000	100.00	247,855,000	100.00	800,000,000	100.00

LETTER FROM THE BOARD

Notes:

The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

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

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the premise enhancement solution service in Hong Kong by providing contracting service for (i) the internal fitting-out of newly built commercial premises and residential developments, and (ii) the renovation work as well as alteration and addition work for existing commercial premises.

As set out in the annual report of the Company for the year ended 31 March 2020, the Group recorded positive net cash generated from operating activities for the years ended 31 March 2019 and 2020 and the Group will continue focusing on the opportunities in renovation works and fitting-out works in Hong Kong, especially renovation projects of entertainment industry such as cinema or museums and leisure facilities such as private club houses. Meanwhile, the Board is optimistic about the growth of the business and will continue to tender for new fitting-out projects including those for mainland based property developers which are currently very active in new properties development in Hong Kong. During the year ended 31 March 2020, the Group submitted 109 tenders amounting to approximately HK\$1,901 million and 21 projects were awarded. From 1 April 2020 up to the Latest Practicable Date, the Group submitted 46 tenders amounting to approximately HK\$1,387.9 million. From 1 April 2020 up to the Latest Practicable Date, nine projects, including six projects which had commenced as at the Latest Practicable Date and three projects which had not yet commenced, were awarded and the Group expects to receive more tender invitations going forward.

As set out in the annual report of the Company for the year ended 31 March 2020, the Group recorded net liabilities of approximately HK\$21.1 million and net current liabilities of approximately HK\$24.6 million as at 31 March 2020. As at 31 March 2020, the Group's liabilities mainly comprised of account and other payables of approximately HK\$63.9 million, borrowings from independent third parties of approximately HK\$37.0 million and contract liabilities of approximately HK\$20.0 million.

The Board considers that the Rights Issue represents an opportunity for the Company to (i) repay the term loans from the independent third parties to be due so as to relieve its financial burden and reduce future financing costs; and (ii) settle its outstanding payment obligations to subcontractors and materials suppliers.

LETTER FROM THE BOARD

It is estimated that the Company will raise up to approximately HK\$48.0 million from the Rights Issue and the relevant expenses would be approximately HK\$2.2 million, which includes placing commission (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Chan who has provided the Shareholder Irrevocable Undertaking and placing all Unsubscribed Rights Shares and ES Unsold Rights Shares by Placing Agent) and professional fees payable to financial advisers, legal advisers, financial printer and other parties involved in the Rights Issue. The estimated net proceeds from the Rights Issue will accordingly be approximately HK\$45.8 million (equivalent to a net price of approximately HK\$0.0763 per Rights Share). In line with the aforesaid business objectives, the Company intends to utilise the net proceeds from the Rights Issue as follows:-

- (i) approximately HK\$19.1 million for the repayment of term loans including the interest incurred; and
- (ii) approximately HK\$26.7 million for the settlement of the outstanding payment obligations to subcontractors and materials suppliers of the Group's completed and ongoing projects.

Repayment of term loans from independent third parties

There are often time lags between making payments to the subcontractors and materials suppliers and receiving payments from the customers. The Group generally pays the materials suppliers at the early stage of the projects and some projects undertaken/to be undertaken by the Group may involve the provision of surety bonds, which require the use of a substantial amount of the Group's cash resources. As such, the Group is not able to avoid large capital commitments at the early stage of the projects and incur finance cost from borrowing when the Group's cash resource is not available at the early stage of the projects. The Group's current banking facilities, which comprise a factoring facility which has been fully utilized and a surety bond facility, cannot fully support the capital commitments of the Group's various projects at the early stage as these banking facilities usually have strict restrictions to their usages. As such, in the past the Group had obtained various short-term borrowings from other independent third parties, and those borrowings may have higher interest rates and are subject to renewal approval from time to time. As at the Latest Practicable Date, the outstanding borrowing from other independent third parties amount to an aggregate of approximately HK\$18.7 million, for which approximately HK\$16.2 million, being the principal and outstanding interest (accrued at 10% per annum up to the Latest Practicable Date) of a term loan, will be matured on 30 November 2020 (the "**Term Loan 1**") and HK\$2.5 million, being the principal and outstanding interest (accrued at 20% per annum up to the Latest Practicable Date) of another term loan will be matured on 30 April 2021 (the "**Term Loan 2**" and together the "**Term Loans**").

LETTER FROM THE BOARD

As set out in the annual report of the Company for the year ended 31 March 2020, the finance cost of the Group was approximately HK\$3.9 million for the year ended 31 March 2019 and approximately HK\$4.3 million for the year ended 31 March 2020. There is an increasing trend of the finance cost of the Group. The gearing ratio of the Group as at 31 March 2020 was not applicable as the Group had net liabilities of approximately of HK\$21.1 million (The gearing ratio as at 31 March 2019 was approximately 17.7 times).

Having considered the above, the Group intends to use approximately HK\$19.1 million, or approximately 41.7% of the net proceeds from the Rights Issue to settle the Term Loans and the accrued interest up to the date of receipt of the proceeds from the Rights Issue, which is expected to be on or around December 2020. This allows the Group to (i) avoid the risk of not being able to renew the Term Loans when the Term Loans are due, as call back of the Term Loans without any alternative financing will bring significant detrimental impact to the Group's liquidity; and (ii) reduce future financing cost of the Group.

Settlement of the outstanding payment obligations to subcontractors and materials suppliers of the Group's projects

The Group generally engages subcontractors to perform most of the site works and materials suppliers to supply materials for its projects. As at the Latest Practicable Date, the Group has 17 ongoing projects where the practical completion certificates are yet to be received or there is still outstanding contract sums to be received from customers which include completed projects but the retention monies are not yet released by the customers. As most of our subcontractors for these projects have already submitted their requests for payment based on their work completed and materials suppliers have already issued invoices after delivery of the materials to the work site, we had incurred a significant amount of outstanding payment obligations to these subcontractors and materials suppliers. The credit terms offered by the Group's suppliers and subcontractors generally range from approximately 30 to 60 days after the presentation of invoice from them, and as at 30 September 2020, the outstanding payment obligations to certain subcontractors and materials suppliers for the 17 ongoing projects (the "**Subcontractors and Materials Suppliers**"), which amounted to approximately HK\$33.3 million, had already been overdue as at the Latest Practicable Date.

The Group tend to maintain good relationship with the Subcontractors and Materials Suppliers, and usually engages them to conduct certain parts of the fitting-out or renovation work and supply materials in different projects at the same time as our subcontractors are reliable industrial players which possess extensive experience in their respective fields and our materials suppliers are mostly renowned in the industry. If we are not able to pay the Subcontractors and Materials Suppliers, and direct labors within the prescribed credit period offered, it may affect the implementation of the other projects when they are also our subcontractors and materials suppliers. Furthermore, continual delay of payments to them could negatively affect our relationship with them and the Group may not be able to retain their services in long run.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Group is working with certain of the Subcontractors and Materials Suppliers for the following recently awarded projects and expects certain of the Subcontractors and Materials Suppliers to work with us again in the near-future for the following tendered projects as the Group has included quotations from certain of the Subcontractors and Materials Suppliers in the preparation of tender documents to the customers:

Recently awarded projects

As at the Latest Practicable Date, the Group has been awarded three projects recently from property developers through tendering but had not yet commenced, with an aggregate contract sum of approximately HK\$108.0 million. The following table sets forth the projects that were awarded recently to the Group but had not yet commenced as at the Latest Practicable Date.

Project	Scope of works	Expected project duration	Contract sum	Estimated amount of upfront costs
A residential project with clubhouse in Western Street, Sai Ying Pun, Hong Kong	responsible for the supply and installation of interior fitting-out works to podium, clubhouse and tower	1.5 years	HK\$33.0 million	HK\$29.8 million
A commercial building project in Chek Lap Kok, Hong Kong	responsible for the fitting-out works for typical lift lobbies, toilets and pantries	0.75 years	HK\$58.7 million	HK\$53.5 million
A commercial building project in Chek Lap Kok, Hong Kong	responsible for the fitting-out works for main entrance lobbies	0.75 years	HK\$16.3 million	HK\$15.4 million

Based on the Group's estimated construction schedule for the three recently awarded projects, the estimated payment requirement for the upfront costs for subcontractors and materials suppliers is approximately HK\$40.2 million for the period from September 2020 to February 2021. These recently awarded projects are not expected to bring in net cash inflows before March 2021, due to time lags between making payments to the subcontractors and materials suppliers and receiving payments from the customers, as aforementioned.

LETTER FROM THE BOARD

Our tendered projects

On the other hand, as at the Latest Practicable Date, excluding the tenders submitted for over four months ago as the Directors consider successful tender result is usually received within four months, the Group has 12 tenders for fitting-out works and 13 tenders for renovations works pending results of the tenders with an aggregate contract sum of approximately HK\$527.2 million and approximately HK\$202.8 million respectively. The results of the tender are expected to be announced by the customers in succession in the next three months. Taking into account of the Group's historical tender successful rate, the Group expects contract sum of approximately HK\$42.2 million for fitting-out work and contract sum of approximately HK\$46.6 million for renovation work may be awarded to us within the next three months (the “**Estimated Projects to be Awarded**”).

The earliest commencement date of constructions of the Estimated Projects to be Awarded is expected to be in October 2020. The aggregate contract sum to be received from the Estimated Projects to be Awarded is approximately HK\$14.2 million and the estimated payment requirement for the upfront costs (excluding surety bonds) is approximately HK\$19.0 million for the period from October 2020 to December 2020. These Estimated Projects to be Awarded are not expected to bring in net cash inflows before January 2021, due to time lags between making payments to the subcontractors and materials suppliers and receiving payments from the customers, as aforementioned.

In light of the above, the Board is of the view that it is crucial to settle the long outstanding payments obligations to the Subcontractors and Materials Suppliers in order to avoid the risk of affecting the progress and implementation of the Group's other recently awarded or future projects, and the Group intends to use approximately HK\$26.7 million, or approximately 58.3% of the net proceeds from the Rights Issue accordingly upon receipt of the proceeds from the Rights Issue.

The Board considers that the Rights Issue provides a good opportunity for the Group to strengthen its capital base and to enhance its financial position, while at the same time the Rights Issue will enable all Qualifying Shareholders to participate in the future development of the Company on equal terms. Since the Rights Issue will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and therefore avoid dilution, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

LETTER FROM THE BOARD

If the Rights Issue is undersubscribed and the net proceeds (after the deduction of the costs and expenses relating to the Rights Issue) is less than HK\$19.1 million, all of the net proceeds (after the deduction of the costs and expenses relating to the Rights Issue) will be applied towards the repayment of term loans from independent third parties. If the Rights Issue is undersubscribed and the net proceeds (after the deduction of the costs and expenses relating to the Rights Issue) is more than HK\$19.1 million, HK\$19.1 million of the net proceeds (after the deduction of the costs and expenses relating to the Rights Issue) will be applied towards the repayment of term loans from independent third parties and the remaining net proceeds will be applied to the settlement of the outstanding payment obligations to subcontractors and materials suppliers of the Group's projects. As at the Latest Practicable Date, the Company has no intention to conduct further fundraising activities in near future.

Alternative fund-raising methods considered

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

- (a) As for other debt financing, as at the Latest Practicable Date, the Board has attempted to obtain loan financing from its principal bankers, and was advised that the Group does not have any material assets which the Group can charge to the banks as security, therefore, the credit line granted by the banks (if any) will not be sufficient for the Group to replace any of the Term Loans. In addition, the Group has also attempted to obtain other loan financing from independent third parties, but the interest rate offered is generally over 10% per annum.
- (b) As for placement of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company.
- (c) As for open offer, similar to a right issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market.

As such, the Board considers that equity financing does not involve recurring interest expense and the financing process is usually simpler and quicker than negotiating bank borrowings, and therefore would allow our Group to react promptly to market conditions and business opportunities.

LETTER FROM THE BOARD

In addition, the Board considers that the terms of the Rights Issue and Placing Arrangement are fair and reasonable and in the best interest of the Company and Shareholders as a whole since (i) under the Rights Issue, all the Qualifying Shareholders will be offered the same opportunity to maintain their proportionate interests in the Company and to participate in the growth and development of the Group and the Qualifying Shareholders have the first right to decide whether to accept their entitlements of the Rights Shares; and (ii) the Shareholders who do not want to participate in the Rights Issue can dispose of the nil-paid Rights Shares in the secondary market for their own economic benefit.

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

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

POSSIBLE ADJUSTMENTS RELATING TO THE SHARE OPTIONS

As at the Latest Practicable Date, there are 20,000,000 outstanding Share Options, which are exercisable during the period from 15 November 2019 to 14 November 2022 at the exercise price of HK\$0.445 each.

Pursuant to the terms of the Share Option Scheme and the terms, the exercise prices and/or number of new Shares to be issued upon exercise of the Share Options may be adjusted in accordance with the Share Option Scheme, if any, upon the Rights Issue becoming unconditional. The Company will notify the holders of the Share Options the adjustments upon the Rights Issue becoming unconditional by further announcement, if necessary.

WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this Prospectus. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

LETTER FROM THE BOARD

Any dealings in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

ADDITIONAL INFORMATION

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

For and on behalf of the Board
Aeso Holding Limited
Chan Siu Chung
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

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

- (a) the annual report of the Company for the year ended 31 March 2018 published on 27 June 2019 (pages 50 to 110) in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0718/gln20190718025.pdf>);
- (b) the annual report of the Company for the year ended 31 March 2019 published on 27 June 2019 (pages 34 to 110) in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0718/gln20190718027.pdf>);
- (c) the annual report of the Company for the year ended 31 March 2020 published on 30 June 2020 (pages 50 to 124) in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0701/2020070100011.pdf>); and
- (d) the first quarterly report of the Company for the three months ended 30 June 2020 published on 14 August 2020 in relation to the financial information of the Group for the same period (<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0814/2020081401764.pdf>).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 August 2020, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Prospectus, the details of the Group's indebtedness are as follows:

The Group had outstanding lease liabilities, other borrowings and secured bank borrowings of approximately HK\$4,497,000, HK\$17,613,000 and HK\$7,183,000, respectively as at 31 August 2020. The secured bank borrowings were secured by personally guaranteed of Mr. Chan, certain asset held by Mr. Chan, financial assets at fair value through profit or loss and the pledged bank deposits held by the Group. The secured advances drawn on account receivables factored with recourse were secured by certain assets held by spouse of Mr. Chan. The secured bank borrowings and secured advances drawn on account receivables factored with recourse were under variable-rate bank borrowings carried interests at certain basis points over HIBOR quoted by a bank in Hong Kong which are contain a repayment on demand clause.

Securities

The aforesaid secured bank borrowings of approximately HK\$7,183,000 as at 31 August 2020 were secured by financial assets at fair value through profit or loss and the pledged bank deposits held by the Group of approximately HK\$9,937,000 and HK\$1,803,000, respectively.

Contingent liabilities

A customer of construction contract undertaken by the Group requires a group entity to issue guarantee for performance of contract works in the form of surety bond. The Group provided a counter-indemnity to a financial institution that issued such surety bond. As at 31 August 2020, deposit placed for surety bond was approximately HK\$1,803,000. The surety bond also secured by personal guarantee of Mr. Chan, certain asset held by Mr. Chan and financial asset at fair value through profit or loss held by the Group.

As at 31 August 2020, the amount of surety bond provided by the Group was HK\$390,000. The unutilised amount was HK\$9,610,000 as at 31 August 2020.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of the business, as at the close of business on 31 August 2020, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, and term loans, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other contingent liabilities.

3. MATERIAL ADVERSE CHANGE

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

4. WORKING CAPITAL

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

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company, along with its subsidiaries, is principally engaged in the provision of fitting-out and renovation (including alteration and addition) contracting services of Hong Kong premises.

The competitive strengths of the Company, such as (i) an established track record in the market with stable and long term client relationships with the major clients that include listed property developers; (ii) strong and stable relationships with the major suppliers and subcontractors; (iii) integrated project execution for contracting services; and (iv) a strong and experienced management team with proven track record, continuously contribute to the success of the Group.

As set out in the annual report of the Company for the year ended 31 March 2020, the Group recorded positive net cash generated from operating activities for the years ended 31 March 2019 and 2020 and the Group will continue focusing on the opportunities in renovation works and fitting-out works in Hong Kong, especially renovation projects of entertainment industry such as cinema or museums and leisure facilities such as private club houses. Also, the Group will keep to tender new fitting-out projects including those from mainland based property developers which are currently very active in new property development in Hong Kong. With sufficient working capital for the Group's operations, the Group will be able to take advantage of the increasing opportunities for potential fitting-out and renovation projects in order to facilitate the further expansion of its business scale.

However, the recent protests and the outbreak of coronavirus in Hong Kong are the major uncertainties about the economic growth in coming years which the management of the Group will pay more attention. Besides, the productivity of the materials suppliers in mainland China and Europe may be affected by the aforesaid reasons which may in turn affect the progress of our on-going projects. The management of the Group is closely communicating with those suppliers to minimise our operating risks. The Board also considers that it is necessary for the Group to maintain sufficient working capital in preparation of any market upheaval.

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

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company has been prepared by the Directors in accordance with paragraph 7.31 of the GEM Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had been completed on 31 March 2020.

The unaudited pro forma adjusted consolidated net tangible assets is prepared for illustrative purpose only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Rights Issue been completed as at the date to which it is made up or at any future date.

The unaudited pro forma adjusted consolidated net tangible assets is prepared based on the audited consolidated statement of financial position of the Group attributable to owners of the Company as at 31 March 2020, as extracted from the published annual report of the Company for the year ended 31 March 2020, and is adjusted for the effect of the Rights Issue described below.

	Consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 March 2020 <i>HK'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets/ (liabilities) of the Group attributable to owners of the Company as at 31 March 2020 immediately after completion of the Rights Issue <i>HK'000</i>	Unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company per share as at 31 March 2020 <i>HK\$</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets/ (liabilities) of the Group attributable to owners of the Company per share as at 31 March 2020 immediately after the completion of the Rights Issue <i>HK\$</i> <i>(Note 4)</i>
Based on the maximum of 600,000,000 Rights Shares at Subscription Price of HK\$0.080 per Rights Share	(21,135)	45,800	24,665	(0.11)	0.03
Based on the minimum of 47,855,000 Rights Shares at Subscription Price of HK\$0.080 per Rights Share	(21,135)	1,628	(19,507)	(0.11)	(0.08)

Notes:

1. The consolidated net tangible liabilities of the Group attributable to owners of the Company of HK\$21,135,000 as at 31 March 2020 are extracted from the published annual report of the Company for the year ended 31 March 2020.
2. The estimated net proceeds from the Rights Issue of the maximum number of Rights Shares of approximately HK\$45,800,000 are based on up to 600,000,000 Rights Shares to be issued (in the proportion of three (3) rights share for every one (1) existing share and assuming no further issue of new share(s) and no repurchase of share(s) on or before the Record Date) at the subscription price of HK\$0.080 per Rights Share, after deduction of the estimated related expenses of approximately HK\$2,200,000, assuming that the Rights Issue had been completed on 31 March 2020.

The estimated net proceeds from the Rights Issue of the minimum number of Rights Shares of approximately HK\$3,828,000 are based on 47,855,000 Rights Shares to be issued (in the proportion of three (3) rights share for every one (1) existing share and assuming no further issue of new share(s) and no repurchase of share(s) on or before the Record Date) at the subscription price of HK\$0.080 per Rights Share, after deduction of the estimated related expenses of approximately HK\$2,200,000, assuming that the Rights Issue had been completed on 31 March 2020.

3. The calculation of the unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 March 2020 per Share is determined based on the consolidated net tangible liabilities of the Group attributable to owners of the Company of HK\$21,135,000 divided by the number of shares in issue of 200,000,000 as at 31 March 2020.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 March 2020 immediately after the completion of the maximum issuance of Rights Issue is arrived at based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2020 immediately after completion of the Rights Issue of HK\$24,665,000 divided by 800,000,000 Shares, which represent maximum number of 200,000,000 Shares in issue on or before Record Date and 600,000,000 Rights Shares to be issued pursuant to the Rights Issue assuming that the Rights Issue had been completed on 31 March 2020.

The unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 March 2020 per Share immediately after the completion of the minimum issuance of Rights Issue is arrived at based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 March 2020 immediately after completion of the Rights Issue of HK\$19,507,000 divided by 247,855,000 Shares, which represent 200,000,000 Shares in issue on the Record Date and 47,855,000 Rights Shares (representing the Rights Issue assuming nil acceptance of the Rights Shares by the qualifying shareholders other than Mr. Chan who has provided the shareholder irrevocable undertaking and none of any of unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the placing agent) to be issued pursuant to the Rights Issue assuming that the Rights Issue had been completed on 31 March 2020.

5. No adjustments have been made to the unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2020.

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

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



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong
27 October 2020

The Directors
Aeso Holding Limited
18/F., The Pemberton
22-26 Bonham Road, Sheung Wan
Hong Kong

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Aeso Holding Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Aeso Holding Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2020 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out in Appendix II to the prospectus issued by the Company dated 27 October 2020 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of three rights shares for every one existing share held on the record date at the subscription price of HK\$0.080 per rights share (the “**Rights Issue**”) on the Group’s consolidated net tangible assets attributable to the owners of the Company as at 31 March 2020 as if the Rights Issue had taken place at 31 March 2020. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s consolidated financial statements for the year ended 31 March 2020, on which auditors’ report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Control

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

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

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

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

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

The purpose of Unaudited Pro Forma Financial Information 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 March 2020 would have been as presented.

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

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

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

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

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

Opinion

In our opinion:

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

Yours faithfully

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex

Practicing Certificate Number: P05029
Hong Kong, 27 October 2020

1. RESPONSIBILITY STATEMENT

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

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

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to completion of the Rights Issue and full acceptance by Qualifying Shareholders) are as follows:

(I) As at the Latest Practicable Date

<i>Authorised:</i>		<i>US\$</i>
<u>2,000,000,000</u>	Shares of US\$0.01 each	<u>20,000,000</u>
<i>Issued and fully-paid:</i>		
<u>200,000,000</u>	Shares of US\$0.01 each	<u>2,000,000</u>

(II) Immediately following the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to completion of the Rights Issue and full acceptance by Qualifying Shareholders)

Authorised:		US\$
<u>2,000,000,000</u>	Shares of US\$0.01 each	<u>20,000,000</u>
Issued and fully-paid:		
200,000,000	Shares of US\$0.01 each	2,000,000
	Rights Shares to be issued pursuant	
<u>600,000,000</u>	to the Rights Issue	<u>6,000,000</u>
	Shares in issue immediately after	
<u>800,000,000</u>	completion of the Rights Issue	<u>8,000,000</u>

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

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

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

(b) Share Options

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

Name of grantee	Number of underlying Shares subject to outstanding Share Options	Date of grant	Exercise price (HK\$ per Share)	Exercise Period
Directors				
Mr. Chan Siu Chung	2,000,000	15 November 2019	0.445	15 November 2019 to 14 November 2022
Mr. Cheung Hiu Tung	2,000,000	15 November 2019	0.445	15 November 2019 to 14 November 2022
Mr. Zhang Hai Wei	2,000,000	15 November 2019	0.445	15 November 2019 to 14 November 2022
Others				
Employees	14,000,000	15 November 2019	0.445	15 November 2019 to 14 November 2022
Total	<u>20,000,000</u>			

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

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

3. INTEREST IN SECURITIES

(a) Directors' and chief executive's interests

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

Name of Director	Capacity	Interest in underlying shares of Share Options	Approximate percentage of total issued shares
Mr. Chan Siu Chung	Beneficial owner	28,500,000	14.25%
Mr. Cheung Hiu Tung – share options	Beneficial owner	2,000,000	1.00%
Mr. Zhang Hai Wei – share options	Beneficial owner	2,000,000	1.00%

Mr. Chan held 26,500,000 Shares through Acropolis Limited in which Mr. Chan is the sole Director and shareholder. Also, Mr. Chan held 2,000,000 share options of the Company directly.

(b) Interests of substantial shareholders

As at Latest Practicable Date, so far as are known to any Directors of the Company, no person (other than the Directors or chief executive of the Company) had interests in the shares or underlying shares of the Company accounting to a substantial shareholder as recorded in the register required to be kept pursuant to section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

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

5. COMPETING INTERESTS

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

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

As at the Latest Practicable Date:

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

7. MATERIAL LITIGATION

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

8. MATERIAL CONTRACTS

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

- (a) the Placing Agreement

9. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Chan who has provided the Shareholder Irrevocable Undertaking and placing all Unsubscribed Rights Shares and ES Unsold Rights Shares by Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$2.2 million, which are payable by the Company.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors	:	Mr. Chan Siu Chung Flat A, 3/F, Manly Mansion, 69B Robinson Road, Mid-levels, Hong Kong
		Mr. Cheung Hiu Tung Flat Q, 5/F, Cheong Yuen Building, 1 Yen Chow Street, Kowloon, Hong Kong
		Mr. Zhang Hai Wei Room 1805, Block B7, Xinghe Shidai Garden, Longcheng Street, Longgang District, Shenzhen, PRC
		Mr. Yeung Chun Yue, David Flat B, 24/F Scholastic Garden, No. 48 Lyttelton Road, Hong Kong
		Ms. Lai Wing Sze Room 4005, Block J, Yu Chui Court, Shatin, New Territories, Hong Kong
		Ms. Yu Wan Ki Flat A, 6/F., Lung Wa Building, 22 Fuk Wah Street, Sham Shui Po, Kowloon, Hong Kong

Registered office	:	89 Nexus Way, Camana Bay Grand Cayman, KY1-9009 Cayman Islands
Head office and principal place of business in Hong Kong	:	18/F., The Pemberton 22-26 Bonham Strand Sheung Wan Hong Kong
Placing Agent	:	Sorrento Securities Limited 11/F, The Wellington, 198 Wellington Street, Central, Hong Kong
Financial advisers to the Company	:	Sorrento Capital Limited 11/F, The Wellington, 198 Wellington Street, Central, Hong Kong
Legal adviser to the Company as to Hong Kong law in relation to the Rights Issue	:	ZM Lawyers 20/F, Central 88, 88-98 Des Voeux Road, Central, Hong Kong
Reporting accountants	:	HLB Hodgson Impey Cheng Limited 31/F, Gloucester Tower The Landmark 11 Pedder Street Central, Hong Kong
Principal bankers in Hong Kong	:	The Hongkong and Shanghai Banking Corporation Limited DBS Bank (Hong Kong) Ltd.
Principal share registrar	:	Ogier Global (Cayman) Limited 89 Nexus Way, Camana Bay Grand Cayman, KY1-9009 Cayman Islands

Hong Kong branch share registrar and transfer office	:	Tricor Investor Services Limited Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Authorised representatives	:	Mr. Chan Siu Chung 18/F., The Pemberton, No. 22-26 Bonham Strand, Sheung Wan, Hong Kong Ms. Choi Mei Bik 18/F., The Pemberton, No. 22-26 Bonham Strand, Sheung Wan, Hong Kong
Company secretary	:	Ms. Choi Mei Bik 18/F., The Pemberton, No. 22-26 Bonham Strand, Sheung Wan, Hong Kong
Senior management	:	Mr. Chiu Fu Keung 18/F., The Pemberton, No. 22-26 Bonham Strand, Sheung Wan, Hong Kong Ms. Cheng Nga Lai 18/F., The Pemberton, No. 22-26 Bonham Strand, Sheung Wan, Hong Kong

11. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised all of the independent non-executive Directors, namely Mr. Yeung Chun Yue, David (the Chairman of the Audit Committee), Ms. Lai Wing Sze and Ms. Yu Wan Ki. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “13. Particulars of the Directors and Senior Management” in this appendix.

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

12. EXPERT AND CONSENT

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

Name	Qualification
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert:

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

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

13. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT**Executive Directors**

Mr. Chan Siu Chung, aged 45, is the founder, the chairman of the Group. Mr. Chan has more than 23 years of experience in the building and construction industry, especially in the field of fitting out and renovation (including alteration and addition) works. He has been a member of The Hong Kong Institute of Surveyors and a professional member of The Royal Institution of Chartered Surveyors since March 2001. He has been a registered professional surveyor since January 2011.

Mr. Cheung Hiu Tung, aged 43, joined the Group in October 2008 and Mr. Cheung was appointed as the executive director of the Group on 1 November 2019. Mr. Cheung has over 20 years of experience in the building and construction industry.

Mr. Zhang Hai Wei, aged 37, joined the Group as the executive director on 24 May 2019. He obtained a Bachelor Degree of Engineering in automation from Guangdong University of Technology. Mr. Zhang has over 10 years of experience in business development and management and had held senior management positions in several enterprises.

Independent non-executive Directors

Mr. Yeung Chun Yue, David, aged 38, joined the Group as the independent non-executive director on 12 April 2019. He has over 15 years' experience in the accounting, auditing and taxation field. He is currently the director of a sizeable CPA firm and the committee member of the Panyu Committee of Chinese People's Political Consultative Conference. He is currently an independent non-executive director of SANVO Fine Chemicals Group Limited (Stock Code: 0301), a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. He was also an independent non-executive director of Mega Expo Holdings Limited (currently known as NOVA Group Holdings Limited) (stock code: 1360), a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited from December 2014 to March 2017.

Ms. Lai Wing Sze, aged 32, joined the Group as the independent non-executive director on 24 May 2019. She has extensive working experience in Hong Kong and overseas.

Ms. Yu Wan Ki, aged 32, joined the Group as the independent non-executive director on 24 May 2019. She has more than 10 years of working experience in different industries including IT Consulting and international export. She is currently a managing director of a company engaging in IT consulting.

Company Secretary

Ms. Choi Mei Bik, aged 39, has been appointed as the company secretary of the Company from 14 May 2019. She is a member of the Hong Kong Institute of Certified Public Accountants.

Senior Management

Mr. Chiu Fu Keung, aged 52, is the financial controller of the Group and primarily responsible for the Group's finance matters. Mr. Chiu joined the Group in December 2015. Mr. Chiu has more than 30 years of experience in finance and accounting.

Ms. Cheng Nga Lai, aged 45, is the Senior Operating Manager of the Group. Ms. Cheng joined our Company in May 2008. She is primarily responsible for formulating and implementing internal and regulatory manuals and assisting our executive Directors and project managers in operation and contract management. Ms. Cheng has over 15 years of experience in the building and construction industry.

14. MISCELLANEOUS

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

15. LEGAL EFFECT

This Prospectus, the PAL and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong.

16. BINDING EFFECT

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

17. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of this Prospectus, together with copies of the PAL and the written consent referred to in the paragraph headed “12. Expert and Consent” in this Appendix III, have been registered with the Registrar of Companies in Hong Kong for registration pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays, Sundays and public holidays) at 18/F., The Pemberton, No. 22-26 Bonham Strand, Sheung Wan, Hong Kong, for a period of 14 days from the date of this Prospectus (both days inclusive):

- (a) the memorandum and articles of association of the Company;
- (b) the annual report of the Company for the year ended 31 March 2018;
- (c) the annual report of the Company for the year ended 31 March 2019;
- (d) the annual report of the Company for the year ended 31 March 2020;
- (e) the first quarterly report of the Company for the three months ended 30 June 2020;
- (f) the Placing Agreement;
- (g) Shareholder Irrevocable Undertaking;
- (h) Optionholder’s Undertakings;
- (i) the letter from the Board, the text of which is set out on pages 10 to 36 of this prospectus;
- (j) the accountant’s report on the unaudited pro forma financial information of the Group issued by HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix II to this prospectus;
- (k) the material contracts (including the Placing Agreement) as referred to in the section headed “8. Material contracts” in this appendix;
- (l) the written consent referred to in the section headed “12. Expert and consent” in this appendix;
- (m) the Circular; and
- (n) this Prospectus Document.