
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 you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Walnut Capital 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 was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "15. Documents delivered to the Registrar of Companies in Hong Kong" 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 (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

The attention of Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or holding Shares on behalf of beneficial owners of Shares with such addresses is drawn to the paragraph headed "Rights of the Overseas Shareholders (if any)" in the "Letter from the Board" in this Prospectus.

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.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC 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.



WALNUT CAPITAL LIMITED

胡桃資本有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 905)

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

Placing Agent of the Rights Issue



Open Securities Limited

Unless the context requires otherwise, capitalised terms used in this cover shall have the same meanings as those defined in this Prospectus.

The latest time for payment and acceptance of the Rights Shares is at 4:00 p.m. on Thursday, 16 May 2024. The procedures for acceptance and transfer of the Rights Shares are set out in the section headed "Procedures for acceptance, splitting of PAL and payment or transfer" in the "Letter from the Board" of this Prospectus.

It should be noted that the Shares have been dealt in on an ex-rights basis from Friday, 19 April 2024. Dealings in the Rights Shares in their nil-paid form will take place from Friday, 3 May 2024 to Friday, 10 May 2024 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable), the Rights Issue will not proceed. Any persons contemplating dealings in the Shares prior to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable), and/or dealings in the nil-paid Rights Shares, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed "Conditions of the Rights Issue" in this Prospectus. Shareholders and potential investors of the Company should note that: (a) if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed; and (b) 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 will be placed to independent Places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS 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. There are no applicable statutory requirements under the laws of Bermuda regarding minimum subscription levels in respect of the Rights Issue. Accordingly, the Rights Issue and the Placing may or may not proceed. Any Shareholder or other person contemplating transferring, selling, purchasing or otherwise dealing with the Shares and/or the Rights Shares in their nil-paid forms is advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled, will accordingly bear the risk that the Rights Issue and the Placing may not become unconditional or may not proceed.

30 April 2024

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 9 April 2024 in relation to, among other things, the Rights Issue and the Placing Agreement
“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Walnut Capital Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 905)
“Compensatory Arrangements”	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

DEFINITIONS

“General Rules of CCASS”	General Rules of CCASS published by the Stock Exchange as amended from time to time
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong Dollars”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any individual or company not being the connected persons of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associates
“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the beneficial owner’s shares with a CCASS participant
“Last Trading Day”	Tuesday, 9 April 2024, being the last trading day of the Shares on the Stock Exchange immediately before the publication of the Announcement
“Latest Practicable Date”	25 April 2024, being the latest practicable date immediately before the printing of this Prospectus for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 16 May 2024, or such other time or date as the Company may determine, being the latest time and date for acceptance of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Thursday, 23 May 2024, or such later time or date as may be agreed by the Company and the Placing Agent in writing, being the latest time for termination of the Placing Agreement
“Listing Committee”	has the meaning as defined in the Listing Rules

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Gain”	any premium over the aggregate amount of (i) the Subscription Price for the Unsubscribed Rights Shares placed by the Placing Agent; and (ii) the commission and expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing
“No Action Shareholders”	the Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s) or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) (if any) in respect of whom the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas 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
“NQS Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form
“NQS Unsold Rights Shares”	the NQS Rights Shares that have not been sold by the Company
“Overseas Shareholder(s)”	the Shareholder(s) (if any) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue

DEFINITIONS

“Placee(s)”	professional persons, institutional, corporate or individual investor(s), who and whose respective ultimate beneficial owner(s) shall be Independent Third Party(ies) and not acting in concert with the connected persons of the Company and their respective associates, procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of a maximum of 350,166,962 Unsubscribed Rights Shares by the Placing Agent and/or its sub-placing agents(s) to the independent Placees on the terms and conditions of the Placing Agreement
“Placing Agent”	Open Securities Limited, a licensed corporation carrying out type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 9 April 2024 entered into between the Company and the Placing Agent in relation to the Placing
“Posting Date”	Tuesday, 30 April 2024, or such other date as the Company may determine, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
“Prospectus” or “this Prospectus”	this prospectus issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL(s)
“Public Float Requirement”	the public float requirement under Rule 8.08(1)(a) of the Listing Rules which requires, <i>inter alia</i> , at least 25% of the issuer’s total number of issued shares must at all times be held by the public
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)

DEFINITIONS

“Record Date”	Monday, 29 April 2024, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Secretaries Limited at 17/ F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price
“Rights Share(s)”	up to 350,166,962 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.162 per Rights Share
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Unsubscribed Rights Share(s)”	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “Arrangements for the NQS Rights Shares” in this Prospectus
“US\$” or “US dollar(s)”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Event	Date
Last day of dealings in the Shares on a cum-rights basis	Thursday, 18 April 2024
Commencement of dealings in the Shares on an ex-rights basis	Friday, 19 April 2024
Latest time for lodging transfer documents of the Shares in order to be qualified for the Rights Issue	4:30 p.m. on Monday, 22 April 2024
Closure of the register of members of the Company for determining entitlements under the Rights Issue	Tuesday, 23 April 2024 to Monday, 29 April 2024 (both dates inclusive)
Record Date for determining entitlements under the Rights Issue	Monday, 29 April 2024
Re-opening of the register of members of the Company	Tuesday, 30 April 2024
Despatch of the Prospectus Documents (in the case of the Non-Qualifying Shareholders, the Prospectus only)	Tuesday, 30 April 2024
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	9:00 a.m. on Tuesday, 30 April 2024
First day of dealings in nil-paid Rights Shares	Friday, 3 May 2024
Latest time for splitting of nil-paid Rights Shares	4:00 p.m. on Tuesday, 7 May 2024
Last day of dealings in nil-paid Rights Shares	Friday, 10 May 2024
Latest time for lodging transfer documents of nil-paid Right Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Thursday, 16 May 2024

EXPECTED TIMETABLE

Event	Date
Latest time for payment for and acceptance of Rights Shares	4:00 p.m. on Thursday, 16 May 2024
Announcement of the number of the Unsubscribed Rights Shares subject to the Compensatory Arrangements	Monday, 20 May 2024
Commencement of the placing of the Unsubscribed Rights Shares by the Placing Agent	Tuesday, 21 May 2024
The last day for the designated broker to provide matching services for odd lots of Shares	4:00 p.m. on Wednesday, 22 May 2024
Latest time for the placing of the Unsubscribed Rights Shares by the Placing Agent	4:00 p.m. on Thursday, 23 May 2024
Latest time for terminating the Placing Agreement	4:00 p.m. on Thursday, 23 May 2024
Announcement of results of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company	Wednesday, 29 May 2024
Despatch of Share certificates for fully-paid Rights Shares	Thursday, 30 May 2024
Despatch of refund cheques, if any, if the Rights Issue is terminated . . .	Thursday, 30 May 2024
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Friday, 31 May 2024
Payment of Net Gain to relevant No Action Shareholders and Non-Qualifying Shareholders and net proceeds from the sale of nil-pail Rights Shares to the relevant Non-Qualifying Shareholders (if any)	Monday, 17 June 2024

All times and dates specified in this Prospectus refer to Hong Kong local times and dates. The dates or deadlines specified in the expected timetable above or in other parts of this Prospectus are indicative only and may be extended or varied by the Company in agreement with the Placing Agent in accordance with the Listing Rules. Any consequential changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EXPECTED TIMETABLE

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 Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 16 May 2024. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 16 May 2024. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on Thursday, 16 May 2024, the dates mentioned in the section headed “Expected Timetable for the Rights Issue” above may be affected.

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

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares, in nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed.

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

The Shares are expected to be dealt in on an ex-rights basis from Friday, 19 April 2024. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 3 May 2024 to Friday, 10 May 2024 (both days inclusive).

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or waived (as applicable) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

EXPECTED TIMETABLE

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/ her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN JURISDICTIONS OUTSIDE HONG KONG AND NEITHER IS THE RIGHTS ISSUE BEING MADE TO INVESTORS WHO ARE LOCATED OR RESIDING IN ANY OF THE JURISDICTIONS OUTSIDE HONG KONG, UNLESS AN OFFER OF RIGHTS SHARES AND NIL-PAID RIGHTS SHARES INTO SUCH JURISDICTIONS COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER LEGAL OR REGULATORY REQUIREMENTS OR THE OFFER IS MADE IN RELIANCE ON ANY EXEMPTION OR WHERE COMPLIANCE IS NOT UNDULY BURDENSOME.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus and the PAL have been or will be registered or filed under the securities laws of any jurisdiction or with any securities commission or similar regulatory authority in any jurisdiction other than in Hong Kong and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus and the PAL will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company).

Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions other than in Hong Kong, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons with such addresses should refer to the paragraph headed “Rights of the Overseas Shareholders (if any)” under “Letter from the Board” of this Prospectus.

Each person acquiring the nil-paid Rights Shares and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his acquisition of the nil-paid Rights Shares and/or Rights Shares to confirm, that he is aware of the restrictions on offers and sales of the nil-paid Rights Shares and/or Rights Shares described in this Prospectus.

LETTER FROM THE BOARD



WALNUT CAPITAL LIMITED

胡桃資本有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 905)

Executive Directors:

Mr. Mung Kin Keung *(Co-chairman)*

Mr. Mung Bun Man, Alan

Non-executive Director

Dr. Ng Kit Chong *(Co-chairman)*

Mr. Wang Mingmin

Independent non-executive Directors:

Mr. Fung Wai Ching

Ms. Lui Sau Lin

Mr. Chung Wang Hei

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

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

Unit 3108, 31/F

West Tower, Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

30 April 2024

To the Qualifying Shareholders,

and for information purpose only, the Non-Qualifying Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Announcement in relation to, among other matters, the Rights Issue and the Placing Agreement.

On 9 April 2024, the Company proposed to raise gross proceeds of up to approximately HK\$57 million by way of the issue of 350,166,962 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), at the Subscription Price of HK\$0.162 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$55 million (assuming no change in the number of Shares in issue on or before the Record Date).

LETTER FROM THE BOARD

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and will not be extended to the Non-Qualifying Shareholder(s) (if any).

The purpose of this Prospectus is to provide you with, among other things, (i) further details of the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to the Qualifying Shareholders; (ii) financial information of the Group; (iii) unaudited pro forma financial information of the Group; and (iv) other information of the Group.

PROPOSED RIGHTS ISSUE

On 9 April 2024, the Company proposed to raise gross proceeds of up to approximately HK\$57 million by way of the issue of 350,166,962 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), at the Subscription Price of HK\$0.162 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$55 million (assuming no change in the number of Shares in issue on or before the Record Date).

Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price:	HK\$0.162 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	700,333,925 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 350,166,962 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares:	Up to HK\$3,501,669.62 (assuming no change in the number of Shares in issue on or before the Record Date)

LETTER FROM THE BOARD

Total number of Shares in issue upon completion of the Rights Issue:	Up to 1,050,500,887 (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue:	Up to approximately HK\$57 million before deduction of the costs and expenses which the Company will incur in the Rights Issue

As at the Latest Practicable Date, the Company had no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

As at the Latest Practicable Date, assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the maximum number of 350,166,962 Rights Shares to be issued and allotted pursuant to the Rights Issue (i) represent approximately 50% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of 25% or more on its own.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. The Bermuda legal advisers of the Company have confirmed that pursuant to the Company's constitutional documents and the Companies Act of Bermuda, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the ultimate subscription level.

LETTER FROM THE BOARD

In the event that the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders under PAL(s), or transferees of nil-paid Rights Shares together with the NQS Unsold Rights Shares will be placed to independent Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company, and hence, the size of the Rights Issue will be reduced accordingly.

As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code, or may result in the non-compliance by the Company of the Public Float Requirement under Rule 8.08 of the Listing Rules. 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 (i) does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and/or (ii) does not result in the non-compliance of the Public Float Requirement on the part of the Company. There is no minimum amount to be raised under the Rights Issue.

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

Undertakings

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

Subscription Price

The Subscription Price is HK\$0.162 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 21.7% to the closing price of HK\$0.207 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 45.1% to the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM THE BOARD

- (iii) a discount of approximately 31.9% to the average of the closing price of HK\$0.238 per Share for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a discount of approximately 26% to the average closing price of approximately HK\$0.219 per Share for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (v) a discount of approximately 35.5% to the theoretical ex-rights price of approximately HK\$0.251 per Share, based on the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a premium of approximately 62% to the latest published consolidated net asset value per Share as at 31 December 2023 of approximately HK\$0.10 (as shown in the final results announcement of the Company for the year ended 31 December 2023 published on 28 March 2024); and
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 15.03%, represented by the theoretical diluted price of approximately HK\$0.251 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.295 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK\$0.220 per Share) of approximately HK\$0.295 per Share.

The Subscription Price was determined by the Company with reference to, among others, (i) the recent closing prices of the Shares; (ii) prevailing market conditions and financial position of the Group; (iii) the amount of funds the Company intends to raise under the Rights Issue; and (iv) the reasons as discussed in the section headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” below in this Prospectus.

As 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, the Board considers that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements to maintain their shareholdings in the Company, thereby minimizing possible dilution impact.

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The Board considers that the Subscription Price is fair and reasonable and in the interest 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

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 discount to the recent closing price.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of the Rights Shares will be approximately HK\$0.158 (assuming no change in the number of Shares in issue on or before the Record Date). The aggregate nominal value of the Rights Shares will be HK\$3,501,669.62 (assuming no change in the number of Shares in issue on or before the Record Date).

Status of the Rights Shares

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

Stamp duty and other applicable fees and charges

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

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.

Qualifying Shareholders and Non-Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. Shareholders having an address in Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will qualify for the Rights Issue.

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Shareholders having an address outside Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will not qualify for the Rights Issue if the Board, after making relevant enquiries, considers that the exclusion of such Overseas Shareholders from the Rights Issue would be necessary or expedient on account either of legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place.

Shareholders with their Shares held by nominee(s) (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as a member of the Company by the Record Date, all transfer documents of the Shares (with the relevant share certificates) must be lodged for registration with the Registrar, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Monday, 22 April 2024. The last day for dealing in the Shares on a cum-rights basis is Thursday, 18 April 2024.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a cheque or banker's cashier order for the Rights Shares being applied for with the Registrar, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong on or before the Latest Time for Acceptance.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). 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.

The Company will send the Prospectus Documents to the Qualifying Shareholders. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

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Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares in issue and held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by lodging a duly completed PAL with a remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance. Any holdings (or balance of holdings) of less than two (2) Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the paragraph headed "Fractions of Rights Shares" below.

Rights of the Overseas Shareholders (if any)

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents to be despatched in connection with the Rights Issue will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the Latest Practicable Date, there are no Overseas Shareholders with registered addresses situated outside Hong Kong. The Company will continue to ascertain whether there are any Overseas Shareholders at the Record Date and will make enquiries with the relevant legal advisers in such overseas jurisdictions regarding the feasibility of extending the offer of the Rights Shares to the 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.

Notwithstanding any other provision in this Prospectus or any other Prospectus Documents, the Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial owner) whose registered address is in, or who otherwise resides in, a jurisdiction other than Hong Kong to take up Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of Rights Shares in that jurisdiction and treat as invalid any acceptances of or applications for the 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.

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Arrangements for the NQS Rights Shares

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to the Non-Qualifying Shareholders pro rata to their respective entitlements as at the close of business on the Record Date, provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled will be offered for subscription by the Placing Agent to the independent Places under the Placing. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the Rights Shares in nil-paid form that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

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, Non-Qualifying Shareholders should exercise caution when dealing in the Shares.

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

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent Places for the benefit of the relevant No Action Shareholders and Non-Qualifying Shareholders. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue.

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The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to independent Placees, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the commission and expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing will be paid to the relevant No Action Shareholders and Non-Qualifying Shareholders in the manner set out below. The Placing Agent will procure, by not later than 4:00 p.m. on Thursday, 23 May 2024, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Subscription Price.

Net Gain (if any but rounded down to the nearest cent) will be paid on a pro-rata basis to the relevant No Action Shareholders and Non-Qualifying Shareholders as set out below:

- (i) for No Action Shareholders, the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for, and 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 and 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; and
- (ii) for Non-Qualifying Shareholders, the relevant Non-Qualifying Shareholders whose name and address appeared on the register of members of the Company on the Record Date with reference to their shareholdings in the Company on the Record Date.

It is proposed that if the Net Gain to any of the No Action Shareholder(s) and Non-Qualifying Shareholder(s) mentioned above (i) is more than HK\$100, the entire amount will be paid to them; or (ii) is HK\$100 or less, such amount will be retained by the Company for its own benefit.

Distribution of the Prospectus Documents

The Prospectus Documents are not intended to be, have not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. 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 Non-Qualifying Shareholders (if any). The Company will not send any PALs to the Non-Qualifying Shareholders (if any).

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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.

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.

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Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved.

Procedures for acceptance, splitting of PAL and payment or transfer

A PAL is a form of temporary document of title and will be despatched in printed form to the Qualifying Shareholder(s) as enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:00 p.m. on Thursday, 16 May 2024 (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 the “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 “**WALNUT CAPITAL LIMITED– RIGHTS ISSUE A/C**” and crossed “**ACCOUNT PAYEE ONLY**”. It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Thursday, 16 May 2024, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its 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.

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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 4:00 p.m. on Tuesday, 7 May 2024 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, 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 Hong Kong ad valorem 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. 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 prior to the respective time stipulated therein 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, 30 May 2024.

Cheques and cashier orders

All cheques and cashier’s orders accompanying completed PALs will be presented for payment immediately upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier’s order in payment for the Rights Shares, whether by a Qualifying Shareholder or any nominated transferee, will constitute a warranty by the applicant that the cheque or the cashier’s order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque or cashier’s order is dishonoured on first presentation, and in that event the relevant provisional allotment of Rights Shares and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. You 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 you 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.

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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.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or about Thursday, 30 May 2024 by ordinary post to the allottees, at their own risk, to their registered addresses. If the Rights Issue does not become unconditional, refund cheques will be posted on or before Thursday, 30 May 2024 by ordinary post to the respective Shareholders, at their own risk, to their registered addresses. One share certificate will be issued for all the Rights Shares allotted to an applicant.

Odd lot arrangements

In order to facilitate the trading of odd lots (if any) of the Shares, the Company has appointed Open Securities Limited to stand in the market to match the purchase and sale of odd lots of the Shares at the relevant market price, on a best effort basis. Shareholders of odd lots of the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up to a full board lot may contact Mr. Kelvin Yeung at 3405 7365 during the period from 9:00 a.m. on Tuesday, 30 April 2024 to 4:00 p.m. on Wednesday, 22 May 2024, both days inclusive. Shareholders should note that matching of the sale and purchase of odd lots of the Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement is recommended to consult his/her/its own professional advisers.

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Application for listing of the Rights Shares

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the 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. Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 16,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

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

Taxation

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

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THE PLACING AGREEMENT

On 9 April 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure independent Placee(s) to subscribe for the Unsubscribed Rights Shares. Further details of the Placing Agreement are set out below:

Date:	9 April 2024 (after trading hours)
Parties:	The Company, as issuer; and the Placing Agent, as placing agent
Placing Agent:	<p>Open Securities Limited was appointed as the placing agent to place, or procure the placing of, up to 350,166,962 Unsubscribed Rights Shares (assuming no Shares are issued or bought back by the Company on or after the date of the Placing Agreement and on or before the Record Date) to the Placee(s).</p> <p>The Placing Agent and its ultimate beneficial owners are Independent Third Parties. The Placing Agent has also undertaken that before it engages sub-placing agent(s) to place the Unsubscribed Rights Shares, it will confirm with the Company and such sub-placing agent(s) that these sub-placing agent(s) and their ultimate beneficial owners are Independent Third Parties.</p>
Placing commission:	The commission payable to the Placing Agent shall be 1% of the actual gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares actually procured by the Placing Agent. The Company shall be responsible for all costs and expenses reasonably incurred in connection with or arising out of the Placing.
Placing price of the Unsubscribed Rights Shares:	<p>The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price.</p> <p>The final price will be determined based on the demand for the Unsubscribed Rights Shares and market conditions at the time of placement.</p>

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Places:	The Placing Agent undertakes to use its best endeavour to procure that (i) the Unsubscribed Rights Shares shall only be placed to professional persons, institutional, corporate or individual investor(s) who and whose respective ultimate beneficial owner(s) shall be Independent Third Parties and are not acting in concert with any of the connected persons of the Company and their respective associates; (ii) the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iii) the Company will continue to comply with the Public Float Requirement upon completion of the Placing and the Right Issue.
Ranking of Unsubscribed Rights Shares:	The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the Shares then in issue.
Placing conditions:	The Placing is subject to and conditional upon (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares; (ii) the Rights Issue having become unconditional; (iii) the representations and warranties of the Company in the Placing Agreement remaining true and accurate in all material respects and none of the undertakings of the Company in the Placing Agreement having been breached in any material respects; (iv) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.
Placing end date:	4:00 p.m. on Thursday, 23 May 2024 or such other date as the Company and the Placing Agent may agree.

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Termination:

If at any time prior to the Latest Time for Termination:

- (a) the Company fails to comply with its obligations under the Placing Agreement; or
- (b) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the completion date of the Placing, which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (c) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or is materially adverse in the context of the Placing, or
- (d) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or materially and adversely prejudice the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or

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- (e) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (f) there is any change in the circumstances of the Company which in the reasonable opinion of the Placing Agent will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or the destruction of any material asset of the Company; or
- (g) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (h) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company as a whole whether or not ejusdem generis with any of the foregoing; or
- (i) any matter which, had it arisen or been discovered immediately before the date of the Prospectus Documents and not having been disclosed in the Prospectus and the PAL, would have constituted, in the reasonable opinion of the Placing Agent, a material omission in the context of the Rights Issue; or
- (j) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus and the PAL or other announcements in connection with the Rights Issue,

LETTER FROM THE BOARD

and such matter in the reasonable opinion of the Placing Agent has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Unsubscribed Rights Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement then the Placing Agent may by giving notice in writing to the Company terminate the Placing Agent's obligation under the Placing Agreement and the Placing Agreement shall be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach thereunder prior to such termination.

Further, if all the Rights Shares have been taken up by the Qualifying Shareholders and/or the holders of the nil-paid rights on or before the Latest Time for Acceptance, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach thereunder prior to such termination.

The terms of the Placing Agreement (including the commission rate) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue. The Directors consider that the terms of the Placing Agreement, including the commission rate, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Placing Agreement.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the relevant No Action Shareholders and Non-Qualifying Shareholders, the Directors consider that the Compensatory Arrangements are in the interest of the minority Shareholders.

LETTER FROM THE BOARD

Conditions of the Rights Issue

The completion of the Rights Issue is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date;
- (iv) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused; and
- (v) the Placing Agreement not being terminated pursuant to the terms thereof and remains in full force and effect before completion of the Placing.

All the conditions precedent above cannot be waived. If the conditions precedent set out in the above paragraphs are not satisfied at or prior to the respective time stipulated therein, the Rights Issue will not proceed.

As at the Latest Practicable Date, none of the conditions above has been satisfied.

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

LETTER FROM THE BOARD

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

The Group is principally engaged in the investing in listed and unlisted equity and debt securities, listed derivative financial instruments and investment funds. It is expected that the maximum gross proceeds and net proceeds from the Rights Issue will be approximately HK\$57 million and HK\$55 million respectively. The Company intends to use the net proceeds from the Rights Issue as to HK\$15 million for general working capital and the remaining balance of approximately HK\$40 million for future investments.

As at the Latest Practicable Date, the Company has not concluded any intentions, negotiations, arrangements and/or understandings for any potential acquisitions or injection of new investments, nor has the Company entered into any definitive agreements for the same. The Company will continue to seek and identify such opportunities when they arise in the future.

The Directors consider that the Rights Issue represents a good opportunity to raise additional funds through the equity market and will strengthen the Group's financial position.

FUND RAISING ACTIVITY OF THE COMPANY FOR THE PAST TWELVE MONTHS

The Company did not raise any funds by issue of equity securities during the 12 months immediately preceding the Latest Practicable Date.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustration purposes only, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full; and (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up any entitlements of the Rights Shares and all the Unsubscribed Right Shares are placed to the independent Placees under the Compensatory Arrangements, assuming there is no other change in the shareholding structure of the Company before the completion of the Rights Issue:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up any entitlements of the Rights Shares and all the Unsubscribed Right Shares are placed to the independent Placees under the Compensatory Arrangements	
	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %
Non-public Shareholders						
China Lead Investment Holdings Limited (Note)	525,191,925	74.99	787,787,887	74.99	525,191,925	50.00
Public Shareholders	175,142,000	25.01	262,713,000	25.01	175,142,000	16.67
Independent Placees	–	–	–	–	350,166,962	33.33
Total	<u>700,333,925</u>	<u>100.00</u>	<u>1,050,500,887</u>	<u>100.00</u>	<u>1,050,500,887</u>	<u>100.00</u>

LETTER FROM THE BOARD

Note:

China Lead Investment Holdings Limited (“**China Lead Investment**”), which is the holder of 525,191,925 Shares, is wholly-owned by Mr. Mung Bun Man, Alan. Accordingly, Mr. Mung Bun Man, Alan is deemed to be interested in 525,191,925 Shares directly held by China Lead Investment under the SFO.

The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

Shareholders and potential 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.

Based on the public information available to the Board, as at the Latest Practicable Date, the Company’s public float complies with the Public Float Requirement. To the best of the Directors’ knowledge, information and belief, the Company will still meet the Public Float Requirement upon the completion of the Rights Issue.

IMPLICATIONS UNDER THE LISTING RULES

As the Rights Issue will not increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, and the Rights Issue is not underwritten by a Director, chief executive or Substantial Shareholder of the Company (or any of their respective close associates), the Rights Issue is not subject to the approval of minority Shareholders in general meeting pursuant to Rule 7.19A of the Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
Walnut Capital Limited
Mung Kin Keung
Co-chairman

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The audited financial information of the Company is disclosed in the annual reports of the Company for the years ended 31 December 2021 (page 66 to 188), 2022 (page 65 to 168) and 2023 (page 66 to 168), which are published on 29 April 2022, 26 April 2023 and 23 April 2024 respectively. The abovementioned financial information is available on the website of the Company at www.irasia.com/listco/hk/WalnutCapital/ and the website of the Stock Exchange at www.hkexnews.hk:

- (a) the annual report of the Company for the year ended 31 December 2021 in relation to the financial information of the Group for the same year
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042900974.pdf>);
- (b) the annual report of the Company for the year ended 31 December 2022 in relation to the financial information of the Group for the same year
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042600846.pdf>);
and
- (c) the annual report of the Company for the year ended 31 December 2023 in relation to the financial information of the Group for the same year
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0423/2024042300554.pdf>).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2024, being the latest practicable date for the sole purpose of this statement of indebtedness prior to the Latest Practicable Date of this Prospectus, the Group had outstanding borrowings in an aggregate amount of approximately HK\$11,236,000 comprising of (i) the non-convertible bonds amounting to approximately HK\$10,000,000 which were unsecured, unguaranteed, interest bearing at 2% per annum payable annually in arrears and will be matured on 16 April 2025; and (ii) a loan from a Director of approximately HK\$1,236,000 which was unsecured, unguaranteed, interest-free and repayable on demand.

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at 31 March 2024, have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; or (iii) mortgage or charges; or (iv) any guarantees or other material contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after taking into account of the Group's internal resources, cash flow from operations, the present facilities available and also the effect of the Rights Issue, the Group will have sufficient working capital to satisfy its present requirements, that is, for at least the next 12 months from the date of this circular in the absence of unforeseen circumstances.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGES

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

5. BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in the investing in listed and unlisted equity and debt securities, listed derivative financial instruments and investment funds.

As set out in the annual report of the Company for the year ended 31 December 2023, during such year, the revenue of the Group was approximately HK\$165,000 and had recorded loss attributable to owners of the Company of approximately HK\$25.3 million, compared to a loss attributable to owners of the Company of approximately HK\$117.0 million for the year ended 31 December 2022. Such decrease in loss of approximately HK\$91.7 million attributable to owners of the Company for the year ended 31 December 2023 was mainly attributable to (i) a decrease in loss arising in change in fair value of financial assets at fair value through profit or loss of approximately HK\$86.7 million; and (ii) a decrease in administrative expenses and other operating expenses of approximately HK\$5.5 million.

The Directors believe that the future performance of the Hong Kong listed equities held by the Group is largely affected by economic factors, investor sentiment, demand and supply balance of an investee company's shares and fundamentals of an investee company, such as investee company's news, business fundamentals and development, financial performance and prospects. Similarly, such market faces a number of risks and uncertainties, such as the tumultuous relationship between the United States and China, stubborn inflation, and heightened interest rates. Accordingly, the Directors will continue to closely monitor the above factors, particularly the fundamentals of each investee company in the Group's equity portfolio, and proactively adjust the Group's equity portfolio mix in order to improve its performance. The Group will also take prudent strategies to manage its investment portfolio going forward.

REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose of inclusion in this Prospectus.



The Directors,
Walnut Capital Limited
Unit 3108, 31/F.
West Tower, Shun Tak Centre
168-200 Connaught Road Central,
Hong Kong

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

TO THE DIRECTORS OF WALNUT CAPITAL LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information (“**Unaudited Pro Forma Financial Information**”) of Walnut Capital Limited (the “**Company**”) and its subsidiaries (collectively 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 as at 31 December 2023 and related notes as set out in Appendix II to the prospectus issued by the Company (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 two rights shares for every one share (the “**Rights Issue**”) held on the record date on the Group's financial position as at 31 December 2023 as if the Rights Issue had taken place as at 31 December 2023. As part of this process, information about the Group's financial position as at 31 December 2023 has been extracted by the Directors from the audited consolidated financial statements of the Group for the year ended 31 December 2023.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Control

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

The firm applies Hong Kong Standard on Quality Management (“**HKSQM**”) 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the HKICPA and accordingly maintains a comprehensive system of quality 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 Rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

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

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on the 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 events or transactions as at 31 December 2023 would have been as presented.

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

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

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

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 Rule 4.29(1) of the Listing Rules.

Yours faithfully,

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong, 30 April 2024

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 Rule 4.29 of the 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 December 2023.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes 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 immediately after completion of the Rights Issue.

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

Audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2023	Less: intangible assets	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 before completion of Rights Issue (Note 1)	Add: Estimated net proceed from the Rights Issue (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company upon completion of and Rights Issue
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Based on 350,166,962 rights shares at subscription price of HK\$0.162 per rights share to be issued				
71,883	(7,135)	64,748	54,727	119,475
				HK\$0.11 per share
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share upon completion of Rights Issue based on 350,166,962 rights shares (Note 3)				<u>HK\$0.11</u> <u>per share</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 was approximately HK\$64,748,000, which is deducted intangible assets of approximately HK\$7,135,000, as extracted by the Directors from the published annual report of the Company for the year ended 31 December 2023.
2. The estimated net proceeds from the Rights Issue of approximately HK\$54,727,000 are based on 350,166,962 rights shares to be issued at HK\$0.162 per rights share and after deduction of estimated related expenses of approximately HK\$2,000,000.
3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share upon completion of the Rights Issue and is calculated based on 1,050,500,887 shares, comprising 700,333,925 shares as at 31 December 2023 and 350,166,962 rights shares expected to be issued on the completion of the Rights Issue as at 31 December 2023.
4. On 16 April 2023, the Company entered into extension agreement with bond holder to further extend one year of the maturity date to 16 April 2025 of non-convertible bond. Except for the maturity date, other terms and conditions remain unchanged. This subsequent event has not reflected in the Unaudited Pro Forma Financial Information.
5. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2023.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue (assuming (a) there is no change in the number of Shares in issue from the Latest Practicable Date and up to the Record Date; and (b) all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full) were/will be as follows:

(i) as at the Latest Practicable Date

	Number of Shares	Nominal value of ordinary Shares (HK\$)
<i>Authorised:</i>		
Ordinary Shares of HK\$0.01 each	<u>100,000,000,000</u>	<u>1,000,000,000</u>
<i>Issued and fully paid:</i>		
Ordinary Shares of HK\$0.01 each	<u>700,333,925</u>	<u>7,003,339.25</u>

- (ii) Immediately following the completion of the Rights Issue (assuming no change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders or all Unsubscribed Rights Shares have been placed by the Placing Agent)

	Number of Shares	Nominal value of ordinary Shares (HK\$)
<i>Authorised:</i>		
Ordinary Shares of HK\$0.01 each	<u>100,000,000,000</u>	<u>1,000,000,000</u>
<i>Issued and fully paid:</i>		
Ordinary Shares of HK\$0.01 each	700,333,925	7,003,339.25
Rights Shares to be issued pursuant to the Rights Issue of HK\$0.01 each	350,166,962	3,501,669.62
Shares in issue immediately after completion of the Rights Issue	<u>1,050,500,887</u>	<u>10,505,008.87</u>

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

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the 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.

As at the Latest Practicable Date, the Company had no outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert into or subscribe for Shares and there was no share or loan capital of any member of the Group which was under option, or agreed conditionally or unconditionally to be put under option. Furthermore, as at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests and short positions in the securities of the Company or its associated corporations

As at the Latest Practicable Date, the interests or short positions of each of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of SFO); (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix C3 to the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares and underlying shares of the Company:

Name of Director	Capacity	Number of shares held	Approximate percentage of the issued share capital of the Company
Mr. Mung Bun Man, Alan (<i>Note</i>)	Interest in controlled corporation	525,191,925	74.99%

Note:

China Lead Investment, which is the holder of 525,191,925 Shares, is wholly-owned by Mr. Mung Bun Man, Alan. Accordingly, Mr. Mung Bun Man, Alan is deemed to be interested in 525,191,925 Shares directly held by China Lead Investment under the SFO.

(b) Substantial Shareholders' and other persons' interests or short position in the securities of the Company and its associated corporations

As at the Latest Practicable Date, so far as known to the Directors, the following parties (not being the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the Shares, underlying shares or debentures of the Company (i) which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO or, who is expected, directly or indirectly, to be interested in 10% or more of the issued voting shares of any other member of the Group; or (ii) which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Long position in the Shares and underlying shares of the Company:

Name of Shareholder	Nature of interest	Position	No. of Shares interested	Approximate percentage of the issued share capital of the Company
China Lead Investment	Beneficial owner	Long	525,191,925	74.99% (Note)

Note:

The percentage had been calculated on the basis of 700,333,925 issued Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware that there is any other party (other than the Directors or chief executives of the Company) who had, or was deemed to have, an interest or short position in the Shares, underlying shares or debentures of the Company (i) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the issued voting shares of any other member of the Group; or (ii) which were required, pursuant to section 336 of the SFO, to be entered in the register refer to therein.

4. DIRECTORS' SERVICE CONTRACTS

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

5. DIRECTORS' INTERESTS IN ASSETS

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

6. DIRECTORS' INTEREST IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholders of the Company or their respective close associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

9. EXPERT AND CONSENT

The following are the qualification of the expert who has given opinion or advice which are contained in this Prospectus:

Name	Qualification
Elite Partners CPA Limited	Certified Public Accountants

Elite Partners CPA Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, report and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Elite Partners CPA Limited did not have any shareholding 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.

As at the Latest Practicable Date, Elite Partners CPA Limited did not have any direct or indirect interests in any assets which have been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

10. MATERIAL CONTRACT

The following contract (not being a contract in the ordinary course of business) has been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of the Announcement and up to the Latest Practicable Date:

- (a) the Placing Agreement.

11. EXPENSES

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

12. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Head office and principal place of business in Hong Kong	Unit 3108, 31/F West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Authorised representatives	Mr. Mung Bun Man, Alan Unit 3108, 31/F West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong

	Mr. Wong Siu Hang Unit 3108, 31/F West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Company secretary	Mr. Wong Siu Hang
Legal adviser to the Company	<i>As to Hong Kong laws:</i> Michael Li & Co. Rooms 1901A, 1902 & 1902A, 19/F New World Tower I 16-18 Queen's Road Central Central, Hong Kong
Independent reporting accountant/ auditors	Elite Partners CPA Limited <i>Certified Public Accountants</i> Level 23 YF Life Tower 33 Lockhart Road Wan Chai, Hong Kong
Placing agent	Open Securities Limited Room 3203-04, 32/F Tower 6 The Gateway 9 Canton Road Tsim Sha Tsui Kowloon, Hong Kong
Principal share registrar	Codan Services Limited Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Hong Kong branch share registrar and transfer office	Tricor Secretaries Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal banker	Shanghai Commercial Bank Limited Shanghai Commercial Bank Tower 12 Queen's Road Central Hong Kong

13. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY**(i) Name and address**

Name	Correspondence address
Executive Directors	
Mr. Mung Kin Keung	Unit 3108, 31/F West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Mr. Mung Bun Man, Alan	Unit 3108, 31/F West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Non-executive Directors	
Dr. Ng Kit Chong	Unit 3108, 31/F West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Mr. Wang Mingmin	Unit 3108, 31/F West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Independent non-executive Directors	
Mr. Chung Wang Hei	Unit 3108, 31/F West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Mr. Fung Wai Ching	Unit 3108, 31/F West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong

Name	Correspondence address
Ms. Lui Sau Lin	Unit 3108, 31/F West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong

Senior management

Mr. Wong Siu Hang	Unit 3108, 31/F West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong
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(ii) Profiles of Directors and senior management***Executive Directors***

Mr. Mung Kin Keung (“**Mr. KC Mung**”), aged 63, was appointed as an executive Director on 9 March 2007 and was re-designated as a co-chairman of the Company on 17 October 2022. He is also a director of various subsidiaries of the Company. He holds a Conferment of Honorary Doctoral Degree from Sinte Gleska University of California. In November 2007, he was awarded the 9th World Outstanding Chinese Award by the World Chinese Business Investment Foundation. He has extensive experience in areas of business management, strategic planning and development. On 19 June 2014, Mr. KC Mung was appointed as an executive director of Global Mastermind Holdings Limited (stock code: 8063), a company listed on the GEM of the Stock Exchange.

Mr. KC Mung is the father of Mr. Alan Mung, an executive Director and the chief executive officer and a Substantial Shareholder of the Company. Save as disclosed he does not have any relationship with any Directors, senior management or substantial or controlling Shareholders (as respectively defined in the Listing Rules).

Mr. Mung Bun Man, Alan (“**Mr. Alan Mung**”), formerly known as Mung Chiu Yu, Alan, aged 37, was an executive Director during the period from 12 November 2010 to 3 April 2013 and was re-appointed as an executive Director on 31 March 2014 and the chief executive officer of the Company on 9 February 2015. He is also a director of various subsidiaries of the Company. He holds a Bachelor of Arts Degree in Business Economics from University of California-Santa Barbara and a Master’s Degree in Finance from Peking University. He has extensive working experience in investment and asset management. Mr. Alan Mung was appointed as an executive director of Global Mastermind Holdings Limited (formerly known as Well Way Group Limited) (stock code: 8063), a company listed on the GEM of the Stock Exchange, on 24 March 2014.

Mr. Alan Mung is the son of Mr. KC Mung, who is the co-chairman of the Company and an executive Director. Save as disclosed above, he does not have any relationship with any Directors, senior management or substantial or controlling Shareholders (as respectively defined in the Listing Rules).

As at the Latest Practicable Date, China Lead Investment, a company wholly and beneficially owned by Mr. Alan Mung, was interested in 525,191,925 Shares, representing approximately 74.99% of the issued share capital of the Company. Mr. Alan Mung is therefore deemed to be interested in the Shares held by China Lead Investment under Part XV of the SFO. Save as disclosed above, Mr. Alan Mung does not have any interest in the Shares of the Company within the meaning of Part XV of the SFO nor does he hold any other position with the Company or any of its subsidiaries.

Non-executive Directors

Dr. Ng Kit Chong (“**Dr. Ng**”), aged 49, was appointed as a non-executive Director and a co-chairman of the Company on 17 October 2022. He has over 23 years of experience in information technology. Dr. Ng is the founder and chairman of Goldford Business Inc., which principally engages in technology, media and telecommunication, education and creative industries. He is currently an independent non-executive director of Chuang’s China Investments Limited (stock code: 298), a company listed on the Main Board of the Stock Exchange, and was an executive director of Oriental Payment Group Holdings Limited (stock code: 8613), a company listed on the GEM of the Stock Exchange, from 1 December 2020 to 10 November 2022. He is also an adjunct professor in the Department of Industrial and System Engineering of The Hong Kong Polytechnic University.

Dr. Ng is a convener of the Hong Kong Youth Synergy Foundation, a founding convener of the Young Professionals Alliance, and a committee member of the Chinese People's Political Consultative Conference Committee. Dr. Ng is also currently a member of the Legislative Council of Hong Kong.

Dr. Ng obtained a bachelor's degree and Ph.D. in Engineering in Manufacturing Engineering from The Hong Kong Polytechnic University in 1996 and 2002, respectively and completed post-doctorate research in Computer Science and Technology at Tsinghua University in 2006.

Mr. Wang Mingmin (“**Mr. Wang**”), aged 41, was appointed as a non-executive Director with effect from 15 November 2023. Mr. Wang obtained a bachelor's degree in engineering majoring in information engineering from the Beijing University of Posts and Telecommunications in the PRC in July 2005 and a master's degree in engineering majoring in electronic and information engineering from Xidian University in the PRC in June 2012. Mr. Wang has more than 7 years of experience in the fund industry. Mr. Wang has been an investment director of Qianhai Life Health Industry Fund Company Limited* (前海生命體健康產業基金有限公司) since September 2016, the executive director and general manager of Hainan Haice Investment Company Limited* (海南海策投資有限公司) since July 2022 and an investment director of Nanjing Muyuan Private Equity Fund Management Limited* (南京慕遠私募基金管理有限公司) since November 2022.

Independent non-executive Directors

Mr. Chung Wang Hei (“**Mr. Chung**”), aged 37, was appointed as an independent non-executive Director with effect from 12 July 2022. Mr. Chung holds a Bachelor of Science degree from the Hong Kong Baptist University. Mr. Chung has over 10 years of experience in the field of software engineering and is currently a director of a private technology company which provides technology consultancy services and executes large-scale transformation programs.

Mr. Fung Wai Ching (“**Mr. Fung**”), aged 54, was appointed as an independent non-executive Director on 10 October 2014. He is presently an owner of a printing company in Hong Kong. He has over 20 years of experience in managing paper, packaging and printing industries in both China and Hong Kong markets. Mr. Fung was appointed as an independent non-executive director of Global Mastermind Holdings Limited (formerly known as Well Way Group Limited) (stock code: 8063), a company listed on the GEM of the Stock Exchange, on 23 June 2014.

* for identification purposes only

Ms. Lui Sau Lin (“**Ms. Lui**”), aged 52, was appointed as an independent non-executive Director with effect from 12 July 2022. Ms. Lui holds a Bachelor of Business (Accountancy) degree from the Royal Melbourne Institute of Technology and a Master of Professional Accounting degree from the Hong Kong Polytechnic University. She has over 25 years of experience in the field of accounting and finance. Ms. Lui is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Senior management

Mr. Wong Siu Hang (“**Mr. Wong**”), was appointed as the company secretary of the Company on 30 September 2015. Mr. Wong has over 20 years of experience in the field of auditing, accounting and finance. He obtained the master’s of Professional Accounting from the Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountant.

14. LEGAL AND BINDING EFFECT

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

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

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed “9. Expert and consent” in this appendix, 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 (Chapter 32 of the Laws of Hong Kong).

16. MISCELLANEOUS

- (i) The company secretary of the Company is Mr. Wong Siu Hang.
- (ii) 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.
- (iii) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities.

- (iv) As at the Latest Practicable Date, save as disclosed elsewhere in this Prospectus, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group's business.
- (v) The English text of the Prospectus Documents shall prevail over the respective Chinese text in the case of inconsistency.

17. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.irasia.com/listco/hk/WalnutCapital/) for a period of 14 days from the date of this Prospectus:

- (a) the report from Elite Partners CPA Limited on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;
- (b) the written consent of the expert as referred to in the paragraph headed "9. Expert and consent" in this appendix;
- (c) the material contract as referred to in the paragraph headed "10. Material contract" in this appendix;
- (d) the annual reports of the Company for the three years ended 31 December 2021, 2022 and 2023; and
- (e) the Prospectus Documents.

INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS

Set out below are the investment objectives, policies and restrictions of the Group:

- (i) The Group's investments will normally be made in listed and unlisted companies.
- (ii) The Group had made investments with a short to long term perspective with the objective of making capital gain as well as income from dividend or interests. Over the years, the Group has invested in listed and unlisted securities, bonds, direct investments, projects, properties and structured products. Investments are also made in special or recovery situations.
- (iii) There is no restriction on the proportion of the Company's assets which may be invested in any specific sector or company save for the restriction that the Company will not make an investment in any company which represents more than 20% of the consolidated net assets of the Company at the time such investment is made.
- (iv) The Company will not either on its own or in conjunction with any connected person take legal, or effective, management control of underlying investments and that in any event the investment company will not own or control more than 30% (or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the voting rights in any one company or body.
- (v) The Directors do not intend to seek bank borrowings until substantially all the Company's funds have been invested and that were the Company to borrow, the Directors do not intend to borrow amounts representing in aggregate more than the consolidated net assets of the Company at the time the borrowing is made.

Save as set out in (iii) and (iv) above which are restrictions required under Rules 21.04(3)(a) and 21.04(3)(b) of the Listing Rules in order to maintain the listing of the Company under Chapter 21 of the Listing Rules, the investment objectives, policies and restrictions of the Group may be amended by the Board from time to time without approval by the Shareholders subject to compliance with Rule 21.04(5) of the Listing Rules.

As at 31 December 2023, the Company has invested approximately HK\$20.92 million in unlisted securities. Save as disclosed, the Company has no intention to invest in any options, warrants, commodities, futures contracts, unlisted securities and precious metals.

DIVIDEND POLICY

The Company has adopted a dividend policy (the “**Dividend Policy**”). Under the Dividend Policy, the Company does not have any pre-determined dividend payout ratio. The declaration, payment and amount of dividends are subject to the Board’s discretion having regard to the following factors:

- (i) the earnings, financial condition, capital requirements and future plans of the Group;
- (ii) the Shareholders’ interests;
- (iii) the economic outlook;
- (iv) the contractual restrictions on the payment of dividends by the Company to the Shareholders;
- (v) the statutory and regulatory restrictions on the payment of dividends by the Company;
and
- (vi) any other factors the Board may consider relevant.

INCOME TAX

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of the profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

FOREIGN EXCHANGE EXPOSURE

The Company has not adopted any foreign exchange policy.

Most of the investments and the business transactions of the Group are denominated in Hong Kong dollars. Whilst part of the investments and business transactions of the Group are denominated in US dollars, the Board believes that foreign exchange exposure is minimal and there are no exchange controls or restrictions on the Company.

LISTED INVESTMENTS AND ALL OTHER INVESTMENTS

Set out below are all listed investments and all other investments with a value of more than 5% of the Company's gross assets, and details of at least the ten largest investments as at 31 December 2023:

Name of investments	Notes	Percentage of equity interest held %	Net assets attributable to the Company HK\$'000	Cost of investment HK\$'000	Market value/fair value as at 31 December 2023 HK\$'000	Dividend received HK\$'000	Realised gain for the year ended 31 December 2023 HK\$'000	Unrealised (loss)/gain for the year ended 31 December 2023 HK\$'000
Listed equity securities in Hong Kong								
Affluent Partners Holdings Limited	(a)	0.55	414	29,341	2,434	–	–	(337)
Alibaba Group Holding Limited	(b)	below 0.01	4,957	7,370	3,289	–	448	(386)
Brockman Mining Limited	(c)	2.91	14,914	44,597	37,812	–	–	(4,862)
Frontier Services Group Limited	(d)	0.40	2,027	9,597	2,179	–	–	(1,017)
Tencent Holdings Limited	(e)	below 0.01	965	4,917	2,789	156	–	(384)
Unlisted equity and debt securities outside Hong Kong								
Click VC Segregated Portfolio Company – Fund 3 SP	(f)	N/A	N/A	3,822	1,720	–	–	(230)
Oddup Inc. – Preferred shares	(g)	N/A	N/A	11,700	8,171	–	–	(3,639)
Oddup Inc. – SAFETI	(g)	N/A	N/A	2,340	3,925	–	–	432
Infinity Technology (Cayman) Limited – Preferred shares	(h)	N/A	N/A	3,900	3,180	–	–	190
Pantheon Lab Limited – Convertible promissory notes	(i)	N/A	N/A	3,925	3,869	–	–	562
				<u>121,509</u>	<u>69,368</u>	<u>156</u>	<u>448</u>	<u>(9,671)</u>

Notes:

- (a) Affluent Partners Holdings Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 01466). Affluent Partners Holdings Limited is principally engaged in the purchasing, processing, designing, production and wholesale distribution of pearls and jewelry products and the operation of strategic investment and financial services segment, with the objective to include investments in real estate and other potential investment opportunities.

For the six months ended 30 September 2023, the unaudited consolidated loss attributable to the equity holders of Affluent Partners Holdings Limited was approximately HK\$2,318,000 and its unaudited consolidated net assets was approximately HK\$75,259,000.

- (b) Alibaba Group Holding Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 09988) and on the New York Stock Exchange (symbol: BABA). Alibaba Group Holding Limited is principally engaged in core commerce, cloud computing, digital media and entertainment and innovation initiatives and others.

For the nine months ended 31 December 2023, the unaudited consolidated profit attributable to the owners of Alibaba Group Holding Limited was approximately RMB76,471 million and its unaudited consolidated net assets was approximately RMB1,131,869 million.

- (c) Brockman Mining Limited was incorporated in Bermuda and its shares are listed on the Stock Exchange (stock code: 00159). Brockman Mining Limited is principally engaged in the acquisition, exploration and development of iron ore in Australia.

For the six months ended 31 December 2023, the unaudited consolidated loss attributable to the equity holders of Brockman Mining Limited was approximately HK\$10,059,000 and its unaudited consolidated net assets was approximately HK\$512,447,000.

- (d) Frontier Services Group Limited was incorporated in Bermuda and its shares are listed on the Stock Exchange (stock code: 00500). Frontier Services Group Limited is principally engaged in the provision of aviation, logistics, security, insurance and infrastructure related services and the provision of online financial market information.

For the year ended 31 December 2023, the audited consolidated profit attributable to the equity holders of Frontier Services Group Limited was approximately HK\$51,175,000 and its audited consolidated net assets was approximately HK\$502,972,000.

- (e) Tencent Holdings Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 00700). Tencent Holdings Limited is principally engaged in the provision of VAS, Online Advertising services and FinTech and Business Services.

For the year ended 31 December 2023, the audited consolidated profit attributable to the equity holders of Tencent Holdings Limited was approximately RMB118,048 million and its audited consolidated net assets was approximately RMB873,681 million.

- (f) Fund 3 SP is operated by Click VC Segregated Portfolio Company Limited and was incorporated in the Cayman Islands and continued in the British Virgin Islands. Fund 3 SP is principally invested in start-ups at the seed to series A stage in Hong Kong and internationally.

For the year ended 31 December 2023, the unaudited net assets attributable to holders of Fund 3 SP was approximately US\$1,267,000.

- (g) Oddup Inc. was incorporated in the United States of America and is principally engaged in operating a research platform that provides analytical information on startups, their trends, and both current and expected future valuations. The Group has invested in an instrument containing a future right to the capital stock in Oddup Inc. for the purpose of funding the business operations of Oddup Inc. However, where there is no conversion for equity in Oddup Inc., the Group will be refunded with the investment principal and interest accrued thereon.

For the year ended 31 December 2023, the unaudited loss attributable to the owners of Oddup Inc. was approximately US\$224,000 and its unaudited net assets was approximately US\$4,046,000.

- (h) Infinity Technology (Cayman) Limited was incorporated in the Cayman Islands. Infinity Technology (Cayman) Limited is principally engaged in providing the point of sales and online ordering platform service.

For the year ended 31 December 2023, the unaudited consolidated loss attributable to the owners of Infinity Technology (Cayman) Limited was approximately HK\$26,074,000 and its unaudited consolidated net assets was approximately HK\$8,933,000.

- (i) Pantheon Lab Limited was incorporated in Hong Kong and is principally engaged in artificial intelligence and software research and development.

For the year ended 31 December 2023, the unaudited loss attributable to owners of Pantheon Lab Limited was approximately HK\$9,087,000 and its unaudited net liabilities was approximately HK\$18,985,000.

PROVISION FOR DIMINUTION

Given all the existing investments of the Group are primarily financial assets at fair value through profit and loss, there shall be no provision for diminution in value of investments of the Group.

BORROWING POWERS

Pursuant to the bye-laws of the Company, the Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Act 1981 of Bermuda, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

BROKERAGE

The Directors confirm that none of the Directors, or any associate of any of those persons, is or will become entitled to receive any part of any brokerage charged to the Company, or any re-allowance of other types on purchases charged to the Company.

RISK FACTORS OF INVESTING IN THE COMPANY

The Company is an investment company with the primary objective of achieving capital appreciation as well as generating income from interests and dividends by investing in listed and unlisted companies as the Board may direct from time to time. These investments will be subject to market fluctuations and the risks inherent in all investments. Investors should also be aware that the Company's income and its net assets value may be adversely affected by external factors beyond the control of the Company. As a result, the Company's operating results and its net assets value may go down as well as up, subject to, among other factors, the prevailing market condition. Save as disclosed above, the Directors are of the view that investing in the Company is not subject to any abnormal risks.