
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

Subject to the granting of 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 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. 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 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.

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 as to the contents of any of the Prospectus Documents or any other document(s) referred to above.

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

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of the Prospectus Documents, 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.

kinetix

KINETIX SYSTEMS HOLDINGS LIMITED

捷冠控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8606)

(1) 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; AND (2) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

Financial adviser to the Company



Placing Agent to the Rights Issue



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

The Rights Issue will proceed on a non-underwritten basis and there is no requirement for a minimum level of subscription. Subject to fulfillment or (where applicable) waiver of the conditions precedent of the Rights Issue as set out in the paragraph “Letter from the Board – Conditions of the Rights Issue” of this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Tuesday, 7 March 2023), the Rights Issue will proceed regardless of the ultimate subscription level. In the event the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders under PAL(s), or transfers of nil-paid Rights Shares together with the NQS Unsold Rights Shares will be placed to independent places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Share 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. If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. Any person contemplating dealing in nil-paid Rights Shares during the period from Wednesday, 15 February 2023 to Wednesday, 22 February 2023 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the nil-paid Rights Shares are recommended to consult his/her/its own professional advisers.

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Monday, 27 February 2023. The procedure for acceptance and payments or transfer of the Rights Shares is set out on pages 18 to 21 in the paragraph headed “Letter from the Board – Rights Issue – Procedures for acceptance and payment or transfer” of this Prospectus.

CHARACTERISTICS OF GEM

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

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

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DEFINITIONS

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

“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 10 January 2023 relating to among other things, the Rights Issue
“associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Beneficial Owner(s)”	any beneficial owner(s) of the Shares whose Shares are registered in the register of members of the Company in the name of a Registered Shareholder
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday 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 Clearing Participant”	a person admitted by HKSCC to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted by HKSCC to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“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
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant

DEFINITIONS

“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Kinetix Systems Holdings Limited, an exempted company incorporated under the law of the Cayman Island with limited liability, the Shares of which are listed on GEM
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 10.31(1)(b) of the GEM Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this Prospectus
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning as defined in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons

DEFINITIONS

“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”	10 January 2023, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	6 February 2023, being the latest practicable date before the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Monday, 27 February 2023 or other time or date as may be determined by the Company, being the latest time for acceptance of, and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Tuesday, 7 March 2023, being the first business day after the Latest Time for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent, being the latest time to terminate the Placing Agreement
“Mr. Yu”	Mr. Yu Larry, the chairman, and executive Director and a controlling shareholder of the Company
“Net Gain”	any premiums paid by the independent placee(s) over the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements
“No Action Shareholders”	the Qualifying Shareholders who do not subscribe for the Rights Shares under the PAL(s) or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed (including the Non-Qualifying Shareholder in respect of NQS Unsold Rights Shares)

DEFINITIONS

“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares
“Placing Agent”	VBG Capital Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 10 January 2023 entered into between the Company and the Placing Agent in respect of the Placing Arrangement
“Placing Arrangement”	conditional placing agreement dated 10 January 2023 entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL

DEFINITIONS

“Prospectus Posting Date”	Monday, 13 February 2023 or such other date as may be determined by the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Friday, 27 January 2023
“Registered Shareholder(s)”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorised custodian or third party which is the registered Shareholder in the register of members of the Company of the Shares in which the Beneficial Owner is beneficially interested
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price
“Rights Share(s)”	up to 481,950,000 Shares to be allotted and issued pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 22 June 2018
“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme
“Shareholder(s)”	holder(s) of issued Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.065 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Share(s)”	any of the Rights Shares which have not been subscribed up by the Qualifying Shareholders or transferees of nil-paid Rights Shares by the Latest Time for Acceptance
“Vigorous King”	Vigorous King Limited, a company incorporated under the laws of British Virgin Islands with limited liability, the controlling shareholder of the Company and is direct and wholly owned by Mr. Yu
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled.

Event	Date
Despatch of the Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only)	Monday, 13 February 2023
First day and time of dealings in nil-paid Rights Shares	9:00 a.m. on Wednesday, 15 February 2023
Latest time for splitting of PAL(s)	4:30 p.m. on Friday, 17 February 2023
Last day of dealings in nil-paid Rights Shares	Wednesday, 22 February 2023
Latest Time for Acceptance and payment for the Rights Shares	4:00 p.m. on Monday, 27 February 2023
Announcement of the number of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares subject to the Compensatory Arrangements	Wednesday, 1 March 2023
Commencement of the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent.	Thursday, 2 March 2023
Latest time for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent.	6:00 p.m. on Monday, 6 March 2023
Latest Time for Termination	4:00 p.m. on Tuesday, 7 March 2023
Announcement of the results of Rights Issue (including the results of the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent and the amount of the Net Gain per the Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements)	Wednesday, 8 March 2023
Despatch of certificates for fully-paid Rights Shares	Thursday, 9 March 2023

EXPECTED TIMETABLE

Event	Date
Despatch of refund cheques if the Rights Issue is terminated	Thursday, 9 March 2023
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Friday, 10 March 2023
Designated broker starts to stand in the market to provide matching services for odd lots of the Shares	9:00 a.m. on Friday, 10 March 2023
Designated broker ceases to stand in the market to provide matching services for odd lots of the Shares	4:00 p.m. on Friday, 31 March 2023
Payment of the Net Gain (if any) to relevant No Action Shareholders (if any)	Friday, 31 March 2023

All time and dates specified in this Prospectus refer to Hong Kong local time and dates. Dates or deadlines specified in this Prospectus are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as appropriate.

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

If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above or “extreme conditions” caused by a super typhoon in force in Hong Kong on Monday, 27 February 2023, being the date of the Latest Time of Acceptance:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

Under such circumstances, the dates mentioned in the expected timetable above may be affected.

Dates stated in this Prospectus for event mentioned in the timetable are indicative only and may be extended or varied. Any changes to the above expected timetable will be announced as and when appropriate in accordance with the GEM Listing Rules.

EXPECTED TIMETABLE

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

Shareholders should note that the Record Date has remained unchanged and dealings in Shares on ex-right basis have already commenced on Monday, 16 January 2023.

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the GEM 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.

Dealings in the Rights Shares in nil-paid form are expected to take place from 9:00 a.m. on Wednesday, 15 February 2023 to 4:00 p.m. on Wednesday, 22 February 2023 (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 will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

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

LETTER FROM THE BOARD



KINETIX SYSTEMS HOLDINGS LIMITED

捷冠控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8606)

Executive Directors:

Mr. Yu Larry

(Chairman & Chief Executive Officer)

(formerly known as Yu Pak Lun Larry)

Mr. Law Cheung Moon

Mr. Leung Patrick Cheong Yu

Registered office:

Ocorian Trust (Cayman) Limited

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman, KY1-1108

Cayman Islands

Non-executive Directors:

Ms. Chen Jie

Mr. Tang Biao

*Headquarters and principal place of
business in Hong Kong:*

6/F, SML Tower

No. 165 Hoi Bun Road, Kwun Tong

Hong Kong

Independent Non-executive Directors:

Ms. Lam Shun Ka

(formerly known as Lam Yuk Shan)

Dr. He Dazhi

Mr. Li Xiaoping

Mr. Tong Tsz Kwan

13 February 2023

*To the Qualifying Shareholders; and
for information only, the Non-Qualifying Shareholders*

Dear Sirs or Madams,

**(1) 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; AND
(2) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER
THE SHARE OPTION SCHEME**

INTRODUCTION

Reference is made to the Announcement, the Company's announcements dated 27 January 2023 and 6 February 2023 in relation to, among other things, the Rights Issue. The Rights Issue

LETTER FROM THE BOARD

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

The purpose of this Prospectus is to provide you with, among other things, further details on (i) the Rights Issue information on acceptances of the Rights Share and placing arrangement; (ii) the financial information of the Group; (iii) the unaudited pro forma financial information of the Group; and (iv) the general information of the Group.

RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.065 per Rights Share, to raise gross proceeds of approximately HK\$31.3 million before deducting the costs and expenses, by way of the Rights Issue of up to 481,950,000 Rights Shares to the Qualifying Shareholders. The details of the Rights Issue are set out as follows:

Issue statistics

The terms of the Rights Issue are set out as follows:

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.065 per Rights Share
Number of Shares in issue at the date of this prospectus	:	963,900,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 481,950,000 Rights Shares
Aggregate nominal value of the Rights Shares	:	Up to HK\$4,819,500
Total number of Shares in issue upon completion of the Rights Issue	:	Up to 1,445,850,000 Rights Shares

LETTER FROM THE BOARD

Gross proceeds : Up to HK\$31.3 million
from the Rights
Issue

As at the Latest Practicable Date, there are 66,500,000 outstanding Share Options granted by the Company, which are exercisable into 66,500,000 Shares. Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date.

As at the Record Date, the number of 481,950,000 Rights Shares to be issued and allotted pursuant to the Rights Issue (i) represent 50.00% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 33.33% of the total number of issued Shares as enlarged by the allotment and issuance of the Rights Shares immediately after completion of the Rights Issue.

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 Cayman legal adviser of the Company have confirmed that pursuant to the Company's constitutional documents and the Companies Act (as amended) of the Cayman Islands, 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.

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.

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

LETTER FROM THE BOARD

Undertakings

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

The Subscription Price

The Subscription Price is HK\$0.065 per Rights Share, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or when a renounee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 15.58% to the closing price of HK\$0.077 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 29.35% to the closing price of HK\$0.092 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 29.35% to the closing price of HK\$0.092 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 25.29% to the closing price of HK\$0.087 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 21.69% to the theoretical ex-rights price of approximately HK\$0.083 per Share based on the closing price of HK\$0.092 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (vi) a discount of approximately 47.01% to the consolidated net asset value per Share attributable to the Shareholders as at 30 June 2022 of approximately HK\$0.123 calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$118,247,000 as at 30 June 2022 as set out in the Company's interim report 2022 and 963,900,000 Shares in issue as at the Latest Practicable Date.

The Rights Issue would result in a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 9.78%, based on the theoretical diluted price of HK\$0.083 per Share and the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules) of HK\$0.092 per Share.

LETTER FROM THE BOARD

The terms of the Rights Issue, including the Subscription Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to, among others, (i) the market price and trading liquidities of the Shares under the prevailing market conditions; and (ii) the latest business performance and financial position of the Group.

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.

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
- (iii) the Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a discount to the recent closing price.

The estimated net price per Rights Share after deducting the related expenses of the Rights Issue will be approximately HK\$0.062.

Status of the Rights Shares

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

LETTER FROM THE BOARD

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 as at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s)) must be lodged with the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Tuesday, 17 January 2023.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company 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.

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

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus (without the PAL(s)) to the Non-Qualifying Shareholders for their information only.

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 "Fractional entitlements to the Rights Shares" below.

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Rights of Overseas Shareholders (if any)

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

According to the register of members of the Company as at the Record Date, the Company had a total of 4 Overseas Shareholders holding an aggregate of 63,000,000 Shares as follows:

Jurisdiction of the registered address of the Overseas Shareholders	Number of Overseas Shareholders	Aggregate number of Shares held	Approximate percentage of shareholding
PRC	3	48,000,000	4.98%
British Virgin Island	1	15,000,000	1.56%

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Directors have made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders with registered addresses in the jurisdictions set out above.

The Company has obtained advice from legal advisers in the PRC and British Virgin Island and has been advised that under the applicable legislations in the PRC and British Virgin Island, there is no regulatory restriction or requirement of any regulatory body or stock exchange with respect to extending the Rights Issue to the Overseas Shareholders in the PRC and British Virgin Island. Based on such advice, the Directors have decided to extend the Rights Issue to the Overseas Shareholders having registered address in the PRC and British Virgin Island, who are therefore Qualifying Shareholders. As such, based upon the register of members of the Company as at the Record Date, there was no Non-Qualifying Shareholder.

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.

It is the responsibility of any person (including but without limitation to nominee, custodian, agent and trustee) receiving a copy of the Prospectus or the PAL outside Hong Kong and wishing to take up 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 the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been

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complied with. If you are in any doubt as to your position, you should consult your professional adviser. For the avoidance or doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest cent) to the Non-Qualifying Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit.

Any NQS Unsold Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing Arrangement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the 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 17.41(1) of the GEM Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

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

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Thursday, 9 March 2023 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. If the Rights Issue does not become unconditional, refund cheques will be despatched on or before Thursday, 9 March 2023 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number) and sold by the Company in the open market if a premium (net of expenses) can be obtained. Any of the Rights Shares remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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Procedures for acceptance and payment or transfer

General

Any person (including, without limitation, agents, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to the full observance of the applicable laws of any relevant territory or jurisdictions including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes and duties due in such territories or jurisdictions. The attention of Shareholders with registered addresses in any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons, and investors who are located or resided in, with such addresses is drawn to the paragraph headed “Rights of Overseas Shareholders (if any)” in this letter.

Completion and return of the PAL with a cheque or banker’s cashier order in payment for the nil-paid Rights Shares applied for will constitute a warranty and representation to the Company, from such person, that all registration, legal and regulatory requirements of all relevant jurisdictions other than Hong Kong, in connection with the PAL and any acceptance of it and any applications under it, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the above representation or warranty.

The Company may treat as invalid any instruction which appears to the Company to have been despatched from any of the jurisdictions outside Hong Kong and which may involve a breach of the laws of the relevant jurisdictions; or otherwise appears to the Company may involve a breach of the laws of any jurisdiction; or if the Company or its agents believes the same may violate any applicable legal or regulatory requirement.

PAL – acceptance, payment and transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to them as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon with the Registrar, together with a remittance for the full amount payable on acceptance, so as to be received by no later than 4:00 p.m. (Hong Kong time) on Monday, 27 February 2023 (or, under bad weather conditions and/or extreme conditions, such later date as mentioned in the paragraph “Effect of bad weather and/or extreme conditions on the Latest Time for Acceptance of and payment for the Rights Shares” in the section headed “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 banker’s cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to “**KINETIX SYSTEMS HOLDINGS LIMITED**” and crossed “**Account Payee Only**”.

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It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. (Hong Kong time) on Monday, 27 February 2023, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole and 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 such incomplete PAL to be completed by the relevant applicant at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Friday, 17 February 2023 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or banker's cashier orders will be presented for payment following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. You must pay the exact amount payable upon application for the Rights Shares, and underpaid application will be rejected. In the event of overpaid application, a refund cheque, without interest, will be made out to you if the overpaid amount is HK\$100 or above.

Completion and return of the PAL with a cheque or a banker's cashier order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or banker's

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cashier order is dishonoured on first presentation, and in that event, the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

No action has been taken by the Company to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for Rights Shares, unless in the relevant territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements. Subject as referred to below, it is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself, before subscribing for the provisionally allotted Rights Shares, as to the full observance of the laws and regulations of all relevant territories and jurisdictions, including the obtaining of any governmental or other consents and to pay taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been or will be fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation or warranty. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws and regulations of any territory or jurisdiction. No application for Rights Shares will be accepted from any person who is a Non-Qualifying Shareholder.

If any of the conditions of the Rights Issue as set out in the paragraph headed “Letter from the Board – Conditions of the Rights Issue” below are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Thursday, 9 March 2023.

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

Action to be taken by Beneficial Owners whose Shares are held by a Registered Shareholder (other than through CCASS)

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Shareholder and you wish to subscribe for the Rights Shares provisionally allotted to such Registered Shareholder in respect of your Shares, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should contact the Registered Shareholder and provide the

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Registered Shareholder with instructions or make arrangements with the Registered Shareholder in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares. Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of the Registered Shareholder in order to allow the Registered Shareholder sufficient time to ensure that your instructions are given effect.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares. Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. HKSCC Nominees Limited will allocate the excess Rights Shares it receives to the relevant CCASS Participants *pro rata* to the number of excess Rights Shares each has applied for, or in such other manner as HKSCC Nominees Limited considers fair and appropriate. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS. Beneficial Owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in nil-paid Rights Shares should be dealt with.

Odd lot arrangement

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Friday, 10 March 2023 to Friday, 31 March 2023 (both days inclusive). Shareholders who wish to take advantage of this service should contact Mr. Ringo Hui of VBG Capital Limited at 21/F, Grand Millennium Plaza, 181 Queen’s Road Central, Hong Kong (telephone number: 2200 7611) during office hours.

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Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

Application for listing of the Rights Shares

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

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

Rights Shares will be eligible for admission into CCASS

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

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

Stamp duty and other applicable fees

Dealings in the Rights Shares in both nil-paid and fully-paid forms will be in board lots of 10,000 Shares, which are registered in the register of members of the Company, and subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation

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to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

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

The Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than 6:00 p.m., on Monday, 6 March 2023, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares if a premium over the Subscription Price can be obtained. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

- A : the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B : the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

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It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in “A” and “B” of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders may or may not receive any Net Gain.

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

On 10 January 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure independent placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Details of the Placing Arrangement are as follows:

Date	:	10 January 2023
Parties	:	The Company, as issuer; and The Placing Agent, as bookrunner and placing agent
Placing Agent	:	VBG Capital Limited, appointed as the bookrunner and placing agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis. The Placing Agent confirmed that it is a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO.
Fees and expenses	:	The commission payable to the Placing Agent shall be 1.3% of the actual gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares.

The Company will pay all out-of-pocket expenses properly and reasonably incurred by the Placing Agent in connection with the Placing (excluding legal and other professional fees and expenses) which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.

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- Placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe) : The placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe) shall be at least equal to the Subscription Price.
- Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to placees, who (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates; and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue, in order to ensure that the public float requirements under Rule 11.23(7) of the GEM Listing Rules be fulfilled by the Company and none of the placees shall be obliged to make a mandatory general offer to the other Shareholders under the Takeovers Code.
- Ranking of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the Latest Practicable Date.
- Termination : If at any time prior to the Latest Time for Termination:
- (i) the Company fails to comply with its obligations under the Placing Agreement; or
 - (ii) the occurrence of any force majeure events; or

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- (iii) any of the warranties of the Company under the Placing Agreement is not, or has ceased to be, true, accurate and not misleading in any respect by reference to the facts subsisting at the time,

and such matter in the reasonable opinion of the Placing Agent to be material in the context of the Placing Arrangement 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.

Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:

- (i) the GEM Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares;
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and

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

The engagement between the Company and the Placing Agent for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares was determined after arm's length negotiations between the Placing Agent and the Company. The Directors consider the fee charged by the Placing Agent is no less favourable to the Company than the commission in recent placing transactions and therefore the terms of the Placing Arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are on normal commercial terms. The Directors believe that the expenses are typical and ordinary in the marketing of securities.

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

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfillment of each of the following conditions:

- (i) the GEM 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, 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 duly certified copy of each of the Prospectus Documents (and all other documents required to be attached thereto) as having been approved by resolution of the Board not later than the Prospectus Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies (WUMP) Ordinance; and
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the Prospectus to the Non-Qualifying Shareholders by no later than the Prospectus Posting Date.

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The Company shall use all reasonable endeavours to procure the fulfilment of the conditions precedent set out above. None of the conditions set out above can 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 above conditions have been fulfilled.

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

The Group is principally engaged in the provision of information technology (“IT”) infrastructure solutions services, IT development solutions services, IT maintenance and support services and entertainment products.

Up to the third quarter of 2022, the Group has recorded a higher loss when compared to the same period in 2021, mainly represented by the continued spread of COVID-19 pandemic (“COVID-19”) in Hong Kong that adversely affect our Group’s overall business and short-term performance. Under the shock to the macro-environment, China and Hong Kong government has implemented a list of proactive precautionary measures including but not limited to strict lockdowns and travel restrictions. This leads to the delay in progress of some projects due to temporary office closure of customers and difficulties in entering new projects with potential customers. Our Group’s financial result is therefore being unfavourable, and in turn affecting our business operations. Looking forward, the Group will focus on existing business segments to enhance our competitiveness for any possible opportunities, and to explore new business segments by integrating our IT infrastructure solution services and IT development solutions services, which will create synergy and generate the greatest value for shareholders in the medium to longer term.

In order to explore new business to enhance the Group’s competitiveness, the Group has been exploring business development projects in the new energy vehicle industry. On 25 June 2021, Shanghai Kinetix New Energy Automobile Company Limited (上海捷冠新能源汽車有限公司) (“**Kinetix Shanghai**”), an indirect wholly-owned subsidiary of the Company has entered into a cooperation framework agreement with Shanghai Caohejing Hi-tech Park New Developments Co., Ltd. (上海市漕河涇新興技術開發區發展總公司) (“**Shanghai Caohejing**”) in relation to the potential business cooperation regarding the development and construction of an IT smart park (the “**Cooperation Framework Agreement**”). For detailed information of the Cooperation Framework Agreement and background information of Shanghai Caohejing, please refer to the Company’s announcement dated 27 June 2021. The Directors consider that new energy vehicle industry will be a future trend. The Board considers that the Rights Issue represents a good and timely opportunity for the Company to expand new business and broaden the Group’s revenue base. In order to capture potential business growth opportunities and in view of the recent financial performance of the Group, it is crucial for the Group to assess additional funds to strengthen the capital for the development of new energy vehicle industry and maintain sufficient working capital to achieve operating needs.

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Assuming all the Rights Shares are taken up by Qualifying Shareholders, it is estimated that the Company will raise the gross proceeds of approximately HK\$31.3 million and the relevant costs and expenses would be approximately HK\$1.4 million, which include placing commission and professional fees. The estimated net proceeds from the Rights Issue after deducting all necessary expenses will be approximately HK\$29.9 million. In line with the aforesaid, the Company intends to utilise the net proceeds from the Rights Issue as follows:

- (i) approximately HK\$11.9 million to be applied for development and cultivation of new energy vehicle industry through potential merger and acquisition opportunities of companies principally engaged in new energy vehicle consulting, supply chain solution, technical and development solution services in the PRC (the “**Possible Acquisition**”). The Directors consider that following the Possible Acquisition, the Group will be able to expand the Group’s intelligent IT technical and development solution capability, thereby broaden the range of service of the Group to support various market demands and enhancing the competitiveness of the Group. The revenue base of the Group will be broadened. As at the Latest Practicable Date, no target company has been identified. Upon the completion of the Rights Issue, the Directors will start to solicit potential targets during the second quarter of 2023. Once the target company is identified, the Directors will commence due diligence and negotiation on principal terms and conditions of the Possible Acquisition and make assessment on the transaction type as required under the GEM Listing Rules. Depending on the progress of the whole process, it is envisaged that the Possible Acquisition would materialise in the third quarter of 2023. If the Possible Acquisition materialises, appropriate announcement will be made as and when necessary in accordance with the GEM Listing Rules and such part of the net proceeds from the Rights Issue will be used to finance the consideration for the Possible Acquisition;
- (ii) approximately HK\$8.0 million to be applied for the expansion of technical and development solution services in the PRC and to be used for technical development, recruitment of new personnel and other general corporate expenses and would expect to commence in second quarter of 2023 which is in the ordinary and usual course of the Group’s business. The Directors consider that such expansion can broaden the geographical coverage of the Group’s revenue base in existing business; and
- (iii) the remaining balance of approximately HK\$10.0 million to be applied for general working capital of the Group, including but not limited to staff costs, office rent and rates, professional fees and other general corporate expenses.

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

LETTER FROM THE BOARD

The Board is of the view that the Rights Issue represents an opportunity for the Company to expand new business and broaden the Group's revenue base after having considered that:

- (i) the Qualifying Shareholders have the option to subscribe for the Rights Shares at their sole discretion;
- (ii) the Qualifying Shareholders who do not take up their entitlements can sell the nil-paid Rights Shares in the market;
- (iii) the Rights Issue provides an equal opportunity for the Qualifying Shareholders to participate in the enlargement of the capital base of the Company, maintain their proportionate interest in the Company and to continue to participate in the future development of the Group should they wish to do so;
- (iv) the discount of the Subscription Price is being offered to encourage the Qualifying Shareholders to participate in the Rights Issue which is not an uncommon practice in rights issue arrangement for companies listed on the Stock Exchange; and
- (v) after considering other alternative fund-raising methods as set out in the paragraph headed "Other fund-raising alternatives" below, it is prudent to finance the Group's growth by long-term financing, preferably in the form of equity which will not increase the burden of finance costs.

In view of the above, the Board considers that raising funds by way of the Rights Issue is more cost effective, efficient and beneficial to the Company and the Shareholders as a whole as compared to other fund-raising methods. The terms of the Rights Issue (including the Placing Agreement) were determined after arm's length negotiations between the Company and the Placing Agent. The Directors consider that the terms of the Rights Issue (including the Placing Agreement) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RISK FACTORS

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. To their best of knowledge and belief, the Directors consider that the followings are the key risks and uncertainties identified by the Group.

Risks relating to the Group

The business of the Group is affected by a series of precautionary measures such as lockdowns, quarantines, travel restrictions and business shutdowns implemented by the government of Hong Kong during the outbreak of COVID-19 pandemic. Such ongoing situation of the COVID-19 pandemic continued to affect our operations and business in Hong Kong, including but not limited to (i) temporary closure of offices and most of the staff worked from

LETTER FROM THE BOARD

home; (ii) delays of projects or slowdown of progress by the customers due to their closure of offices and change in their deployment; and (iii) facing challenges in the negotiation of new projects and securing new business due to the uncertainty in the development of the COVID-19 pandemic.

Risks relating to the Share price

The price and trading volume of the Shares may be highly volatile which are determined by the demand and supply of Shareholders and investors. There are many factors which would cause the Share price highly volatile, including but not limited to the Group's financial performance, financial position, business acquisitions or disposals and investors' perceptions toward the Group and the industry.

Risks relating to the Rights Issue

Should the Rights Issue proceed as intended, the interest of the existing Shareholders will be diluted if they do not or cannot (as the case may be) subscribe for the Rights Shares which they are entitled to.

Risks relating to economic and political environment

The business operations of the Group are primarily based in Hong Kong, any significant change in the general economic and political developments in Hong Kong may adversely affect the Group's operations and financial position.

FUND-RAISING ACTIVITY OF THE COMPANY FOR THE PAST TWELVE MONTHS

The Company had not raised any other funds by equity issue in the past 12 months immediately preceding the Latest Practicable Date.

OTHER FUND-RAISING ALTERNATIVES

The Board has also considered other alternative means of fund-raising before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer.

However, the Board considers that debt financing will result in additional interest burden and higher gearing ratio of the Group. In addition, debt financing may not be achievable on favourable terms in a timely manner.

As for equity fund-raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund-raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

LETTER FROM THE BOARD

In view of the above, the Board considers that raising funds by way of the Rights Issue is more cost effective, efficient and beneficial to the Company and the Shareholders as a whole as compared to raising fund by other means.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

As at the Latest Practicable Date, there are 66,500,000 outstanding Share Options granted by the Company, which are exercisable into 66,500,000 Shares. Pursuant to the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

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

LETTER FROM THE BOARD

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The tables below sets out the shareholding structures of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders; and (iii) immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent.

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue, assuming full acceptance by all the Qualifying Shareholders		Immediately after completion of the Rights Issue, assuming nil acceptance by the Qualifying Shareholders and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent	
	Number of Shares	% (Note 1)	Number of Shares	% (Note 1)	Number of Shares	% (Note 1)
Controlling shareholder						
Vigorous King (Note 2)	400,360,000	41.54	600,540,000	41.54	400,360,000	27.69
Mr. Yu	–	–	–	–	–	–
Sub-total	400,360,000	41.54	600,540,000	41.54	400,360,000	27.69
Substantial shareholder						
Goldlink Hong Kong Investment Limited (Note 3)	50,000,000	5.19	75,000,000	5.19	50,000,000	3.46
Rich Trend Hong Kong Investment Limited (Note 4)	50,000,000	5.19	75,000,000	5.19	50,000,000	3.46
Mr. Lam Sze Chun Jackson	34,350,000	3.56	51,525,000	3.56	34,350,000	2.37
Sub-total	134,350,000	13.94	201,525,000	13.94	134,350,000	9.29
Independent places	–	–	–	–	481,950,000	33.33
Public Shareholders	429,190,000	44.52	643,785,000	44.52	429,190,000	29.69
Total	963,900,000	100.00	1,445,850,000	100.00	1,445,850,000	100.00

LETTER FROM THE BOARD

Notes:

1. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
2. Vigorous King Limited is direct and wholly-owned by Mr. Yu.
3. Goldlink Hong Kong Investment Limited is direct and wholly-owned by Mr. Lam Sze Chun Jackson.
4. Rich Trend Hong Kong Investment Limited is direct and wholly-owned by Mr. Lam Sze Chun Jackson.

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.

GEM LISTING RULES IMPLICATIONS

As (i) the Company has not conducted any rights issue or open offer within the 12-month period immediately prior to the Latest Practicable Date; (ii) the Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50%; and (iii) the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective associates), the Rights Issue is not subject to Shareholders' approval under the GEM Listing Rules.

Given that the Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the date of this prospectus, 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. As such the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

ADDITIONAL INFORMATION

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

By order of the Board
Kinetix Systems Holdings Limited
Yu Larry
Chairman

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the nine months ended 30 September 2022 and each of the three financial years ended 31 December 2019, 2020 and 2021 are disclosed in the following documents which have been published on the websites of Stock Exchange (<https://www.hkexnews.hk/>) and the Company (<http://www.kinetix.com.hk/en/>):

Annual Report 2019 (pages 52 to 120)

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0330/2020033000595.pdf>

Annual Report 2020 (pages 53 to 130)

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0331/2021033100203.pdf>

Annual Report 2021 (pages 71 to 144)

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0331/2022033103669.pdf>

Third Quarterly Report 2022 (pages 4 to 15)

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/1114/2022111401410.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 December 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had the following indebtedness:

(i) Bank borrowings

As at 31 December 2022, the Group had HK\$2.5 million of bank borrowings.

(ii) Lease liabilities

As at 31 December 2022, the Group had HK\$20.7 million of lease liabilities.

(iii) Other borrowings

As at 31 December 2022, the Group did not have any other borrowings.

(iv) Contingent liabilities

As at 31 December 2022, the Group did not have any significant contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 31 December 2022, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, after taking into account the existing cash and bank balances and other internal resources available and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements and for at least the next 12 months from the date of this Prospectus.

4. MATERIAL ADVERSE CHANGE

As disclosed in the third quarterly report of the Group, the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK\$19.4 million as compared to the loss attributable to owners of the Company of approximately HK\$14.0 million for the nine months ended 30 September 2021. Such increase in loss for the quarterly period was mainly attributed to (i) the increase in salaries expenses by approximately HK\$6.7 million mainly due to increase in number of staff; (ii) the increase in allowance for expected credit losses by approximately HK\$2.6 million; (iii) the increase in depreciation and amortisation by approximately HK\$1.3 million; but partially offset by (iv) the increase in gross profit by approximately HK\$5.5 million mainly due to the increase in gross profit in provision of IT development solutions services.

The Directors confirm that, save as disclosed above, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up, up to the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the provision of IT infrastructure solutions services, IT development solutions services, IT maintenance and support services and entertainment products.

Provision of IT infrastructure solution services

The segment provides IT infrastructure solutions services to our clients by advising them the hardware and/or software that their IT systems would require and procuring the relevant hardware and/or software and integrating them with our client's IT systems. The revenue generated from this segment was approximately HK\$66.6 million for the nine months ended 30 September 2022, representing approximately 32.6% of the total revenue. The revenue from this segment increased by approximately 26.3% from approximately

HK\$52.8 million for the nine months ended 30 September 2021 to approximately HK\$66.6 million for the nine months ended 30 September 2022. The increase was primarily due to a considerably increase in the total number of projects awarded and total contract value of IT infrastructure solutions services projects undertaken in 2022.

Provision of IT development solution services

The segment provides IT development solutions services that generally include system analysis and design, software development and technology consultancy. The revenue generated from this segment was approximately HK\$92.7 million for the nine months ended 30 September 2022, representing approximately 45.3% of the total revenue. The revenue derived from this segment increased by approximately 17.0% from approximately HK\$79.3 million for the nine months ended 30 September 2021 to approximately HK\$92.7 million for the nine months ended 30 September 2022. The increase was primarily due to increase in total number of projects awarded with an increase in average revenue recognized in IT development solutions services projects undertaken in 2022.

Provision of IT maintenance and support services

The segment provides IT maintenance and support services. The revenue generated from this segment was approximately HK\$44.2 million for the nine months ended 30 September 2022, representing approximately 21.6% of the total revenue. The revenue derived from this segment increased by approximately 116.2% from approximately HK\$20.4 million for the nine months ended 30 September 2021 to approximately HK\$44.2 million for the nine months ended 30 September 2022. The significant increase in revenue from this segment was primarily due to the increase in total number of projects with a substantial increase in average project size of IT maintenance and support services projects undertaken in 2022.

Entertainment products

The segment operates an e-commerce business which includes trading of entertainment products. The revenue generated for this segment was approximately HK\$1.1 million for the nine months ended 30 September 2022, representing approximately 0.5% of the total revenue. The revenue derived from this segment decreased by approximately 92.1% from approximately HK\$13.6 million for the nine months ended 30 September 2021 to approximately HK\$1.1 million for the nine months ended 30 September 2022. The considerably decrease in revenue was because (i) both the total number of orders and quantities sold reduced; and (ii) the average order value decreased in trading of entertainment products.

For the nine months ended 30 September 2022, our Group has recorded a deeper loss when compared to the same period in 2021, mainly represented by the continue spread of COVID-19 pandemic in Hong Kong that adversely affect our Group's overall business and short-term performance. Under the shock to the macro-environment, China and Hong Kong government has

implemented a list of proactive precautionary measures including but not limited to strict lockdowns and travel restrictions. This leads to the delay in progress of some projects due to temporary office closure of customers and challenging to enter new projects with potential customers. Our Group's financial result is therefore being unfavourable, and in turn affecting our business operations.

Looking forward, the Group will focus on existing business segments to enhance our competitiveness for any possible opportunities, and to explore new business segments by integrating our IT infrastructure solution services and IT development solutions services, which will create synergy and generate the greatest value for shareholders in the medium to longer term.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

For illustrative purpose, the financial information prepared in accordance with Rule 7.31 of the GEM Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by completion of the Rights Issue as if the Rights Issue had been completed on 30 June 2022. The statement has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the Group's financial position on the completion of the Rights Issue.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2022 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the directors in accordance with Rule 7.31 of the GEM Listing Rules to illustrate the effects of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 as if the Rights Issue had taken place at 30 June 2022.

The Unaudited Pro Forma Financial Information was prepared based on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022, as extracted from the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2022, after incorporating the unaudited pro forma adjustments described in the accompanying notes. The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue or any future date after completion of the Rights Issue.

	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 <i>(Note 1)</i> HK\$'000	Estimated net proceeds from the Rights Issue <i>(Note 2)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 HK\$'000	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2022 <i>(Note 3)</i> HK\$	Unaudited pro forma adjusted consolidated net tangible assets per Share after the completion of the Rights Issue <i>(Note 4)</i> HK\$
Based on 481,950,000 Rights Shares to be issued at a Subscription Price of HK\$0.065 per Rights Share	71,356	29,927	101,283	0.074	0.070

Notes:

1. The consolidated net tangible assets attributable to the owners of the Company as at 30 June 2022 is extracted from the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2022, which is based on the consolidated net assets attributable to the owners of the Company as at 30 June 2022 of approximately HK\$114,823,000 with an adjustment for the intangible assets attributable to the owners of the Company as at 30 June 2022 of approximately HK\$43,467,000.
2. The estimated net proceeds from the Rights Issue are based on 481,950,000 Rights Shares at the Subscription Price of HK\$0.065 per Rights Share after deduction of the estimated underwriting fees and other related expenses payable by the Company.
3. The unaudited consolidated net tangible assets per Share as at 30 June 2022 is calculated on the basis that 963,900,000 Shares were in issue on 30 June 2022.
4. The unaudited pro forma adjusted consolidated net tangible assets per Share is determined after the adjustments as described in note (2) above and on the basis that 1,445,850,000 Shares were in issue, assuming the Rights Issue had been completed on 30 June 2022.
5. Except as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2022.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from Linksfeld CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.

**INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Kinetix Systems Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Kinetix Systems Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company 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 30 June 2022, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages 39 to 40 of the Company’s prospectus dated 13 February 2023 (the “**Prospectus**”), in connection with the proposed rights issue of the Company (the “**Transaction**”). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages 41 to 43 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group’s financial position as at 30 June 2022 as if the Transaction had taken place at 30 June 2022. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s financial information for the six months ended 30 June 2022, on which no audit or review report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**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 (“**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 behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 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 Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(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 accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity 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 Transaction at 30 June 2022 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 accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

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

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

Opinion

In our opinion:

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

LINKSFIELD CPA LIMITED

Certified Public Accountants

Engagement Director: Kwok Chi Kan
Practising Certificate Number: P06958

Hong Kong, 13 February 2023

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue (assuming full acceptance of the Rights Issue by all the Qualifying Shareholders) is set out as follows:

(i) as at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>10,000,000,000</u>	Shares of HK\$0.01 each	<u>100,000,000</u>
<i>Issued and fully-paid:</i>		
<u>963,900,000</u>	Shares of HK\$0.01 each	<u>9,639,000</u>

(ii) immediately after completion of the Rights Issue (assuming full acceptance of the Rights Issue by all the Qualifying Shareholders):

<i>Authorised:</i>		<i>HK\$</i>
<u>10,000,000,000</u>	Shares of HK\$0.01 each	<u>100,000,000</u>

<i>Issued and fully-paid:</i>		<i>HK\$</i>
963,900,000	Shares of HK\$0.01 each in issue as at the Latest Practicable Date	9,639,000
481,950,000	Rights Shares of HK\$0.01 each to be allotted and issued upon completion of the Rights Issue	4,819,500
<u>1,445,850,000</u>	Shares of HK\$0.01 each	<u>14,458,500</u>

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. All of the Rights Shares to be issued will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and once issued and fully paid, with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Company has applied to the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange. Accordingly, there are no dealing and settlement arrangements for securities of the Company between the Stock Exchange and any other stock exchange.

As at the Latest Practicable Date, the Company had an outstanding aggregate of 66,500,000 Share Options granted to the grantees which comprised: (i) 34,500,000 Share Options with exercisable period from 16 August 2021 to 15 August 2031 at the exercise price of HK\$0.152 per Share; and (ii) 32,000,000 Share Options with exercisable period from 20 August 2021 to 19 August 2031 at the exercise price of HK\$0.154 per Share. Save as disclosed above, as at the Latest Practicable Date, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into the Shares and there was no capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

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, there were no arrangements under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(i) Director's and chief executive's interests in the Company or its associated corporations

Save as disclosed below, as the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

The Company

Director/ Chief Executive	Nature of interest	Number and class of securities⁽¹⁾	Approximate percentage of interest in the Company
Mr. Yu Larry	Interest in controlled corporations ⁽²⁾	400,360,000 Shares (L)	41.54%
	Beneficial owner	960,000 Shares (L) ⁽³⁾	0.10%
Mr. Law Cheung Moon	Beneficial owner	715,000 Shares (L) ⁽³⁾	0.07%
Mr. Leung Patrick Cheong Yu	Beneficial owner	715,000 Shares (L) ⁽³⁾	0.07%
Mr. Lam Tai Wai David	Beneficial owner	9,600,000 Shares (L) ⁽³⁾	1.00%

Notes:

- The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Shares.
- The Company is held as to approximately 41.54% by Vigorous King Limited, which in turn is held as to 100% by Mr. Yu Larry. Mr. Yu Larry is also a director of Vigorous King Limited.
- These shares are derived from the interests in share options granted by the Company pursuant to the Share Option Scheme adopted by the Company on 22 June 2018.

Associated Corporation – Vigorous King Limited

Director	Nature of interest	Number and class of securities in associated corporation	Approximate shareholding percentage
Mr. Yu Larry	Beneficial owner	1 Share	100%

(ii) Substantial shareholder's and other persons' interests in Shares and underlying Shares

Save as disclosed below, as at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, no person (other than a Director or chief executive of the Company or their respective associates) had, or were deemed or taken to have, an interest or a short position in the Shares or the underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group.

The Company

Shareholders	Capacity/ Nature of interest	Number and class of securities⁽¹⁾	Approximate percentage of interest in the Company
Vigorous King Limited ⁽²⁾	Beneficial owner	400,360,000 Shares (L)	41.54%
Ms. Tong Po Ki Vicky ⁽³⁾	Interest of spouse	401,320,000 Shares (L)	41.64%
Ms. Yiu Wai Ki	Beneficial owner	73,400,000 Shares (L)	7.61%
Mr. Leung Wan Hung ⁽⁴⁾	Interest of spouse	73,400,000 Shares (L)	7.61%
Mr. Lam Sze Chun Jackson	Beneficial owner	134,350,000 Shares (L)	13.94%

Shareholders	Capacity/ Nature of interest	Number and class of securities ⁽¹⁾	Approximate percentage of interest in the Company
Goldlink Hong Kong Investment Limited ⁽⁵⁾	Beneficial owner	50,000,000 Shares (L)	5.19%
Rich Trend Hong Kong Investment Limited ⁽⁶⁾	Beneficial owner	50,000,000 Shares (L)	5.19%

Notes:

1. The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Shares.
2. Vigorous King Limited is held as to 100% by Mr. Yu Larry. Therefore, Mr. Yu is deemed to be interested in the Shares which Vigorous King Limited is interested in by virtue of the SFO.
3. Ms. Tong Po Ki Vicky is the spouse of Mr. Yu Larry. Therefore, Ms. Tong is deemed to be interested in the Shares which Mr. Yu Larry is interested in by virtue of the SFO.
4. Mr. Leung Wan Hung is the spouse of Ms. Yiu Wai Ki. Therefore, Mr. Leung is deemed to be interested in the Shares which Ms. Yiu Wai Ki is interested in by virtue of the SFO.
5. Goldlink Hong Kong Investment Limited is held as to 100% by Mr. Lam Sze Chun Jackson. Therefore, Mr. Lam is deemed to be interested in the Shares which Goldlink Hong Kong Investment Limited is interested in by virtue of the SFO.
6. Rich Trend Hong Kong Investment Limited is held as to 100% by Mr. Lam Sze Chun Jackson. Therefore, Mr. Lam is deemed to be interested in the Shares which Rich Trend Hong Kong Investment Limited is interested in by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any other persons who had an interests or a short position in the Shares and underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered into in the register required to be kept by the Company pursuant to section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

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

5. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

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. DIRECTORS' INTEREST IN COMPETING BUSINESSES

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had any interest in any business which competes or may compete, either directly or indirectly, with the business of the Group or has or may have any other conflicts of interest with the Group pursuant to the GEM Listing Rules.

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. EXPERTS AND CONSENTS

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

Name	Qualifications
Linksfeld CPA Limited	Certified Public Accountants

Linksfeld 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 it appear.

As at the Latest Practicable Date, Linksfield 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, Linksfield CPA Limited did not have any direct or indirect interests in any assets which have been, since 31 December 2021 (being the date to which the latest published audited consolidated accounts 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 CONTRACTS

The following contract (not being 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 and are or may be material:

- (a) a tenancy agreement entered into between Shanghai Kinetix Systems Company Limited (上海捷冠科技有限公司) as a tenant and Shanghai Xinyefang Shangying Enterprise Development Company Limited (上海新業坊尚影企業發展有限公司) as a landlord on 4 May 2021 in respect of the leasing of Northern Building, Building No. 5, Jing'an Xinyefang, No. 210 Wenshui Road, Jing'an District, Shanghai, the People's Republic of China for a term of five years;
- (b) a cooperation framework agreement entered into between Shanghai Kinetix New Energy Automobile Company Limited (上海捷冠新能源汽車有限公司) and Shanghai Caohejing Hi-tech Park New Developments Co., Ltd. (上海市漕河涇新興技術開發區發展總公司) on 25 June 2021 in relation to the potential business cooperation regarding the development and construction of an information technology smart park;
- (c) a sales and purchase agreement entered into among Mr. Wang Bo, the Company and Universal Technology Development Limited on 14 October 2021, pursuant to which Mr. Wang Bo has conditionally agreed to sell and the Company has conditionally agreed to purchase the entire issued share capital of Universal Technology Development Limited at a consideration of HK\$25,000,000; and
- (d) the Placing Agreement.

11. EXPENSES

The expenses in connection with the Rights Issue, including placing commission, financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to amount approximately HK\$1.4 million, which are payable by the Company.

12. FEES OR COMMISSIONS RECEIVED

Save as disclosed in this Prospectus, none of the Directors nor any of the persons whose names are listed in the paragraph headed “9. Experts and Consents” in this appendix had received any commissions, discounts, agency fees, brokerages, or other special terms in connection with the issue or sale of any capital of our Company or any of our subsidiaries.

13. CORPORATE INFORMATION

Registered office	Windward 3, Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Headquarter and principal place of business in Hong Kong	6/F, SML Tower No. 165 Hoi Bun Road Kwun Tong Hong Kong
Authorised representatives	Mr. Yu Larry Mr. Fung Kui Kei
Company secretary	Mr. Fung Kui Kei (<i>CPA</i>)
Legal adviser to the Company	<i>As to Hong Kong laws:</i> Zhong Lun Law Firm LLP 4/F., Jardine House 1 Connaught Place Central Hong Kong <i>As to Cayman Islands laws:</i> Ogier 11/F, Central Tower 28 Queen’s Road Central Central Hong Kong
Financial adviser	Dakin Capital Limited Suite 3509, 35/F, Tower 2, Lippo Centre 89 Queensway Hong Kong

Reporting accountant	Linkfield CPA Limited Unit 2001-02, 20/F, Podium Plaza 5 Hanoi Road Tsim Sha Tsui Hong Kong
Placing agent	VBG Capital Limited 21/F, Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong
Principal share registrar	Ocorian Trust (Cayman) Limited Windward 3, Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road, Hong Kong
Principal bankers	The Bank of East Asia Limited 10 Des Voeux Road Central Hong Kong

14. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Directors

Executive Directors

Mr. Yu Larry (余漢棟) (formerly known as Yu Pak Lun Larry (余柏麟)) (“**Mr. Yu**”), aged 51, is the Chairman, Chief Executive Officer and an executive Director. Mr. Yu is also a member of the Nomination Committee and the Remuneration Committee. He joined the Group in 1998. He has been involved in the day-to-day management of the Group. Mr. Yu is primarily responsible for formulating and implementing our corporate strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations. Mr. Yu has over 23 years of experience in the IT industry and business management. He is also a director of Vigorous King Limited which is a controlling shareholder of the Company.

Mr. Yu graduated from the University College London in the United Kingdom with a bachelor's degree in computer science with electronic engineering in August 1993. He obtained his master degree in computer science from The Hong Kong University of Science and Technology in November 1995 and master degree in law from Renmin University of China (中國人民大學) in the PRC in June 2011.

Mr. Law Cheung Moon (羅章滿) (“Mr. Law”), aged 43, is an executive Director. He joined the Group as the associate consultant in May 2001. Mr. Law was promoted to the project manager in February 2008, the senior project manager in April 2010, the head of professional resources in November 2015, the head of enterprise services in October 2019 and the head of project management office in May 2021 in which he is primarily responsible for project governance and supervising the service delivery of projects of our Group.

Mr. Law has over 20 years of experience in the IT industry. Mr. Law graduated from The Chinese University of Hong Kong with a bachelor's degree in engineering in November 2001.

Mr. Leung Patrick Cheong Yu (梁昌豫) (“Mr. Leung”), aged 53, is an executive Director and Compliance officer. He joined the Group as senior consultant in February 2004. Mr. Leung was promoted to the Standing Offer Agreement for Quality Professional Services (the “SOA-QPS”) programme manager in February 2011, senior manager in March 2014, sales director in November 2015, where he is primarily responsible for management of the SOA-QPS programme and sales coverage of products. Mr. Leung has over 26 years of experience in the IT industry.

Mr. Leung graduated from the Purdue University in the United States of America with a bachelor's degree in mechanical engineering in December 1992. He obtained his master degree in mechanical engineering from the Massachusetts Institute of Technology in the United States of America in September 1994.

Non-Executive Directors

Ms. Chen Jie (陳潔) (“Ms. Chen”), aged 48, is appointed as our non-executive Director with effect from 9 February 2021. She is primary responsible for participating in meetings of the Board to bring an independent judgment to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to our Group as and when required.

Ms. Chen obtained a doctorate degree in management from Shanghai Jiao Tong University in December 2002 and the teaching qualification in higher education issued by the Ministry of Education of the PRC in December 2003. Ms. Chen was appointed as the executive council member of the Marketing Management Professional Committee of the Chinese Academy of Management in April 2016. In 2018, Ms. Chen becomes the professional committee member of the Chinese Society of Technology Economics and

Neuroeconomics. In 2020, Ms. Chen becomes a leading researcher of Think Tanks at Shanghai Jiao Tong University, responsible for the research on technological breakthrough pathways in the field of intelligent connected vehicles and others related topic.

Ms. Chen is a professor and doctoral supervisor at Antai College of Economics and Management, Shanghai Jiao Tong University. In April 2020, Ms. Chen has been appointed as an expert of the China Consumer Quality and Safety Promotion Association (Automotive) and the executive officer of the Innovation and Policy Research Institute on smart travel chain industry by the Shanghai Intelligent and Connected Vehicle Research and Development Center Company Limited. Ms. Chen has been appointed as an expert of the Automobile Working Committee of China Association of Productivity Promotion Centers in March 2021.

Mr. Tang Biao (湯彪) (“Mr. Tang”), aged 66, is appointed as our non-executive Director with effect from 6 August 2021. He has more than 40 years of working experience in Chinese government departments. He started his career as a soldier in national defense in 1974. After retiring from active service in 1992, he has transferred to Hangzhou Customs department under jurisdiction of China Customs. Served as the director and first deputy director of the anti-smuggling branch of Wenzhou Customs, Jiaxing Customs and Shaoxing Customs, and also served as office director (section chief) of the bureau. Mr. Tang made a significant contribution in decades of work in Customs department. He has awarded with the Second-class collective merit by the Customs General Administration twice. In 2014, Mr. Tang became to researcher till he retired in 2016.

Independent Non-Executive Directors

Ms. Lam Shun Ka (林汛珈) (formerly known as Lam Yuk Shan (林玉珊)) (“Ms. Lam”), aged 51, is an independent non-executive Director. She is primarily responsible for participating in meetings of the Board to bring an independent judgment to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to our Group as and when required. Ms. Lam is also the chairman of the Nomination Committee and the Remuneration Committee, and a member of the Audit Committee.

Ms. Lam has more than 15 years of experience in sales channel development. Ms. Lam was an administrative specialist at IBM China/Hong Kong Limited from January 2005 to November 2005, a sales operation at the same company from April 2006 to March 2007 and a business operations professional in IBM Software Sales Department of IBM China/Hong Kong Limited from March 2007 to February 2016. Ms. Lam is currently a contract agent and a licensed representative (Type 1) of Nerico Brothers Limited (formerly known as Glory Sky Global Markets Limited), a licensed entity in Hong Kong regulated by the SFC.

Ms. Lam obtained a bachelor of social science degree, majoring in government and public administration from The Chinese University of Hong Kong in December 1995. She obtained a bachelor of laws degree from the Manchester Metropolitan University (United Kingdom) through distance learning in September 2004.

Dr. He Dazhi (何大治) (“Dr. He”), aged 45, is an independent non-executive Director with effect from 1 April 2021. He is primarily responsible for participating in meetings of the Board to bring an independent judgment to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to our Group as and when required.

He has over 22 years of research experience in intelligent network and communications engineering. Dr. He graduated with a Bachelor’s degree in Information Engineering from the Department of Electrical Engineering, Tongji University in July 1999. He obtained a doctorate degree in Communication and Information Systems from Shanghai Jiao Tong University in June 2009. Dr. He was a chip algorithm manager of Chip Development Department in Shanghai High Definition Digital Technology Industry Corporation (HDIC) from April 2010. He was an associate researcher in the School of Electronic Information and Electrical Engineering of Shanghai Jiao Tong University from January 2008 to December 2020. He is currently an expert of the Science and Technology Expert Database of the National Radio and Television Administration.

In recent years, Dr. He has carried out technical research work in network big data, artificial intelligence and Internet of Vehicles. His research includes but not limited to safety mode modulator of live broadcast satellite, the architecture solutions for the convergence of 5G broadcast television network and mobile communication network, and intelligent media convergence network, etc.

Mr. Li Xiaoping (李小平) (“Mr. Li”), aged 51, is appointed as our independent non-executive Director with effect from 6 August 2021. He is primarily responsible for participating in meetings of the Board to bring an independent judgment to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to our Group as and when required. Mr. Li is also the member of the Nomination Committee, the Remuneration Committee and the Audit Committee. Mr. Li has over 27 years of experience in the legal field. He is currently a practicing partner of Zhejiang Maida Law Firm* (浙江麥迪律師事務所) in the PRC. He has served in several law firms in PRC since 1994, and was promoted to partner in 1997. He is also a member of the company and security profession committee of the Lawyers Association of Zhejiang Province* (浙江省律師協會公司與證券專業委員會) and a member of the Finance and Insurance Committee of Zhejiang Province* (浙江省金融與保險專業委員會). Mr. Li obtained a certificate of lawyer qualification in the PRC in 1996 and he passed the Self-taught Higher Education Examination (高等教育自學考試) in law at the Zhengzhou University (鄭州大學) in 2003.

In 2015, Mr. Li was elected as one of the most influential lawyers in the Xihu district by the Political and Legal Affairs Commission of the Xihu District of Hangzhou City (杭州市西湖區委政法委) and the Justice Bureau of the Xihu District of Hangzhou City (杭州市西湖區司法局) of Zhejiang Province, the PRC. In 2017, he was accredited as an excellent lawyer by the Justice Bureau of the Xihu District of Hangzhou City (杭州市西湖區司法局).

Mr. Tong Tsz Kwan (唐旨均) (“Mr. Tong”), aged 43, is appointed as our independent non-executive Director with effect from 28 September 2021. He is primary responsible for participating in meetings of the Board to bring an independent judgment to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to our Group as and when required. Mr. Tong is also the chairman of the Audit Committee. He has over 10 years of accounting, auditing and corporate financing experiences. Mr. Tong joined Sing Lee Software (Group) Limited (stock code: 8076) since June 2007 and is currently its chief financial officer and company secretary, responsible for accounting, corporate financing and company secretarial duties.

Mr. Tong graduated with a Master of Business Administration Degree in Finance from University of Southern Queensland in May 2008. He is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Tong is a Chartered Secretary, a Chartered Governance Professional and a fellow member of The Chartered Governance Institute and a fellow member of The Hong Kong Chartered Governance Institute.

Mr. Tong is the member of the Anxi County, Fujian Province Committee of Chinese People’s Political Consultative Conference. Mr. Tong is also the director of the Hong Kong Fukien Chamber of Commerce and Hong Kong Fukien Chamber of Commerce Education Fund Limited, member of the Youth Affairs Working Committee of China Star Light Charity Fund Association, executive vice president of the Hong Kong Quarry Bay Residents Association. Mr. Tong is also the Vice General Secretary of the 5th Committee of Quanzhou Overseas Friendship Association and director of An Kwei Clans Association (H.K.) Limited. He is the member of Vocational Training Council Accountancy Training Board, External Academic Advisor of Master of Science in Professional Accounting and Corporate Governance in City University of Hong Kong, External Advisor of the Department of Accountancy and Law of Hong Kong Baptist University and advisor of Business Association, Business and Economics Association, the Hong Kong University Students’ Union.

Senior Management

Mr. Lam Tai Wai, David (林大為) (“Mr. David Lam”), aged 49, joined our Group as the managing consultant in February 2000 and was promoted as the chief operating officer in November 2015 in which he is primarily responsible for participating in the day-to-day management and supervision of business operations, mainly sales, projects delivery and administration and human resources of the Group. Mr. David Lam has over 22 years of experience in the IT industry.

Mr. David Lam graduated from The Hong Kong University of Science and Technology with a bachelor's degree in computer science in November 1995. He obtained his master degree in computer science from The Hong Kong University of Science and Technology in November 1996.

Business address of the Directors and senior management

The business address of the Directors and senior management is the same as the Company's principal place of business in Hong Kong at 6/F, SML Tower, No. 165 Hoi Bun Road, Kwun Tong, Hong Kong.

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 under the paragraph headed "9. Experts and Consents" in this appendix, has been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

16. 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.

17. MISCELLANEOUS

- (i) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits from Hong Kong or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) As the Group carried out a major portion of its operations in the PRC and Hong Kong and substantially all of its business transactions, assets and liabilities are denominated in either Renminbi or HK\$, the foreign exchange risk of the Group was considered minimal.
- (iii) The English text of this prospectus shall prevail over Chinese text in case of any inconsistency.

18. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.kinetix.com), the Stock Exchange (www.hkexnews.hk) during the period of 14 days from the date of this prospectus:

- (a) the memorandum of association and the articles of association of the Company;
- (b) the annual reports of the Company for each of the years ended 31 December 2019, 2020 and 2021;
- (c) the third quarterly report of the Company for nine months ended 30 September 2022;
- (d) the report from Linkfield 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;
- (e) the written consents referred to in the paragraph headed “9. Experts and Consents” in this appendix;
- (f) the material contracts as referred to in the paragraph headed “10. Material Contracts” in this appendix; and
- (g) the Prospectus Documents.

* *For identification purpose only*