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FUTIAN HOLDINGS LIMITED

福田股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8196)

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES HELD ON RECORD DATE; AND (2) CHANGE IN BOARD LOT SIZE

PROPOSED RIGHTS ISSUE

The Board proposes to raise up to approximately HK\$45 million before expenses by issuing 150,000,000 Rights Shares at the Subscription Price of HK\$0.3 per Rights Share by way of the Rights Issue, on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date.

The Rights Issue is not underwritten and will not be available to the Excluded Shareholders (if any). To qualify for the Rights Issue, a Shareholder must: (i) be registered as a member of the Company at the close of business on the Record Date; and (ii) not be an Excluded Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, Qualifying Shareholders must lodge any transfer of Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on Wednesday, 5 June 2024.

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

The 150,000,000 Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represent (i) 50% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares, assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that there is an undersubscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly. There is no minimum amount which must be raised in order for the Rights Issue to proceed.

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

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

The Group is a provider of wastewater and drinking water treatment engineering services in the PRC and the Company is principally engaged in investment holding.

Assuming full subscription of the Rights Shares by the Qualifying Shareholders, the net proceeds from the Rights Issue after deducting the relevant expenses are estimated to be approximately HK\$44.7 million (assuming no change in the number of Shares in issue on or before the Record Date), which will be used (i) as to approximately HK\$39.7 million for funding the working capital for the EPC Projects; and (ii) approximately HK\$5.0 million for general working capital of the Group, including but not limited to staff costs and other general and administrative expenses. In the event that the Rights Issue is not subscribed in full, the net proceeds will be allocated and utilised in accordance with the same proportion to the above uses.

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

CHANGE IN BOARD LOT SIZE

The Board announces that the board lot size of the Shares for trading on the Stock Exchange will be changed from 4,000 Shares to 8,000 Shares with effect from 9:00 a.m. on Friday, 14 June 2024. The Company will arrange odd lot matching services in order to facilitate the trading of odd lots.

IMPLICATIONS UNDER THE GEM LISTING RULES

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

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

As at the date of this announcement, there are 12,000,000 outstanding Share Options granted by the Company, which are exercisable into 12,000,000 Shares. Pursuant to the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the date of this announcement, 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.

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

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

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

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

THE RIGHTS ISSUE

The Company proposes the Rights Issue, details of which are summarised below:

Rights Issue Statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) Shares in issue and held on the Record Date by the Qualifying Shareholders
Subscription Price	:	HK\$0.3 per Rights Share
Number of Shares in issue as at the date of this announcement	:	300,000,000 Shares
Number of Rights Shares to be issued	:	Up to 150,000,000 Rights Shares (assuming (i) no change in the total number of Shares in issue from the date of this announcement up to and including the Record Date and (ii) full subscription under the Rights Issue)

Total number of Shares in issue upon completion of the Rights Issue	:	Up to 450,000,000 Shares (assuming (i) no change in the total number of Shares in issue from the date of this announcement up to and including the Record Date and (ii) full subscription under the Rights Issue)
Gross proceeds from the Rights Issue (before deducting the relevant expenses)	:	Up to HK\$45,000,000 (assuming (i) no change in the total number of Shares in issue from the date of this announcement up to and including the Record Date and (ii) full subscription under the Rights Issue)
Net proceeds from the Rights Issue (after deducting the estimated relevant expenses)	:	Up to approximately HK\$44,700,000 (assuming (i) no change in the total number of Shares in issue from the date of this announcement up to and including the Record Date and (ii) full subscription under the Rights Issue)
Right of excess applications	:	There will be excess application arrangements in relation to the Rights Issues pursuant to Rule 10.31(1)(a) of the GEM Listing Rules

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

Subscription Price

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

The Subscription Price represents:

- (i) no discount to or premium over the closing price of HK\$0.3 per Share as quoted on the Stock Exchange on the Last Trading Day;

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

The Subscription Price was determined by the Directors with reference to the recent market price of the Shares under the prevailing market conditions and the reasons for and benefits of the Rights Issue as discussed in the paragraph headed “Reasons for and Benefits of the Rights Issue and Use of Proceeds” of this announcement. The Board considers that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders, and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Excluded Shareholder(s) (if any) for their information only. Please take special note that the Company will send the PALs and EAFs to the Qualifying Shareholders only.

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

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

In order to be registered as members of the Company at the close of business on the Record Date, Qualifying Shareholders must lodge any transfer of Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on Wednesday, 5 June 2024.

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

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

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

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

Rights of Overseas Shareholders (if any)

The Prospectus Documents are not expected to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 17.41(1) of the GEM Listing Rules and make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any), and if, having made such enquiry, the Directors consider that it is necessary or expedient not to extend the Rights Issue to these Overseas Shareholders on account either of the legal restrictions under the laws of the place of his registered address or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholders and the Company will disclose the explanation for such exclusion in the Prospectus. The Company will only send the Prospectus to the Excluded Shareholder(s) for their information.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, above HK\$100 will be distributed by the Company to the relevant Excluded

Shareholders pro rata to their shareholdings on the Record Date (but rounded down to the nearest cent) in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold nil-paid Rights Shares of the Excluded Shareholder(s) will be made available for excess application by the Qualifying Shareholders.

Overseas Shareholders should note that he/she/it/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, the Overseas Shareholders should exercise caution when dealing in the Shares.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) Shares in issue and held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for. Any holdings (or balance of holdings) of less than two (2) Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the paragraph headed "Fractional entitlements" below.

Fractional entitlements

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

Status of the Rights Shares

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

Application for excess Rights Shares

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

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:00 p.m. on Friday, 28 June 2024 (Hong Kong time).

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

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

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

Share certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be despatched by ordinary post on or before Tuesday, 9 July 2024 to those persons who have validly accepted and paid for the Rights Shares and those successful applicants for the excess Rights Shares to the registered address or, in case of joint applicants, to the registered address of the applicant whose name first appears in the register of members of the Company in Hong Kong or, as the case may be, the transfer form, at their own risk. If the Rights Issue does not proceed, refund cheques will be posted on or before Tuesday, 9 July 2024 by ordinary post to the addresses as aforesaid at the respective applicants' own risks. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) will be despatched

on or before Tuesday, 9 July 2024 by ordinary post to the addresses as aforesaid at the respective applicants' own risks. One share certificate will be issued for all the Rights Shares a shareholder is entitled to.

Application for listing

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

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

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 both their nil-paid and fully-paid forms) on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders should seek advice from their 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 if they are in any doubt. Dealings in the Rights Shares (in both their nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

The Rights Issue on a non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that there is an under-subscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly. There is no minimum amount which must be raised in order for the Rights Issue to proceed.

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

Accordingly, the Rights Issue will be made on the term that the Company will provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for his entitlement under the PAL or for excess Rights Shares under the EAF can be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 10.26(2) of the GEM Listing Rules.

Conditions of the Rights Issue

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

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

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

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

Intentions of the Substantial Shareholders

The Company has not received any information or irrevocable undertaking from any substantial shareholders of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

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

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

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

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

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

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

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

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

On the other hand, the Directors consider raising funds by way of the Rights Issue is more appropriate as the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. The Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

In the event that the Rights Issue does not proceed or is under-subscribed, the Company may consider debt financing as an alternative to raise the necessary funds for the aforementioned uses. However, as discussed above, the Board does not consider debt

financing to be optimal for the Group as compared with conducting the Rights Issue. Hence, the Company may resort to debt financing only if the Rights Issue does not proceed or is under-subscribed.

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

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately after completion of the Rights Issue is set out below:

	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders)	
	No. of Shares	Approx.%	No. of Shares	Approx.%
Oceanic Expert Investments Limited (<i>Note</i>)	91,350,000	30.45	137,025,000	30.45
Public Shareholders	<u>208,650,000</u>	<u>69.55</u>	<u>312,975,000</u>	<u>69.55</u>
Total	<u>300,000,000</u>	<u>100.00</u>	<u>450,000,000</u>	<u>100.00</u>

Note:

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

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately before the date of this announcement.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

Event	Time and Date (Hong Kong time)
Publication of this announcement	Thursday, 16 May 2024
Last day of dealings in the Shares on a cum-rights basis.....	Monday, 3 June 2024
First day of dealings in the Shares on an ex-rights basis	Tuesday, 4 June 2024
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue.....	4:30 p.m. on Wednesday, 5 June 2024
Register of members of the Company closes for determining entitlements to the Rights Issue (both days inclusive).....	Thursday, 6 June 2024 to Thursday, 13 June 2024
Record Date for determining entitlements to the Rights Issue	Thursday, 13 June 2024
Register of members of the Company re-opens	Friday, 14 June 2024
Despatch of the Prospectus Documents to the Qualifying Shareholders (in the case of the Excluded Shareholder(s), the Prospectus only).....	Friday, 14 June 2024
Effective date of change in board lot size from 4,000 Shares to 8,000 Shares	Friday, 14 June 2024
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	9:00 a.m. on Friday, 14 June 2024
First day of dealings in nil-paid Rights Shares in the new board lots of 8,000 Shares.....	Tuesday, 18 June 2024
Latest time for splitting of the PAL(s).....	4:30 p.m. on Thursday, 20 June 2024
Last day of dealings in nil-paid Rights Shares in the new board lots of 8,000 Shares.....	Tuesday, 25 June 2024

Event	Time and Date (Hong Kong time)
Latest time for acceptance of and payment for the Rights Shares and for the application and payment for excess Rights Shares	4:00 p.m. on Friday, 28 June 2024
Latest time for the Rights Issue to become unconditional.....	4:00 p.m. on Tuesday, 2 July 2024
Announcement of results of the Rights Issue	Monday, 8 July 2024
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any	Tuesday, 9 July 2024
Commencement of dealings in the fully-paid Rights Shares	9:00 a.m. on Wednesday, 10 July 2024
The last day for the designated broker to provide matching services for odd lots of Shares	4:00 p.m. on Wednesday, 17 July 2024

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

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

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

- (a) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 5:00 p.m. on the same Business Day; or

- (b) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on or before 4:00 p.m. on Friday, 28 June 2024, the dates mentioned herein may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable of the Rights Issue as soon as practicable.

CHANGE IN BOARD LOT SIZE

As set out in the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited, it is requested that the value of each board lot shall be no less than HK\$2,000. In order to increase the value of each board lot of the Shares, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 4,000 Shares to 8,000 Shares with effect from 9:00 a.m. on Friday, 14 June 2024. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and its Shareholders as a whole.

Based on the theoretical ex-rights price of HK\$0.3 per Share, the market value of each existing board lot is approximately HK\$1,200 and the estimated market value of each proposed new board lot is approximately HK\$2,400.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, a designated broker will be appointed to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Friday, 14 June 2024 to 4:00 p.m. on Wednesday, 17 July 2024 (both days inclusive). Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility. Further details in respect of the odd lots arrangement will be set out in the Prospectus.

All existing share certificates in board lot of 4,000 shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the change in the board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size 4,000 shares to new share certificate in board lot size of 8,000 shares is necessary.

IMPLICATIONS UNDER THE GEM LISTING RULES

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

DESPATCH OF PROSPECTUS DOCUMENTS

Subject to fulfilment of the conditions of the Rights Issue, the Prospectus Documents will be dispatched to the Qualifying Shareholders on Friday, 14 June 2024. The Prospectus will be despatched to the Excluded Shareholder(s) (if any) for information only.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

As at the date of this announcement, there are 12,000,000 outstanding Share Options granted by the Company, which are exercisable into 12,000,000 Shares. Pursuant to the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the date of this announcement, 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.

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

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

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

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

DEFINITIONS

Terms used in this announcement have the following meanings unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“close associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules

“Company”	Futian Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8196)
“Director(s)”	the director(s) of the Company for the time being
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess of their entitlements under the Rights Issue
“Excluded Shareholder(s)”	Overseas Shareholder(s) whom the Board, based on legal opinions provided by legal advisers, considers it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Extreme Conditions”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
“FY2023”	the financial year ended 31 December 2023
“FY2024”	the financial year ending 31 December 2024
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the same meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Last Trading Day”	16 May 2024, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 28 June 2024 or such later time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus (including any supplementary prospectus, if any) to be despatched to the Qualifying Shareholders (and the Excluded Shareholder(s) for information only) in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s), and the EAF(s)
“Prospectus Posting Date”	Friday, 14 June 2024 or such other date as may be determined by the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders (or in case of Excluded Shareholder(s), the Prospectus only)
“Qualifying Shareholder(s)”	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Thursday, 13 June 2024, or on such other date as the Company may determine, being the date by reference to which entitlements to the Rights Issue will be determined

“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of up to 150,000,000 Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every two (2) Share held at the close of business on the Record Date payable in full on acceptance
“Rights Shares”	up to 150,000,000 new Shares to be allotted and issued under the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 17 June 2022
“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.3 per Rights Share
“substantial shareholder(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“%”	per cent

By Order of the Board
Futian Holdings Limited
XIE Yang
Chairman

Guangzhou, PRC, 16 May 2024

In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB0.9055 = HK\$1. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at all.

As at the date of this announcement, the executive Directors are Mr. XIE Yang, Mr. HE Xuanxi, Ms. LIU Chujun and Ms. SUN Zhaoyang and the independent non-executive Directors are Ms. BAI Shuang, Mr. HA Chengyong and Mr. TSE Chi Wai.

This announcement, 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 announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Announcements” page of the Stock Exchange website at www.hkexnews.hk for at least 7 days from the date of its posting and be posted on the website of the Company at www.greatwater.com.cn.