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If you have sold or transferred all your shares in Aeso Holding Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



aeso

AESO HOLDING LIMITED

艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)

**(1) PROPOSED SHARE CONSOLIDATION; AND
(2) PROPOSED CAPITAL REDUCTION OF
ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARES**

A notice convening an EGM of Aeso Holding Limited to be held by way of electronic means (via ZOOM MEETING ONLY) to be hosted at 18/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong) at 11:00 a.m. on Monday, 4 April 2022 is set out on pages 21 to 25 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of Aeso Holding Limited in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

11 March 2022

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 circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Announcement”	the announcement of the Company dated 1 March 2022 regarding the proposed Share Consolidation, the Capital Reduction and the Share Sub-division
“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby the nominal value of each of the issued Consolidated Shares will be reduced from US\$0.1 each to US\$0.01 each by cancelling the paid up capital to the extent of US\$0.09 on each issued Consolidated Share
“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961), of the Cayman Islands as consolidated and revised
“Company”	Aeso Holding Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8341)
“Consolidated Share(s)”	the ordinary share(s) of par value US\$0.1 each in the share capital of the Company upon the Share Consolidation becoming effective
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Effective Date”	the date on which the Capital Reduction and the Share Sub-division shall become effective
“EGM”	the extraordinary general meeting of the Company to be convened and held by way of electronic means (via ZOOM MEETING ONLY) for the purpose of considering, and if though fit, approving the proposed Share Consolidation, the Capital Reduction and the Share Sub-division
“Existing Share(s)”	the ordinary share(s) of par value US\$0.01 each in the share capital of the Company before the Share Consolidation becoming effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	collectively, the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	9 March 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Memorandum”	the memorandum of association of the Company, as amended from time to time
“New Share(s)”	ordinary share(s) of par value US\$0.01 each in the issued and unissued share capital of the Company upon the Capital Reduction and the Share Sub-division becoming effective
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, the address of which is at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong

DEFINITIONS

“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s) and/or the New Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares of par value US\$0.01 each in the share capital of the Company into one (1) Consolidated Share of par value US\$0.1 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 30 September 2019
“Share Sub-division”	the proposed sub-division of each authorised but unissued Consolidated Share of par value US\$0.1 each into 10 New Shares of par value US\$0.01 each
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“US\$”	United States dollar
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation, the Capital Reduction and the Share Sub-division is set out below. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Share Consolidation, the Capital Reduction and the Share Sub-division and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates.

	Date
Latest date and time for lodging transfer documents in order to qualify for attending and voting at EGM	4:30 p.m. on Tuesday, 29 March 2022
Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive)	Wednesday, 30 March 2022 to Monday, 4 April 2022
Latest date and time for lodging the proxy form for the EGM	11:00 a.m. on Saturday, 2 April 2022
Record date for EGM	Monday, 4 April 2022
Date and time of the EGM	11:00 a.m. on Monday, 4 April 2022
Announcement of results of the EGM	Monday, 4 April 2022
 <i>The following events are conditional upon the results of the EGM and therefore the dates are tentative only.</i>	
Effective date of the Share Consolidation	Thursday, 7 April 2022
First day of free exchange of existing share certificates into new share certificates for Consolidated Shares	Thursday, 7 April 2022
Dealings in Consolidated Shares commence	9:00 a.m. on Thursday, 7 April 2022

EXPECTED TIMETABLE

Original counter for trading in Shares in board lots of
5,000 Existing Shares (in the form of
existing share certificates) temporarily closes 9:00 a.m. on
Thursday, 7 April 2022

Temporary counter for trading
in Consolidated Shares in temporary board
lot of 500 Consolidated Shares (in the
form of existing share certificates) opens 9:00 a.m. on
Thursday, 7 April 2022

Original counter for trading
in Consolidated Shares in board lot of
5,000 Consolidated Shares (in the form of
new share certificates
for Consolidated Shares) re-opens 9:00 a.m. on
Monday, 25 April 2022

Parallel trading in the Shares and
Consolidated Shares (in the form of
existing share certificates and
new share certificates) commences 9:00 a.m. on
Monday, 25 April 2022

Designated broker starts to stand
in the market to provide matching
services for sale and purchase of
odd lots of Consolidated Shares 9:00 a.m. on
Monday, 25 April 2022

Designated broker ceases to stand
in the market to provide matching services
for sale and purchase of odd lots of
Consolidated Shares 4:00 p.m. on
Tuesday, 17 May 2022

Temporary counter for trading
in Consolidated Shares
in temporary board lot of
500 Consolidated Shares (in the form of
existing share certificates) closes 4:10 p.m. on
Tuesday, 17 May 2022

EXPECTED TIMETABLE

Parallel trading in Consolidated Shares
(in the form of new share certificates
for Consolidated Shares and
existing share certificates) ends 4:10 p.m. on
Tuesday, 17 May 2022

Last day for free exchange of
existing share certificates into
new share certificates for Consolidated Shares Thursday, 19 May 2022

***The following events are conditional upon the results of the EGM and the confirmation
of the Court on the Capital Reduction and therefore the dates are tentative only.***

Effective time of the Capital Reduction and
the Share Sub-division Before 9:00 a.m. on
Friday, 17 June 2022

Commencement of dealing in the New Shares 9:00 a.m. on
Friday, 17 June 2022

First day of free exchange of
existing share certificates
for the Consolidated Shares into
new share certificates for New Shares Friday, 17 June 2022

Last day of free exchange of
existing share certificates
for the Consolidated Shares into
new share certificates for New Shares Monday, 25 July 2022

LETTER FROM THE BOARD



aeso

AESO HOLDING LIMITED

艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)

Executive Directors:

Mr. Chan Siu Chung (*Chairman*)

Mr. Cheung Hiu Tung

Mr. Zhang Hai Wei

Registered Office:

89 Nexus Way, Camana Bay

Grand Cayman, KY1-9009

Cayman Islands

Independent non-executive Directors:

Mr. Yeung Chun Yue, David

Ms. Lai Wing Sze

Ms. Yu Wan Ki

Hong Kong Principal Place of Business:

18/F., The Pemberton

22-26 Bonham Strand

Sheung Wan, Hong Kong

11 March 2022

To the Shareholders

Dear Sir/Madam,

(1) PROPOSED SHARE CONSOLIDATION; AND (2) PROPOSED CAPITAL REDUCTION OF ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARES

INTRODUCTION

The Company has announced on 1 March 2022 the proposed Share Consolidation, the Capital Reduction and the Share Sub-division. The purpose of this circular is to provide you with information regarding the proposed Share Consolidation, the Capital Reduction and the Share Sub-division and the notice of EGM for the purpose of considering and, if thought fit, approving the resolutions to be proposed.

PROPOSED SHARE CONSOLIDATION

The Board proposes that (i) every ten (10) issued and unissued Existing Shares of par value US\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of par value US\$0.1 each in the share capital of the Company.

LETTER FROM THE BOARD

Effect of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is US\$20,000,000 divided into 2,000,000,000 Existing Shares of par value US\$0.01 each, of which 800,000,000 Existing Shares have been issued and are fully paid or credited as fully paid.

Immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Sub-division becoming effective, and assuming no further Existing Shares will be issued or repurchased from the Latest Practicable Date up to and including the effective date of the Share Consolidation, the authorised share capital of the Company shall be US\$20,000,000 divided into 200,000,000 Consolidated Shares of par value US\$0.1 each, of which 80,000,000 Consolidated Shares will be issued and will be fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, all the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Memorandum and the Articles.

The implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders.

As at the Latest Practicable Date, the Company has no intention to carry out other corporate action or arrangement that may affect the trading in the shares of the Company, including share consolidation, share subdivision and change in board lot size, in the next 12 months which would have a contradictory effect to the Share Consolidation.

The business of the Group has grown rapidly in recent years as a result of relatively larger amounts of tenders awarded and tenders submitted. In order to alleviate its liquidity pressure with the large volume of the new tenders awarded and enhance the competitive power of the tenders submitted, the Company is currently in preliminary internal discussions on the feasibility of fund raising and intends to conduct equity fund raising exercises, when suitable fund raising opportunities arise, for the purpose of, among other things, reducing its debts and/or support such future developments of the Group. The actual method of equity fund raising, its timing, the scale of the issue and its issue price are, among other things, yet to be determined, and are subject to market conditions. There is no agreement, arrangement, understanding and negotiation (concluded or otherwise) entered into by the Company for any potential fund raising activities. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

LETTER FROM THE BOARD

Save as disclosed above, the Company does not have any current intention or plan to undertake any other equity issues in the next 12 months. The Company has taken into account the effect of the potential equity raising when determining the basis of the proposed Share Consolidation and did not expect there would be a contradictory effect to the Share Consolidation.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

1. the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
2. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
3. the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Thursday, 7 April 2022, being one clear Business Day immediately after the date of the EGM.

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Reasons for the Share Consolidation

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities.

The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 has stated that (i) market price of the Shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

LETTER FROM THE BOARD

The closing prices of the Existing Shares were at all times below HK\$0.1 during the past 6 months preceding the Latest Practicable Date and the Existing Shares were traded in the range from HK\$0.034 to HK\$0.052 in the past 6 months. The Board considers the existing share price of the Company to be close to the extremities and it is a sufficient, fair and representative period for considering whether to implement the Share Consolidation given the relatively lengthy period of time.

Moreover, the existing board lot value has been less than HK\$2,000. It is expected that the Share Consolidation will increase the nominal value of the Shares and would bring about a corresponding upward adjustment in the trading price per Consolidated Share. Immediately prior to the Latest Practicable Date, the last trading price of the shares of the Company was HK\$0.044, with a board lot size of 5,000, and the existing board lot value was only HK\$220, which was less than HK\$2,000. Upon the Share Consolidation becoming effective, based on the last trading price of HK\$0.044 per Share, the share price of the Company would be adjusted to HK\$0.44 per Share. With a board lot size of 5,000, the new board lot value would be HK\$2,200, which would be more than the required HK\$2,000. As such, the proposed Share Consolidation would enable the Company to comply with the trading requirements under the GEM Listing Rules.

The Share Consolidation will increase the nominal value of the Shares and will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares. Furthermore, it is also hoped that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor.

The Directors have always intended to conduct a corporate action to minimize the negative impact arising from the creation of odd lots to Shareholders. The Directors have considered alternative ratios for the Share Consolidation, such as a consolidation of 5 Existing Shares into 1 Consolidated Share, 15 Existing Shares into 1 Consolidated Share or 20 Existing Shares into 1 Consolidated Share. The first alternative consolidation ratio could not meet the requirement of board lot value not less than HK\$2,000. The second and third alternative consolidation ratio would create more odd lots than the existing proposal of the consolidation of 10 Existing Shares into 1 Consolidated Share. Further, the board lot value arising from the second and third alternative consolidation ratio will be far more than the required HK\$2,000. To minimize the unnecessary odd lots creation as well as to comply with the GEM Listing Rules, the Directors considered that the proposal of consolidation of 10 Existing Shares into 1 Consolidated Share is the most appropriated and would be in the best interest of the Shareholders as a whole, particularly taking into account the potential odd lots creation.

LETTER FROM THE BOARD

The Directors also take into consideration of the share prices in the past 6 months and the past one month in determining the existing proposed ratio for the Share Consolidation. In the past 6 months preceding the Latest Practicable Date, the trading prices of the Shares ranged from HK\$0.034 per Existing Share to HK\$0.058 per Existing Share with the average trading price of approximately HK\$0.044 per Existing Share and the median trading price of HK\$0.046 per Existing Share. In the past one month preceding the Latest Practicable Date, the trading prices of the Shares ranged from HK\$0.039 per Existing Share to HK\$0.045 per Existing Share with the average trading price of approximately HK\$0.043 per Existing Share and the median trading prices of HK\$0.042 per Existing Share. This shows that the trading price of the Shares is relatively stable and may not be materially affected by any future equity fundraisings/corporate actions. The Directors considered that the Company will be able to achieve the board lot value of greater than HK\$2,000 after the proposed ratio of Share Consolidation.

The Board considers that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Application for the listing of the Consolidated Shares

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second 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. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Exchange of share certificates for the Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be on Thursday, 7 April 2022, being one clear Business Day immediately after the date of the EGM, Shareholders may between 9:00 a.m. and 4:30 p.m. on any Business Day during the period from Thursday, 7 April 2022 to Thursday, 19 May 2022 (both days inclusive), submit share certificates for the Existing Shares (in orange colour) to the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong to exchange for new share certificates for the Consolidated Shares (in purple colour) at the expense of the Company.

LETTER FROM THE BOARD

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 each (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Registrar for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of share certificates involved is higher.

After 4:10 p.m. on Tuesday, 17 May 2022, trading will only be in Consolidated Shares which share certificates will be issued in purple colour. Existing share certificates in orange colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

Board lot size

Currently, the Shares are traded on the Stock Exchange in the board lot size of 5,000 Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 5,000 Consolidated Shares.

Based on the closing price of HK\$0.044 per Share as quoted on the Stock Exchange at the Latest Practicable Date, the value for each board lot of 5,000 Shares was HK\$220 and the theoretical market value for each board lot of 5,000 Consolidated Shares assuming the Share Consolidation had become effective, would be HK\$2,200.

Fractional entitlement to the Consolidated Shares

Fractional Consolidated Shares (if any) arising from the Share Consolidation will not be issued to the Shareholders otherwise entitled thereto but will be aggregated and sold (if possible) for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates in orange colour held by such holder.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers and may wish to consider the possibility of buying or selling the Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Arrangement on odd lot trading

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company has appointed an agent to provide matching services, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

LETTER FROM THE BOARD

Shareholders who wish to take advantage of this facility should contact Suncorp Securities Limited at Unit 2305, 23/F, The Center, 99 Queen's Road Central, Central, Hong Kong (telephone number: (852) 3899 1803) from 9:00 a.m. on Monday, 25 April 2022 to 4:10 p.m. on Tuesday, 17 May 2022.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

PROPOSED CAPITAL REDUCTION AND SHARE SUB-DIVISION

The Board further proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Share Sub-division be implemented in the following manner:

- (i) the issued share capital of the Company be reduced by cancelling the paid up capital to the extent of US\$0.09 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from US\$0.1 to US\$0.01;
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares with par value of US\$0.1 each be sub-divided into ten (10) New Shares of par value US\$0.01 each; and
- (iii) each of the New Shares arising from the Capital Reduction and the Share Sub-division shall rank *pari passu* in all respects with each other each in accordance with the Memorandum and Articles and have rights and privileges and be subject to the restrictions as contained in the Memorandum and the Articles.

Effect of the Capital Reduction and the Share Sub-division

As at the Latest Practicable Date, the authorised share capital of the Company is US\$20,000,000 divided into 2,000,000,000 Existing Shares of par value US\$0.01 each, of which 800,000,000 Existing Shares have been issued and are fully paid or credited as fully paid.

Immediately upon the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective and assuming no further Existing Shares or (as the case may be) Consolidated Shares will be issued or repurchased from the Latest Practicable Date up to and including the Effective Date, the authorised share capital of the Company shall be US\$20,000,000 divided into 2,000,000,000 New Shares of par value US\$0.01 each, of which 80,000,000 New Shares will be issued as fully paid or credited as fully paid.

LETTER FROM THE BOARD

Based on the 800,000,000 Existing Shares in issue as at the Latest Practicable Date or (as the case may be), 80,000,000 Consolidated Shares in issue as at the date on which the Share Consolidation becomes effective, and assuming no further Existing Shares or (as the case may be) Consolidated Shares will be issued or repurchased prior to the Effective Date, a credit amounting to approximately US\$7,200,000 will arise as a result of the Capital Reduction. It is proposed that the credit arising from the Capital Reduction will be credited to the distributable reserve account of the Company, which will be utilised by the Company in such manner as the Board may deem fit and permitted under all applicable laws, the Memorandum and the Articles.

Assuming that there is no change in the number of issued Shares from the Latest Practicable Date up to and including the date on which the Share Consolidation, the Capital Reduction and the Share Sub-division become effective, the share capital structure of the Company will be as follows:

	As at the Latest Practicable Date	Immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Sub-division becoming effective	Immediately upon the Capital Reduction and the Share Sub-division becoming effective
Par value	US\$0.01 per Existing Share	US\$0.1 per Consolidated Share	US\$0.01 per New Share
Amount of authorised share capital	US\$20,000,000	US\$20,000,000	US\$20,000,000
Number of authorised shares	2,000,000,000 Existing Shares	200,000,000 Consolidated Shares	2,000,000,000 New Shares
Number of issued shares	800,000,000 Existing Shares	80,000,000 Consolidated Shares	80,000,000 New Shares
Amount of the issued share capital	US\$8,000,000	US\$8,000,000	US\$800,000

Upon the Capital Reduction and the Share Sub-division becoming effective, the size of each board lot of the New Shares will remain the same as that of the Consolidated Shares, being 5,000 New Shares per board lot and the New Shares will rank *pari passu* in all respects with each other in accordance with the Memorandum and the Articles.

LETTER FROM THE BOARD

Other than the expenses to be incurred in relation to the Share Consolidation, the Capital Reduction and the Share Sub-division which are expected to be insignificant in the context of the net asset value of the Company, the implementation of the Share Consolidation, the Capital Reduction and the Share Sub-division will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Directors are of the view that the Share Consolidation, the Capital Reduction and the Share Sub-division will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

Conditions of the Capital Reduction and the Share Sub-division

The Capital Reduction and the Share Sub-division are conditional upon the following conditions:

1. the Share Consolidation has become effective;
2. the passing of a special resolution by the Shareholders to approve the Capital Reduction and the Share Sub-division at the EGM;
3. the Court granting an order confirming the Capital Reduction;
4. compliance with any conditions which the Court may impose in relation to the Capital Reduction;
5. registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction; and
6. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reduction and the Share Sub-division.

LETTER FROM THE BOARD

The Capital Reduction and the Share Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Share Consolidation, the Capital Reduction and the Share Sub-division at the EGM, the legal advisors to the Company (as to Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and further announcement(s) will be made by the Company on the preliminary timetable as soon as the Court hearing dates are confirmed.

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Reasons for the Capital Reduction and Share Sub-division

Under the Companies Act, a company may not issue shares at a discount to the nominal value of such shares. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction and the Share Sub-division, the nominal value of the Consolidated Shares will be US\$0.1 per Consolidated Share. The Capital Reduction and the Share Sub-division will keep the nominal value of the New Shares at a lower level of US\$0.01 per New Share, which allows greater flexibility in the pricing for any issue of new Shares in the future. The credit in the distributable reserve account arising from the Capital Reduction will enable the Company to set off its accumulated loss and may be applied in future for distribution to the Shareholders or in any manner permitted by applicable laws, the Memorandum and the Articles. The Board considers that the Capital Reduction and the Share Sub-division are beneficial to and in the interests of the Company and the Shareholders as a whole.

Application for the listing of the New Shares

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the New Shares.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second 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. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

LETTER FROM THE BOARD

Exchange of share certificates for the New Shares

As the Court hearing dates have yet to be fixed, the effective date of the Capital Reduction and the Share Sub-division is not ascertainable at present. Should the Capital Reduction and the Share Sub-division becoming effective, Shareholders may submit share certificates for the Consolidated Shares (in purple colour) to the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong to exchange for new share certificates for the New Shares (in red colour) at the expense of the Company within the relevant free exchange period from the Effective Date. Details of such free exchange of share certificates will be announced as soon as the Effective Date is ascertained.

The Company will publish announcement(s) to update the Shareholders when the Court hearing dates, the effective date of the Capital Reduction and the Share Sub-division, and the period when the Shareholders can submit share certificates for the Consolidated Shares to exchange for new share certificates for the New Shares is/are ascertained and/or updated.

All existing certificates of the Consolidated Shares or (as the case may be) the Existing Shares will continue to be evidence of title to such Shares but all existing certificate of Existing Shares will cease to be valid for trading and settlement purpose.

ADJUSTMENTS TO OUTSTANDING SHARE OPTIONS

According to the rules of the Share Option Scheme, if there is any alteration in the capital structure of the Company whether by way of, among others, consolidation, subdivision or reduction of the share capital of the Company, while any options remains exercisable, corresponding alteration shall be made to the subscription price of the options. The aforementioned alteration is conditional on the confirmation in writing by the auditors of the Company or the independent financial adviser appointed by the Company that the alteration is made on the basis that the proportion of the issued share capital of the Company to which a participant of the Share Option Scheme is entitled after such alteration shall remain the same as that to which he or she was entitled before such alteration. No such alteration shall be made to the effect of which would be to enable any Share to be issued at less than its nominal value or which would result in the aggregate amount payable on the exercise of any option in full being increased.

LETTER FROM THE BOARD

Upon the Share Consolidation become effective, pursuant to the terms and conditions of the Share Option Scheme, the total number of 8,000,000 Consolidated Shares which the Company may issue under the existing scheme mandate limit of the Share Option Scheme and the exercise price and the number of the outstanding share options granted under the Share Option Scheme will be adjusted in the following manner:

Name of grantee	Date of grant	Before Adjustments		After Adjustments	
		Exercise price per outstanding share option granted	Number of Existing Shares to be allotted and issued upon full exercise of the outstanding share options granted	Exercise price per outstanding share option granted	Number of Consolidated Shares to be allotted and issued upon full exercise of the outstanding share options granted
Directors					
Mr. Chan Siu Chung	15 November 2019	HK\$0.3135	2,838,709	HK\$3.135	283,870
	12 July 2021	US\$0.01	4,000,000	US\$0.1	400,000
Mr. Cheung Hiu Tung	15 November 2019	HK\$0.3135	2,838,709	HK\$3.135	283,870
Mr. Zhang Hai Wei	15 November 2019	HK\$0.3135	2,838,709	HK\$3.135	283,870
	12 July 2021	US\$0.01	8,000,000	US\$0.1	800,000
Other employees	15 November 2019	HK\$0.3135	14,193,550	HK\$3.135	1,419,355
	12 July 2021	US\$0.01	<u>8,000,000</u>	US\$0.1	<u>800,000</u>
			<u>42,709,677</u>		<u>4,270,965</u>

Save as aforesaid, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares, Consolidated Shares or New Shares, as at the Latest Practicable Date.

ACTIONS TO BE TAKEN

A notice convening the EGM to be held by way of electronic means (via ZOOM MEETING ONLY to be hosted at 18/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong) at 11:00 a.m., on Monday, 4 April 2022 is set out on pages 21 to 25 of this circular. An ordinary resolution will be proposed to approve the proposed Share Consolidation, and a special resolution will be proposed to approve the Capital Reduction and the Share Sub-division.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the EGM or any adjournment thereof (as the case may be) should you so desire and in such event, the form of proxy shall be deemed to be revoked.

In view of the current COVID-19 situation, a member of the Company will not be able to attend the EGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, it is recommended that he/she/it should appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

Shareholders will need to complete the following steps to be able to access the proceedings of the EGM of the Company:

Accessing proceedings of EGM by live webcast

The EGM will be held by way of electronic means and a member of the Company will be able to observe the proceedings of the EGM through ZOOM Meeting (upon an email request to enquiry@aeso.hk).

In order to do so, a member of the Company who wishes to join the ZOOM Meeting must register to enquiry@aeso.hk not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Following authentication of his/her/its status as members of the Company, authenticated members of the Company will receive an email instruction on how to join the ZOOM Meeting to observe the proceedings of the EGM by Monday, 4 April 2022.

LETTER FROM THE BOARD

THE COMPANY WILL NOT ACCEPT ANY PHYSICAL ATTENDANCE BY SHAREHOLDERS.

Questions from shareholders

A member of the Company who registers for the ZOOM Meeting may submit questions online during the EGM. They can also send questions related to the resolutions to be tabled for approval at the EGM. To do so, all questions must be submitted no later than 11:00 a.m. on Saturday, 2 April 2022 (being not less than forty-eight (48) hours before the EGM) by email to enquiry@aeso.hk. If the Company cannot answer all questions at the EGM due to time constraint, it will endeavour to respond to such questions as soon as practicable after the EGM.

VOTING AT THE EGM

Any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The issuer must announce the results of the poll in the manner prescribed under rule 17.47(5) of the GEM Listing Rules.

RECOMMENDATIONS

The Board considers that the resolutions in respect of the proposed Share Consolidation, the Capital Reduction and the Share Sub-division to be proposed at the EGM are in the best interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of such resolutions at the EGM.

By Order of the Board of
Aeso Holding Limited
Chan Siu Chung
Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING



aeso

AESO HOLDING LIMITED

艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Aeso Holding Limited (the “Company”) will be held by way of electronic means (via ZOOM MEETING ONLY to be hosted at 18/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong) at 11:00 a.m. on Monday, 4 April 2022 to consider and, if thought fit, pass with or without amendments (as applicable), the following resolutions:

ORDINARY RESOLUTION

1. “**THAT**, subject to and conditional upon the fulfilment of all the conditions set out in the paragraph headed “Conditions of the Share Consolidation” in the circular of the Company dated 11 March 2022 (the “Circular”), a copy of which has been tabled at the EGM marked “A” and initialled by the chairman of the EGM for the purpose of identification, with effect from the first business day (as defined in the articles of association of the Company) immediately following the date on which this resolution is passed or these conditions are fulfilled (whichever is the later):
 - (a) every ten (10) issued and unissued ordinary shares of par value US\$0.01 each (the “Existing Shares”) in the share capital of the Company be consolidated into one (1) ordinary share of par value US\$0.1 each (the “Consolidated Share(s)”) in the share capital of the Company (the “Share Consolidation”);
 - (b) immediately following the Share Consolidation, the authorised share capital of the Company be changed from US\$20,000,000 divided into 2,000,000,000 Existing Shares to US\$20,000,000 divided into 200,000,000 Consolidated Shares; and
 - (c) the Directors be and are hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Share Consolidation on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to, implement and complete the Share Consolidation.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

SPECIAL RESOLUTION

2. “**THAT**, subject to and conditional upon (i) the Share Consolidation becoming effective; (ii) approval from the Grand Court of the Cayman Islands (“Court”) of the Capital Reduction (as defined below); (iii) registration by the Registrar of Companies of Cayman Islands of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act of the Cayman Islands in respect of the Capital Reduction (as defined below) and compliance with any conditions the Court may impose; and (iv) the Listing Committee of The Hong Kong Stock Exchange Limited granting approval for the listing of, and permission to deal in, the New Shares (as defined below), with effect from the date on which these conditions are fulfilled (the “Effective Date”):
- (a) the par value of each issued Consolidated Share of par value US\$0.1 each in the share capital of the Company be reduced to US\$0.01 each (each a “New Share”) (the “Capital Reduction”) by cancelling the paid up capital to the extent of US\$0.09 on each of the then issued Consolidated Shares;
 - (b) the credit arising from the Capital Reduction be transferred to a distributable reserve account of the Company which may be utilized by the Directors in accordance with the memorandum and articles of association of the Company and all applicable laws, including, without limitation, eliminating or setting off any accumulated losses of the Company from time to time;
 - (c) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value US\$0.1 each be sub-divided into ten (10) New Shares with par value US\$0.01 each (the “Share Sub-division”);
 - (d) immediately following the Capital Reduction and the Share Sub-division, the authorised share capital of the Company be changed from US\$20,000,000 divided into 200,000,000 Consolidated Shares to US\$20,000,000 divided into 2,000,000,000 New Shares;
 - (e) each of the New Shares arising from the Capital Reduction and the Share Sub-division shall rank *pari passu* in all respects with each other and each shall have rights and privileges and be subject to the restrictions as contained in the memorandum and the articles of association of the Company; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (f) the Directors be and are hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Capital Reduction and the Share Sub-division, on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to, implement and complete the Capital Reduction and the Share Sub-division.”

By Order of the Board of
Aeso Holding Limited
Chan Siu Chung
Executive Director

Hong Kong, 11 March 2022

Registered Office:

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

Notes:

1. In view of the current COVID-19 situation in Hong Kong and the latest Prevention and Control of Disease (Prohibition on Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) and Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Chapter 599F of the Laws of Hong Kong), a member of the Company will not be able to attend the EGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
2. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or, if he is the holder of two or more shares (“Shares”) of the Company, more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.
3. In the case of joint holders of Shares, any one of such joint holders may vote by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such share shall alone be entitled to vote in respect thereof.
4. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney or person authorised, and must be deposited with the Hong Kong branch share registrar and transfer office (“Registrar”) of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the EGM (i.e. by 11:00 a.m. on 2 April 2022) or any adjournment thereof.

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. For the purpose of determining members who are qualified for attending the EGM, the register of members of the Company will be closed from Wednesday, 30 March 2022 to Monday, 4 April 2022, both days inclusive, during which no transfer of Shares will be effected. In order to qualify for attending the EGM, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Registrar at the address stated in note 4 above not later than 4:30 p.m. on Tuesday, 29 March 2022 for registration.
6. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting at the above EGM or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
7. According to GEM listing Rule 17.47(4) of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited, voting on all proposed resolutions set out in this notice will be taken by a poll.
8. If a tropical cyclone warning signal No. 8 or above is hoisted or remains hoisted or “extreme conditions” caused by super typhoons at 9:00 a.m. on Monday, 4 April 2022, the EGM will be proposed to be adjourned to a date to be determined. The Company will make a separate announcement on this.
9. All times and dates specified herein refer to Hong Kong local times and dates.
10. In view of the current COVID-19 situation, a member of the Company will not be able to attend the EGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/ her/its voting rights at the EGM, it is recommended that he/she/it should appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

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THE COMPANY WILL NOT ACCEPT ANY PHYSICAL ATTENDANCE BY SHAREHOLDERS.

Questions from shareholders

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NOTICE OF EXTRAORDINARY GENERAL MEETING

11. Subject to the development of COVID-19, the Company may implement further changes to the arrangement of the EGM and precautionary measures and may issue further announcement(s) on such measures as appropriate.
12. All non-registered shareholders may consult directly with their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their shares are held (as the case may be) for necessary arrangement to view and listen via live webcast or any adjourned meeting thereof if they wish.
13. As at the date of this notice, the executive Directors are Mr. Chan Siu Chung, Mr. Cheung Hiu Tung and Mr. Zhang Hai Wei, and the independent non-executive Directors are Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki.