

*Executive Directors:*

Mr. Ha Chak Hung (*Co-Chairman*)

Mr. Ip Chu Shing (*Chief Executive Officer*)

Mr. Chu Jinzhe (*Co-Chairman*)

*Independent Non-Executive Directors:*

Ms. Tang Shui Man

Dr. Fok Wai Sun

Ms. Liu Yuchao

*Registered office:*

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P.O. Box 1350

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Cayman Islands

*Head Office and Principal Place of Business  
in Hong Kong:*

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No. 8 Wang Kwong Road

Kowloon

Hong Kong

2 July 2025

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

Dear Sir or Madam,

- (1) PROPOSED CAPITAL REORGANISATION;  
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
FIVE (5) RIGHTS SHARES FOR EVERY TWO (2) NEW  
ORDINARY SHARE HELD ON THE RECORD DATE;  
(3) CLOSURE OF REGISTER OF MEMBERS;  
AND  
(4) NOTICE OF EGM**

## **INTRODUCTION**

Reference is made to the announcements of the Company dated 23 May 2025, 4 June 2025, 5 June 2025, 17 June 2025 and 24 June 2025, in relation to, among other matters, the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. The purpose of this circular is to provide you with, among other things, (i) further details of the Capital Reorganisation; (ii) further details of the Rights Issue and the Placing Agreement; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue and the transactions contemplated thereunder; and (v) a notice of the EGM.

### **(I) PROPOSED SHARE CONSOLIDATION**

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$20,000,000 divided into 200,000,000 Existing Shares with par value of HK\$0.10 each, of which 164,424,000 Existing Shares have been issued and are fully paid or credited as fully paid. The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares with par value of HK\$0.10 each be consolidated into one (1) Consolidated Share with par value of HK\$1.00 each.

As at the Latest Practicable Date, the closing price of the Existing Share of the Company was HK\$0.089 with the board lot size of 5,000 Existing Shares, the existing board lot value was only approximately HK\$445 which was less than HK\$2,000. The Company's share prices have ranged from HK\$0.086 to HK\$0.139 and the value of each board lot has remained below HK\$2,000 most of the time for the past six months.

The "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Stock Exchange 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\$0.10 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. The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares with par value of HK\$0.10 each be consolidated into one (1) Consolidated Share with par value of HK\$1.00 each. The proposed Share Consolidation will bring about a corresponding upward adjustment in the expected value per board lot, resulting in the theoretical closing price of HK\$0.89 per Consolidated Share and the expected market value of each board lot of HK\$4,450 (based on the current closing price of HK\$0.089 per Existing Share as at the Latest Practicable Date) and will enable the Company to comply with the trading

requirements under the GEM Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

Accordingly, the Board is of the view that the proposed Share Consolidation is beneficial to and in the interest of the Company and the Shareholders as a whole, and that will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders.

#### **Effect of the Share Consolidation**

Immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction becoming effective, and assuming there will be no change in the number of Existing Shares in issue from the Latest Practicable Date to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$20,000,000 divided into 20,000,000 Consolidated Shares with par value of HK\$1.00 each, of which 16,442,400 Consolidated Shares will be in issue and 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.

The implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Group and the interests and rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled thereto.

#### **Conditions of the Share Consolidation**

The Share Consolidation is conditional on the following conditions being fulfilled:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the GEM Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) 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 Friday, 25 July 2025, being one clear Business Day immediately after the date of the EGM.

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

### **Listing and dealings**

Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

The Consolidated Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, 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 dealings 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 HKSCC and HKSCC Operational Procedures in effect from time to time.

None of the Existing Shares or any debt securities of the Company 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.

### **Fractional entitlement to the Consolidated Shares**

Any fractional Consolidated Share arising from the Share Consolidation, if any, will be cancelled and will not be allocated to the Shareholders otherwise entitled thereto. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates 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.

#### **Adjustments in relation to other securities of the Company**

As at the Latest Practicable Date, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

The terms of the share option scheme were adopted by the Company on 21 September 2018. As at the Latest Practicable Date, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the share option scheme adopted by the Company on 21 September 2018 (“**Share Option Scheme**”). As at the Latest Practicable Date, the number of options available for grant under the Share Option Scheme is 4,800,000 Existing Share, 480,000 Consolidated Shares upon the Share Consolidation becoming effectives, and 480,000 New Ordinary Shares upon the Capital Reorganisation becoming effective.

#### **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 its securities.

The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange 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\$0.10 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.

As at the Latest Practicable Date, the closing price of an Existing Share of the Company was HK\$0.089, with the board lot size of 5,000 Existing Shares, the existing board lot value was only approximately HK\$445, which was less than HK\$2,000.

The Directors reviewed the Company's share price for the six months from 25 November 2024 to the Last Trading Day, the Company recorded the highest trading price at HK\$0.139 on 2 December 2024 and 21 January 2025 and the lowest trading price at HK\$0.086 on 7 April 2025 and 26 June 2025, with board lot size of 5,000 Existing Shares, the market value of each board lot was HK\$695 and HK\$430, respectively, which was less than HK\$2,000.

In view of the prolonged period of share prices approaching extremity, the Directors consider that the proposed Share Consolidation will bring about a corresponding upward adjustment in the expected value per board lot, resulting in the theoretical closing price of HK\$0.89 per Consolidated Share and the expected market value of each board lot of HK\$4,450 (based on the current closing price of HK\$0.089 per Existing Share as at the Latest Practicable Date) and will enable the Company to comply with the trading requirements under the GEM Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

Accordingly, the Board is of the view that the proposed Share Consolidation is beneficial to and in the interest of the Company and the Shareholders as a whole, and that will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders.

As at the Latest Practicable Date, save for the proposed Rights Issue, the Company has no plan or intention to carry out any corporate actions which may have an effect of undermining or negating the intended purpose of the Share Consolidation in the next twelve (12) months.

However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Group. The Company will make further announcement(s) in this regard in accordance with the GEM Listing Rules as and when appropriate.

#### **Arrangement on odd lot trading and matching services**

In order to alleviate the difficulties arising from the existence of odd lot of the Consolidated Shares arising from the Share Consolidation, the Company has appointed an agent to stand in the market to provide matching services for sale and purchase of odd lot of the Consolidated Shares on a best effort 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.

Shareholders who wish to take advantage of this facility should contact Mr. Wilson Lee at Pinestone Securities Limited at 1807, 18/F., China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong (telephone number: (852) 3728 0828) from 9:00 a.m. on Friday, 8 August 2025 to 4:00 p.m. on Thursday, 28 August 2025.

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

#### **Exchange of share certificates for the Consolidated Shares**

Should the Share Consolidation become effective, Shareholders may submit share certificates for the Existing Shares to the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for exchange, at the expense of the Company, from Friday, 25 July 2025 to Monday, 1 September 2025, for new share certificates for the Consolidated Shares.

Thereafter, all existing certificates of the Existing Shares will continue to be good evidence of title to the Consolidated Shares on the basis of ten (10) Existing Shares for every one (1) Consolidated Share, and may be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever is higher. The existing share certificates of the Existing Shares will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on 28 August 2025, and thereafter will not be accepted for delivery, trading and settlement purposes. The new share certificates for the Consolidated Shares will be issued in light blue in order to distinguish them from the share certificates for the Existing Shares which are in yellow.

#### **(II) PROPOSED CAPITAL REDUCTION AND THE SUB-DIVISION**

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

- (i) the Capital Reduction whereby (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled, and (b) the par value of each issued Consolidated Share will be reduced from HK\$1.00 to

HK\$0.01 by cancelling the paid-up share capital to the extent of HK\$0.99 per issued Consolidated Share, so that following such reduction, each issued Consolidated Share shall become one New Ordinary Share with par value of HK\$0.01 each;

- (ii) the credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of the credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate;
- (iii) immediately following the Capital Reduction becoming effective, each authorised but unissued Consolidated Share will be subdivided into 100 authorised but unissued New Ordinary Shares with par value of HK\$0.01 each; and
- (iv) each of the New Ordinary Shares arising from the Capital Reduction and the Sub-division shall rank *pari passu* in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

#### **Conditions of the Capital Reduction and the Sub-division**

The Capital Reduction and the Sub-division are conditional on the following conditions being fulfilled:

- (i) the Share Consolidation being approved at the EGM and becoming effective;
- (ii) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reduction and the Sub-division;
- (iii) an order being made by the Court confirming the Capital Reduction (if applicable);
- (iv) compliance with any terms and conditions which the Court may impose in relation to the Capital Reduction (if applicable);
- (v) registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction (if applicable) and the minute containing the particulars required under the Companies Act with respect to the Capital Reduction; and



- (vi) the GEM Listing Committee granting the listing of, and permission to deal in, the New Ordinary Shares in issue and to be issued upon the Capital Reduction and the Sub-division becoming effective.

The Capital Reduction and the Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reduction and the Sub-division at the EGM, the legal advisers to the Company (as to the Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction (if applicable) and a further announcement will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed (if applicable).

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

#### **Reasons for and effects of the Capital Reduction and the Sub-division**

The proposed Capital Reduction and the Sub-division (assuming the Share Consolidation becomes effective) will enable the par value of the Consolidated Shares to be reduced from HK\$1.00 to HK\$0.01 each. The credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to the distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate.

The Directors are of the opinion that the proposed Capital Reduction and the Sub-division will:

- (i) give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future; and
- (ii) enable the nominal or par value of the Shares to be reduced from HK\$1.00 (assuming the Share Consolidation becomes effective) to a lower level of HK\$0.01 each, thus giving greater flexibility to the Company to issue new Shares in the future given that the Company is not permitted, without order of the Court, to issue new Shares below their nominal or par value.

As such, the Directors are of the view that the Capital Reduction and the Sub-division are in the best interests of the Company and its Shareholders as a whole.

As at the Latest Practicable Date, save as disclosed in this circular, the Company has no intention to carry out other corporate actions or arrangement, including share consolidation, share sub-division and capital reduction, in the next 12 months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation, and save for the proposed Rights Issue, the Company does not have any concrete plan to conduct any equity fund raising activities in the next 12 months. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

#### **Listing of and dealings in the New Ordinary Shares**

Application will be made to the GEM Listing Committee for the listing of, and permission to deal in, the New Ordinary Shares arising from the Capital Reduction and the Sub-division.

The New Ordinary Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the New Ordinary Shares on the Stock Exchange as well as compliance with the stock admission requirements of the HKSCC, the New Ordinary Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Ordinary 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Ordinary Shares to be admitted into CCASS established and operated by HKSCC.

As the Court hearing date(s) has yet to be fixed, the effective date of the Capital Reduction and the Sub-division is not ascertainable at present.

#### **No change in board lot size**

As at the Latest Practicable Date, the Existing Shares are currently traded on the Stock Exchange in the board lot size of 5,000 Existing Shares. Upon the Capital Reorganisation becoming effective, the board lot size for trading in the New Ordinary Shares will remain unchanged at 5,000 New Ordinary Shares per board lot. The New Ordinary Shares will rank *pari passu* in all respects with each other.

### **Exchange of share certificates for the New Ordinary Shares**

Should the Capital Reduction and the Sub-division become effective, Shareholders may submit share certificates for the Consolidated Shares to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for exchange, at the expense of the Company, from Tuesday, 23 September 2025 to Friday, 14 November 2025, for new share certificates for the New Ordinary Shares.

Details of such exchange of share certificates will be announced as soon as the Court hearing date(s) and the effective date of the Capital Reduction and the Sub-division are ascertained.

Thereafter, all existing certificates of the Existing Shares and/or the Consolidated Shares will continue to be good evidence of title to the New Ordinary Shares, and may be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares and/or the Consolidated Shares submitted for cancellation or each new share certificate issued for the New Ordinary Shares, whichever is higher. The share certificates of the Consolidated Shares will only be valid for delivery, trading and settlement purposes for the period up to Friday, 14 November 2025, and thereafter will not be accepted for delivery, trading and settlement purposes.

The new share certificates for the New Ordinary Shares will be issued in purple in order to distinguish them from the existing share certificates of the Existing Shares in yellow and the existing share certificates of the Consolidated Shares in light blue.

### **Effect of the Capital Reorganisation**

As at the Latest Practicable Date, 164,424,000 Existing Shares have been issued and are fully paid or credited as fully paid. Immediately upon the Share Consolidation, the Capital Reduction and the 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 date of which the Share Consolidation, the Capital Reduction and the Sub-division shall become effective, the authorised share capital of the Company shall be HK\$20,000,000 divided into 2,000,000,000 New Ordinary Shares with par value of HK\$0.01 each, of which 16,442,400 New Ordinary Shares will be in issue and fully paid or credited as fully paid.

Assuming that the par value of each of the 16,442,400 issued Consolidated Shares will be reduced from HK\$1.00 to HK\$0.01 per issued New Ordinary Share by cancelling the paid up share capital to the extent of HK\$0.99 per issued Consolidated Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of HK\$0.01 each, the Company's existing issued share capital of HK\$16,442,400 will be reduced by HK\$16,277,976 to HK\$164,424.

Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to the effective date of the Capital Reorganisation, the share capital structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Share Consolidation; and (iii) immediately upon the Capital Reduction and the Sub-division becoming effective are summarised as follows:

	As at the Latest Practicable Date	Immediately after the completion of the Share Consolidation but prior to the Capital Reduction and the Sub-division	Immediately upon the Capital Reduction and the Sub-division becoming effective
Par value	HK\$0.10 per Existing Share	HK\$1.00 per Consolidated Share	HK\$0.01 per New Ordinary Share
Amount of authorised share capital	HK\$20,000,000	HK\$20,000,000	HK\$20,000,000
Number of authorised shares	200,000,000 Existing Shares	20,000,000 Consolidated Shares	2,000,000,000 New Ordinary Shares
Amount of the issued share capital	HK\$16,442,400	HK\$16,442,400	HK\$164,424
Number of issued shares	164,424,000 Existing Shares	16,442,400 Consolidated Shares	16,442,400 New Ordinary Shares

Other than the expenses to be incurred in relation to the Share Consolidation, the Capital Reduction and the Sub-division, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be

allocated to the Shareholders who may otherwise be entitled. The Directors are of the view that the Capital Reduction and the 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.

**Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraphs headed “Conditions of the Share Consolidation” and “Conditions of the Capital Reduction and the Sub-division” in this circular. Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities, the New Ordinary Shares and/or nil-paid Rights Shares of the Company. If they are in doubt, they should consult their professional advisers.**

### **(III) PROPOSED RIGHTS ISSUE**

The Board proposes, subject to the Capital Reorganisation becoming effective, to conduct the Rights Issue on the basis of five (5) Rights Shares for every two (2) New Ordinary Share held by Qualifying Shareholders on the Record Date.

Details of the Rights Issue are set out below:

#### **Rights Issue statistics**

Basis of the Rights Issue	Five (5) Rights Shares for every two (2) New Ordinary Share held by the Qualifying Shareholders on the Record Date
Subscription Price	HK\$0.67 per Rights Share
Net price per Rights Shares (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	Approximately HK\$0.61 per Rights Share
Number of Existing Shares in issue as at the Latest Practicable Date	164,424,000 Existing Shares

Number of New Ordinary Shares in issue upon the Capital Reorganisation becoming effective	16,442,400 New Ordinary Shares
Number of Rights Shares (Shares to be issued pursuant to the Rights Issue)	Up to 41,106,000 Rights Shares (assuming there is no change to the total number of New Ordinary Shares in issue on or before the Record Date)
	The aggregate nominal value of the Rights Shares will be HK\$411,060
Total number of New Ordinary Shares in issue upon completion of the Rights Issue	Up to 57,548,400 New Ordinary Shares (assuming there is no change to the total number of New Ordinary Shares in issue on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)
Gross proceeds from the Rights Issue (before deducting the necessary expenses)	Up to approximately HK\$27.5 million before expenses (assuming there is no change to the total number of New Ordinary Shares in issue on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)

As at the Latest Practicable Date, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming there is no change in the total number of New Ordinary Shares in issue on or before the Record Date and that no New Ordinary Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 41,106,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represent (i) approximately 250.0% of the issued share capital of the Company immediately upon the Capital Reduction and the Sub-division becoming effective; and (ii) approximately 71.4% of the issued share capital of the Company upon the Capital Reorganisation becoming effective and as enlarged by the allotment and issue of the Rights Shares.

**Non-underwritten basis**

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

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

The Shareholder who applies to take up his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules. There is no minimum amount to be raised under the Rights Issue.

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.**

**Undertakings**

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any Shareholder of their intention as to whether such Shareholder will take up his/her entitlements under the Rights Issue (or otherwise).

**Subscription Price**

The Subscription Price of HK\$0.67 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, or where a transferee of the nil-paid Rights applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 33.00% to the theoretical closing price of HK\$1.00 per New Ordinary Share based on the closing price of HK\$0.100 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (ii) a discount of approximately 33.00% to the theoretical average closing price of approximately HK\$1.00 per New Ordinary Share based on the average closing price of approximately HK\$0.100 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iii) a discount of approximately 32.39% to the theoretical average closing price of approximately HK\$0.99 per New Ordinary Share based on the average closing price of approximately HK\$0.099 per Existing Share as quoted on the Stock Exchange for the last 10 consecutive trading days prior to the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iv) a discount of approximately 12.34% to the theoretical ex-rights price of approximately HK\$0.76 per New Ordinary Share based on the closing price of HK\$0.100 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and the number of New Ordinary Shares in issue upon the Capital Reorganisation becoming effective;
- (v) a discount of approximately 18.51% to the latest published audited consolidated net asset value per New Ordinary Share as at 31 March 2024 of approximately HK\$0.822 based on the net asset value of HK\$11,265,000 and 137,020,000 Existing Shares (representing 13,702,000 New Ordinary Shares) from the annual report of the Company published on 28 June 2024 for the year ended 31 March 2024 and the number of New Ordinary Shares in issue upon the Capital Reorganisation becoming effective. The Directors consider the discount represented by the Subscription Price to the audited consolidated net asset value per New Ordinary Share as at 31 March 2024 to be fair and reasonable with reasons set out below in this circular;
- (vi) a discount of approximately 38.15% to the latest published unaudited consolidated net asset value per New Ordinary Share as at 30 September 2024 of approximately HK\$1.083 based on the net asset value of HK\$14,842,000 and 137,020,000 Existing Shares (representing 13,702,000 New Ordinary Shares) from the interim report of the Company published on 20 December 2024 for the six months ended 30 September 2024 and the number of New Ordinary Shares in issue upon the Capital Reorganisation



becoming effective. The Directors consider the discount represented by the Subscription Price to the unaudited consolidated net asset value per New Ordinary Share as at 30 September 2024 to be fair and reasonable with reasons set out below in this circular;

- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 23.57%, represented by the theoretical diluted price of approximately HK\$0.76 per New Ordinary Share to the benchmarked price of approximately HK\$1.00 per New Ordinary Share (as defined under 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price on the Last Trading Day of HK\$0.100 per Existing Share and (ii) the average of the closing prices of approximately HK\$0.100 per Existing Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the Last Trading Day and adjusted for the effect of the Capital Reorganisation); and
- (viii) a discount of approximately 24.72% to the theoretical closing price of HK\$0.89 per New Ordinary Share based on the closing price of HK\$0.089 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Capital Reorganisation.

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

As all Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Board considers that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements to maintain their shareholdings in the Company, thereby minimizing possible dilution impact.

The Board considers that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole, after taking into account the following factors:

- (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market;
- (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; and

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

The estimated net price per Rights Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$0.61.

#### **Status of the Rights Shares**

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

#### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s)) must be lodged with the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 25 September 2025.

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

It is expected that the last day of dealings in the Shares on a cum-rights basis is Tuesday, 23 September 2025, and the Shares will be dealt with on an ex-rights basis from Wednesday, 24 September 2025.

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

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

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.**

#### **Closure of register of members**

The register of members of the Company will be closed from Friday, 26 September 2025 to Friday, 3 October 2025 (both dates inclusive) for the purpose of determining the Shareholders' entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

#### **Basis of provisional allotment**

The basis of the provisional allotment shall be five (5) Rights Share for every two (2) New Ordinary Shares in issue and held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents. Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by lodging a duly completed PAL with a remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance. Any holdings (or balance of holdings) of less than two (2) New Ordinary Shares will not entitle their holders to be provisionally allotted five (5) Rights Shares. Please refer to the arrangement as referred to in the paragraph headed "Fractional entitlements to the Rights Shares" below.

#### **Non-Qualifying Shareholders**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PAL to them. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will comply with Rule 17.41(1) of the GEM Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

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

Any NQS Unsold Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing Arrangement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

For the Rights Shares in nil-paid form that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

Based on the register of members of the Company, as at the Latest Practicable Date, the Company has no Overseas Shareholder.

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

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

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

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

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than 4:00 p.m., on Thursday, 30 October 2025, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares if a premium over the Subscription Price can be obtained. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

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

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

### **Arrangement on odd lot trading**

In order to alleviate the difficulties arising from the Rights Issue, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from 9:00 a.m. on Monday, 10 November 2025 to 4:00 p.m. on Tuesday, 9 December 2025 (both dates inclusive). Holders of the Shares in odd lots represented by the existing certificates for the Shares who wish to take advantage of this facility either to acquire odd lots of the Shares to make up a full board lot or dispose of their odd lots of the Shares may, directly or through their broker, contact Mr. Wilson Lee of Pinestone Securities Limited at 1807, 18/F., China Resources Building, 26 Harbour Road, Wan Chai (telephone number: 3728 0828) during such period. Holders of odd lots of the Shares should note that successful matching of the sale and purchase of odd lots of the Shares is on the best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

### **Placing Agreement for Unsubscribed Rights Shares and the NQS Unsold Rights Shares**

On 23 May 2025 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Details of the Placing Agreement are summarised below:

Date	:	23 May 2025 (after trading hours)
Issuer	:	the Company
Placing Agent	:	Pinestone Securities Limited, appointed as the bookrunner and placing agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis. The Placing Agent confirmed that it is a licensed corporation to carry out type 1 (dealing in securities) regulated activities under the SFO.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner are Independent Third Parties of the Company and its Connected Persons.

Fees and expenses	:	<p>The commission payable to the Placing Agent shall be 3% of the actual gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares.</p> <p>The Company will pay all out-of-pocket expenses properly and reasonably incurred by the Placing Agent in connection with the Placing (excluding legal and other professional fees and expenses) which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.</p>
Placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe)	:	The placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe) shall be at least equal to the Subscription Price.
Placees	:	The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to placees, who shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company and the connected person of the Company.
Ranking of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares	:	The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the New Ordinary Shares in issue as at the Latest Practicable Date.

Termination

:

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

- (i) the Company fails to comply with its obligations under the Placing Agreement; or
- (ii) the occurrence of any force majeure events; or
- (iii) any of the warranties of the Company under the Placing Agreement is not, or has ceased to be, true, accurate and not misleading in any respect by reference to the facts subsisting at the time,

and such matter in the reasonable opinion of the Placing Agent to be material in the context of the Placing Arrangement then the Placing Agent may by giving notice in writing to the Company terminate the Placing Agent's obligation under the Placing Agreement and the Placing Agreement shall be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach thereunder prior to such termination.

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

Conditions Precedent

:

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

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



- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

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

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

#### **Fractional entitlements to the Rights Shares**

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

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

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Friday, 7 November 2025 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. If the Rights Issue does not become unconditional, refund cheques will be despatched on or before Friday, 7 November 2025 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

### **Application for the Rights Shares**

The PAL relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein by completing such form and lodging the same with a remittance for the Rights Shares being taken up with the Registrar by the Latest Time for Acceptance.

### **Application for listing of the Rights Shares**

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 forms. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange. Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 5,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

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

### **Rights Shares will be eligible for admission into CCASS**

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

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

#### **Stamp duty and other applicable fees**

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

Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

#### **Undertaking**

As at the Latest Practicable Date, the Company had not received any information or undertaking from any Shareholder as to whether such Shareholder intends to take up his/her entitlements under the Rights Issue (or otherwise).

#### **Taxation**

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

## Conditions of the Rights Issue

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

- (i) the passing by the Shareholders or Independent Shareholders (as the case may be) at the EGM of the necessary resolution(s) to approve the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
- (ii) the Capital Reorganisation having become effective by no later than the Prospectus Posting Date;
- (iii) the GEM Listing Committee granting 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 and such listing and permission to deal not having been withdrawn or revoked;
- (iv) the provision to the Stock Exchange for authorisation and the filing and registration with the Companies Registry in Hong Kong respectively one duly certified copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (v) following registration, the Prospectus Documents be made available and/or sent (as the case may be) to the Qualifying Shareholders (and, where applicable, to the Non-Qualifying Shareholder(s), if any, for information purpose only) and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Prospectus Posting Date;
- (vi) the Company having complied with the requirements under all applicable laws and regulations; and
- (vii) the Placing Agreement not being terminated pursuant to the terms thereof and remaining in full force and effect.

None of the above conditions can be waived. The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. If any of the conditions above are not fulfilled, the Rights Issue will not proceed. As at the Latest Practicable Date, none of the above conditions has been fulfilled.

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

## **REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS**

### **Reasons for the Rights Issue**

The Company is engaged in civil engineering works regarding repairing and maintaining structures of roads and highways in Hong Kong, with focus in Kowloon and Hong Kong Islands.

Reference is made to the annual report for the financial year ended 31 March 2024, where the Company had disclosed that the revenue of the Group was approximately HK\$17.0 million for the year ended 31 March 2024 representing a decrease from approximately HK\$29.4 million of the year ended 2023, which was mainly due to completion of the repair and maintenance work project.

To diversify its construction business and explore new revenue streams, the Company has established a dedicated team to seek new business opportunities in the PRC. The Company has located some potential construction projects in the traditional Chinese medicine and healthcare industries in the PRC.

The Company has entered into legally binding agreements with Huanren Hehegu, Tonghua Shanbao and Hangzhou Qiandaohu in relation to construction projects, respectively.

The Company has entered into the Huanren Hehegu Service Agreement dated 24 April 2025 with Huanren Hehegu, according to the Huanren Hehegu Service Agreement, the Company has agreed to a construction project of developing the ginseng cultivation base located in Wulidianzi Town, Huanren Manchu Autonomous County, Benxi City, Liaoning Province, PRC (“**Project Huanren Hehegu**”).

Huanren Hehegu, a company engaged in ginseng cultivation and medicinal herb processing in the PRC with registered capital of RMB10 million, is planning to develop a ginseng cultivation base in Wulidianzi Town, Huanren Manchu Autonomous County, Benxi City, Liaoning Province. According to the information provided, Huanren Hehegu owns a private forest of approximately

108.7 mu located in Group 15, Huashudianzi Village, Wulidianzi Town. Project Huanren Hehegu aims to establish a cultivation base within this area to support its long-term production and processing capacity.

Project Huanren Hehegu is scheduled to commence in the second half of 2025 and is expected to be implemented in several stages. The initial phase will involve site preparation, infrastructure development (including access roads, and utility connections), second phase will establish cultivation facilities and support structures such as storage, and processing areas. The project is expected to last approximately 12 months from commencement to completion.

The Company has entered into the Tonghua Shanbao Service Agreement dated 24 April 2025 with Tonghua Shanbao in relation to a construction project for the sika deer breeding facility located in Kuaidamao Town, Tonghua County, Tonghua City, Jilin Province, PRC (“**Project Tonghua Shanbao**”).

Tonghua Shanbao is a well-established enterprise specializing in sika deer breeding and deer product processing in the PRC with registered capital of RMB10 million. Tonghua Shanbao manages 30 deer sheds with over 1,200 sika deer currently and has extensive experience in large-scale deer farming and cooperative development. Tonghua Shanbao is planning to expand and modernize its breeding operations through the expansion of its sika deer breeding facility with the total area of approximately 32,600m<sup>2</sup> located in Fancheng Village, Kuaidamao Town, Tonghua County. The proposed construction project aims to upgrade and expand the existing breeding base to enhance production capacity and improve breeding conditions.

Project Tonghua Shanbao is scheduled to commence in the second half of 2025 and is estimated to take 9 months from initiation to completion, which will focus on construction activities including building new deer sheds, upgrading existing infrastructure, and installing modern breeding equipment. The nine-month construction phase of Tonghua Shanbao’s sika deer breeding facility expansion will be divided into stages. In the first two months, site preparation will be carried out, including land leveling, and soil testing. The third to fifth months will be the construction of new deer sheds and supporting facilities, alongside upgrades to the existing infrastructure. In the sixth and seventh months, it will be the installation of modern breeding equipment and feeding systems to optimize breeding efficiency. The eighth and ninth months will be interior finishing.

The Company has entered into the Hangzhou Qiandaohu Service Agreement dated 24 April 2025 with Hangzhou Qiandaohu in relation to a construction project for a wellness resort hotel located in Jiangjia Town, Chun’an County, Hangzhou City, Zhejiang Province, PRC (“**Project Hangzhou Qiandaohu**”).

Hangzhou Qiandaohu is a health and wellness services company in the PRC, primarily focused on developing senior living apartments and wellness centers, with a registered capital of RMB10 million. Hangzhou Qiandaohu is planning to construct a wellness resort hotel in Jiangjia Town, Chun'an County, Hangzhou City, Zhejiang Province. Project Hangzhou Qiandaohu will be the resort hotel and will be located in Jiangjia Town with the land area of approximately 3,333.33 m<sup>2</sup> and the construction area of approximately 6,119.99 m<sup>2</sup>. According to the Hangzhou Qiandaohu Service Agreement, the Company will construct a hotel resort for Hangzhou Qiandaohu.

Project Hangzhou Qiandaohu is scheduled to begin in the second half of 2025 and is expected to take 15 months. The initial month will focus on preparatory activities, such as land clearing and site surveys. The following eight months will involve the core construction phase, covering the underground level, the four above-ground floors, and the structural framework. Interior and exterior finishing, utility installation, and landscaping will be completed over the next four months, while the final two months will be reserved for furnishing.

Reference is made to the interim report for the six months ended 30 September 2024, where the Company had disclosed that as at 30 September 2024, the Group recorded the bank balances and cash of approximately HK\$366,000. As at 28 February 2025, the bank and cash balances of the Group was approximately HK\$300,000.

The Directors consider that the Rights Issue represents an opportunity to (i) strengthen the Group's financial position, and (ii) raise additional funding for the business operations of the Group without any interest burden.

Therefore, the Directors are of the view that taking into account the existing cash resources held by the Group, it would be desirable for the Group to raise additional cash for satisfying the cash flow needs of the Group in order to (i) explore new business opportunities, (ii) strengthen the financial position of the Group and (iii) provide for its general working capital so as to accommodate the operating cash flow needs to support its business operations.

Assuming full subscription under the Rights Issue, the expected gross proceeds of the Rights Issue will be up to approximately HK\$27.5 million and the relevant expenses would be approximately HK\$2.5 million, which includes placing commission and professional fees payable to financial adviser, legal advisers and other parties involved in the Rights Issue. Accordingly, the estimated net proceeds of the Rights Issue, after deducting the related expenses, will be up to approximately HK\$25.0 million.

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

### **Intended use of proceeds**

Assuming full subscription under the Rights Issue, the Company intends to apply the net proceeds of approximately HK\$25.0 million from the Rights Issue (assuming no other change in the number of Shares in issue on or before the Record Date) for the following purposes:

- (i) approximately HK\$15.0 million, representing 60% of the net proceeds, will be used for the expansion of the Group's construction business with the healthcare and agriculture industries in the PRC in the capacity of the main contractor, among which the Company intends to apply:
  - Approximately HK\$7.5 million, representing 30% of the net proceeds, for the expansion into agriculture-related construction projects as the main contractor, including the construction of the Chinese medicinal herb industrial base and museum for Chinese medicinal herbs. The funds will be used for the deposit to demonstrate the main contractor's financial capability to undertake the projects. The proceeds will be allocated as the material costs, labor expenses, and subcontractor fees for Project Huanren Hehegu and Project Tonghua Shanbao as below:

#### **— Project Huanren Hehegu**

<b>Category</b>	<b>Estimated Cost (RMB)</b>
Land Preparation & Site Development	500,000
Infrastructure Construction	1,000,000
Facility Development	1,000,000
Equipment & Material Procurement	1,000,000
Operational Setup & Support Structures	500,000
	<hr/>
Total	4,000,000
	<hr/> <hr/>



— ***Project Tonghua Shanbao***

<b>Category</b>	<b>Estimated Cost (RMB)</b>
Land Preparation & Site Development	1,000,000
Infrastructure Construction	1,200,000
Equipment & Material Procurement	800,000
Operational Setup & Support Structures	<u>500,000</u>
<b>Total</b>	<b><u>3,500,000</u></b>

- Approximately HK\$7.5 million, representing 30% of the net proceeds, for the potential construction projects related to the health industry as the main contractor, including the planning, construction, and development of facilities such as healthcare centers, and healthcare serviced apartments. The proceeds will be used as a deposit, as the counterparty requires the main contractor to provide sufficient funds as proof of its financial capability to undertake Project Hangzhou Qiandaohu as below:

— ***Project Huanren Hehegu***

<b>Category</b>	<b>Estimated Cost (RMB)</b>
Land Preparation & Site Development	2,000,000
Infrastructure Construction	4,000,000
Equipment & Material Procurement	1,000,000
Operational Setup & Support Structures	<u>500,000</u>
<b>Total</b>	<b><u>7,500,000</u></b>

- As at the Latest Practicable Date, all counterparties, namely Huanren Hehegu, Tonghua Shanbao, and Hangzhou Qiandaohu, and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

- (ii) approximately HK\$10.0 million, representing 40% of the net proceeds, will be used for general working capital of the Group, covering staff salaries, rental and office expenses, professional fees for advisory services, and operational and administrative costs.

In the event that there is an undersubscription of the Rights Issue, the use of proceeds raised from the Rights Issue will be allocated on a pro-rata basis for the purposes disclosed above. If the proceeds raised are insufficient to fund the planned projects, the Company will prioritize the allocation of funds from healthcare-related construction projects to agriculture-related construction projects as needed.

Further details of the use of proceeds will be disclosed by the Company in the announcement of results of the Rights Issue.

### **Fund-raising alternatives**

Apart from the Rights Issue, the Board has considered various fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing of new shares and open offer. The Board notes that bank borrowings, if available, would result in additional interest burden of the Company and create pressure to the liquidity of the Company. Hence, the Board does not consider it to be beneficial to the Company. As for placing of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company and it is relatively smaller in scale as compared to fund raising through rights issue. 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. As opposed to open offer, Rights Issue would allow 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 their respective pro-rata shareholding interests in the Company and dealing with the Shares.

Having considered all the other fund-raising alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that it is an appropriate fund-raising method to strengthen the capital base of the Company and support the Company's continuing business development and growth.

As at the Latest Practicable Date, save as disclosed in this circular, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities; and (ii) has no other plan or intention to carry out any future corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Rights Issue.

## EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had carried out the following equity fundraising activity in the 12 months immediately preceding the Latest Practicable Date:

<b>Date of initial announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raise <i>Approximate (HK\$)</i></b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of the Latest Practicable Date <i>Approximate (HK\$)</i></b>
15 November 2024	Placing of new shares under general mandate	3.1 million	General working capital	3.1 million

**WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES, THE NEW ORDINARY SHARES AND/OR THE NIL-PAID RIGHTS SHARES**

Shareholders and potential investors of the Company should note that the Capital Reorganisation are conditional upon satisfaction of conditions set out in the paragraphs headed “Conditions of the Share Consolidation” and “Conditions of the Capital Reduction and the Sub-division” in this circular. Therefore, the Capital Reorganisation may or may not proceed.

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid Rights Shares. Please refer to the section headed “Proposed Rights Issue — Conditions of the Rights Issue” in this circular.

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

Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed.

Any Shareholder or other person dealing in the Existing Shares, the Consolidated Shares, the New Ordinary Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or the Latest Time for Termination, which is expected to be 4:00 p.m. on Friday, 31 October 2025, will accordingly bear the risk that the Rights Issue and/or the Placing may not proceed.

Any Shareholder or other person contemplating transferring, selling, or purchasing Shares is advised to exercise caution when dealing in the Existing Shares, the Consolidated Shares, the New Ordinary Shares and/or the nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

## EFFECTS ON SHAREHOLDING STRUCTURE

To the best knowledge of the Directors, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Capital Reorganisation becoming effective; (iii) immediately after the Capital Reorganisation becoming effective and the completion of the Rights Issue (assuming full acceptance by all Qualifying Shareholders under the Rights Issue); and (iv) immediately after the Capital Reorganisation becoming effective and the completion of the Rights Issue (assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing):

Name of Shareholder	As at the Latest Practicable Date		Immediately upon completion of the Capital Reorganisation		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights	
					Shares by the Qualifying Shareholders		Shares by the Qualifying Shareholders and all Unsubscribed Rights	
	Number of Existing Shares		Number of Adjusted Shares		Number of Adjusted Shares		Number of Adjusted Shares	
	Approx. % (Note 3)		Approx. % (Note 3)		Approx. % (Note 3)		Approx. % (Note 3)	
Talent Prime Group Limited (Note 1)	6,466,900	3.93%	646,690	3.93%	2,263,415	3.93%	646,690	1.12%
Mr. Chu Jinzhe (Note 2)	5,480,800	3.33%	548,080	3.33%	1,918,280	3.33%	548,080	0.95%
Public shareholders:								
Independent placees	0	0.00%	0	0.00%	0	0.00%	41,106,000	71.43%
Other public Shareholders	152,476,300	92.73%	15,247,630	92.73%	53,366,705	92.73%	15,247,630	26.50%
Total	164,424,000	100%	16,442,400	100%	57,548,400	100%	57,548,400	100%

### Notes:

1. Talent Prime Global Limited is a company incorporated in the British Virgin Islands with limited liability and is owned as to 50% each by Mr. Ha Chak Hung ("Mr. Ha") being Co-Chairman of the Board and an executive Director, and Mr. Ip Chu shing ("Mr. Ip") being Chief Executive Officer of the Company and an executive Director. Accordingly, Mr. Ha and Mr. Ip are deemed to be interested in all the Shares held by Talent Prime Group Limited under the SFO.
2. Mr. Chu Jinzhe, the Co-Chairman and executive Director of the Company.
3. Certain percentage figures included in the table above have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Shares. Further announcements will be made by the Company in accordance with the GEM Listing Rules following the completion of the Rights Issue upon which the Rights Shares are allotted and issued.

The public float requirements under the GEM Listing Rules shall be maintained by the Company at all times, and the Company will take all appropriate steps to ensure that sufficient public float shall be at all times in compliance with Rule 11.23 of the GEM Listing Rules.

## **RISK FACTORS**

The Directors are aware that the Group's business operations are exposed to a variety of risks and uncertainties. To their best of knowledge and belief, the Directors consider that the followings are the key risks and uncertainties identified by the Group. These key risks are not exhaustive or comprehensive, and there may be additional risks not known by the Group or which may not appear significant now but could turn out to be so in the future.

### **Risks relating to the Group's business**

#### ***Concentration risk associated with having majority of the Group's revenue generated from its repair and maintenance works for structures of roads and highways***

Majority of the revenue of the Group was generated from the segment of repair and maintenance works for structures of roads and highways ("**Repair and Maintenance Works**"). For the year ended 31 March 2024, the Repair and Maintenance Works contributed to approximately 98.8% of the Group's total revenue. The Group anticipates that revenues from Repair and Maintenance Works will continue to represent a substantial portion of the Group's total revenue in the near future. Any interruption or adverse change to the Group's Repair and Maintenance Works or any failure to mitigate such interruptions and changes, or any significant decline in demand for Repair and Maintenance Works could adversely affect our revenue of Repair and Maintenance Works which, in turn, may have a material adverse effect on the Group's business, profitability and results of operations.

***Geographical risk associated with the Group's business operations being primarily based in Hong Kong***

All of the Group's revenue are generated from business operations being based in Hong Kong. Accordingly, the Group is subject to certain legal and operational risks associated with being based in or having all of the Group's in Hong Kong, including but not limited to legal, political and economic developments of Hong Kong. Any adverse changes in the business or economic conditions, policies of Hong Kong government, or the laws and regulations of the Hong Kong could cause material adverse effects to the Group's business, financial conditions, results of operations and prospects.

**GEM LISTING RULES IMPLICATIONS**

**The Capital Reorganisation**

The Capital Reorganisation is conditional upon, among other things, (i) the passing of an ordinary resolution by the Shareholders at the EGM approving the proposed Share Consolidation; and (ii) the passing of a special resolution by the Shareholders at the EGM approving the proposed Capital Reduction and the Sub-division.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Capital Reorganisation, no Shareholder would be required to abstain from voting in favour of the resolutions relating to the Capital Reorganisation at the EGM.

**The Rights Issue**

In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the Latest Practicable Date (after taking into account the effect of the Capital Reorganisation), the Rights Issue must be made conditional on approval by the Shareholders at the EGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the proposed Rights Issue.

As at the Latest Practicable Date, the Company has no controlling Shareholder as defined under the GEM Listing Rules. Mr. Ha, the Co-Chairman and an executive Director of the Company, beneficially owns 6,466,900 Existing Shares in aggregate, representing approximately 3.93% of the entire issued share capital of the Company as at the Latest Practicable Date. Mr. Chu,

an executive Director, beneficially owns 5,480,800 Existing Shares in aggregate, representing approximately 3.33% of the entire issued share capital of the Company as at the Latest Practicable Date while Talent Prime Global Limited is owned as to 50% each by Mr. Ha being Co-Chairman of the Board and an executive Director, and Mr. Ip being chief executive officer of the Company and an executive Director. Accordingly, Mr. Ha, Mr. Ip and Mr. Chu are required to abstain from voting in favour of the proposed resolution(s) to approve the Rights Issue at the EGM in accordance with Rule 10.29(1) of the GEM Listing Rules. Save as disclosed above, no other Directors are interested in the Existing Shares of the Company as at the Latest Practicable Date. Accordingly, no other Shareholder is required to abstain from voting in favour of the relevant resolution(s) of the proposed Rights Issue at the EGM.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Existing Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

#### **THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Diligent Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial term, fair and reasonable, in the interests of the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.



## EGM

A notice convening the EGM to be held at Room 1417, Star House, 3 Salisbury Road, Tsim Sha Tsui, Hong Kong on Wednesday, 23 July 2025 at 11:00 a.m. at which resolutions will be proposed to consider and approve the Capital Reorganisation, the Rights Issue and the transactions contemplated thereunder are set out on pages EGM-1 to EGM-5 of this circular. All the resolutions to be proposed at the EGM will be taken by poll and an announcement on the results of the EGM will be made by the Company after the EGM.

In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the As at the Latest Practicable Date (after taking into account the effect of the Capital Reorganisation), the Rights Issue must be made conditional on approval by the Shareholders at the EGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the proposed Rights Issue.

As at the Latest Practicable Date, the Company has no controlling Shareholder as defined under the GEM Listing Rules. Mr. Ha, the Co-Chairman and an executive Director of the Company and Mr. Ip, chief executive officer of the Company and an executive Director, beneficially owns 6,466,900 Existing Shares in aggregate through Talent Prime Group Limited, is a company incorporated in the British Virgin Islands with limited liability and is owned as to 50% each by Mr. Ha and Mr. Ip, representing approximately 3.93% of the entire issued share capital of the Company as at the Latest Practicable Date. Accordingly, Mr. Ha and Mr. Ip are deemed to be interested in all the Shares held by Talent Prime Group Limited under the SFO. Mr. Chu, an executive Director, beneficially owns 5,480,800 Existing Shares in aggregate, representing approximately 3.33% of the entire issued share capital of the Company as at the Latest Practicable Date. Accordingly, Mr. Ha, Mr. Ip and Mr. Chu are required to abstain from voting in favour of the proposed resolution(s) to approve the Rights Issue at the EGM in accordance with Rule 10.29(1) of the GEM Listing Rules. Save as disclosed above, no other Directors are interested in the Existing Shares of the Company as at the Latest Practicable Date. Accordingly, no other Shareholder is required to abstain from voting in favour of the relevant resolution(s) of the proposed Rights Issue at the EGM.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the As at the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Existing Shares issued pursuant thereto

commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

## **DESPATCH OF PROSPECTUS DOCUMENTS**

Subject to the approval of the Capital Reorganisation by the Shareholders and the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be despatched by the Company together with the PAL on or before Monday, 6 October 2025. A copy of the Prospectus will also be made available on the websites of the Company ([www.grandtalentsgroup.com.hk](http://www.grandtalentsgroup.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send the PAL to them.

## **RECOMMENDATION**

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Fok Wai Sun, Ms. Liu Yuchao and Ms. Tang Shui Man, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM. Diligent Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 53 to 54 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 55 to 81 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the

Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM.

#### **ADDITIONAL INFORMATION**

Your attention is drawn to the Letter from the Independent Board Committee set out on pages 53 to 54 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM and the Letter from the Independent Financial Adviser set out on pages 55 to 81 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully  
For and on behalf of  
**Grand Talents Group Holdings Limited**



**Chu Jinzhe**  
*Co-Chairman*

