



美捷滙控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1389)

Executive Director:

Mr. Cheung Chun To

Independent non-executive Directors:

Mr. Yue Kwai Wa Ken

Mr. Ngai Hoi Ying

Mr. Siu Shing Tak

Registered office:

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Hutchins Drive,
P.O. Box 2681,
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*Head office and principal place of business
in Hong Kong:*

Suite 1507, Tower 2, Silvercord,
30 Canton Road, Tsim Sha Tsui,
Kowloon, Hong Kong

14 February 2024

To the Qualifying Shareholders

Dear Sir or Madam,

RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY THREE (3) SHARES HELD ON THE RECORD DATE

INTRODUCTION

References are made to the Announcement, the announcement of the Company dated 3 January 2024 and the Circular in relation to, among other things, the Share Consolidation, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver.

The Share Consolidation was approved by the Shareholders at the EGM and became effective on 31 January 2024. At the EGM, the necessary resolutions for approving, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver were duly passed by the Independent Shareholders.

The purpose of this prospectus is to provide you with, among other things, further details of the Rights Issue, including information on dealing in, transfer and acceptance of the Rights Shares, together with the financial information and other general information of the Group.

* For identification purpose only

RIGHTS ISSUE

Details of the Rights Issue are summarised below:

Issue statistics

Basis of the Rights Issue	:	Two (2) Rights Shares for every three (3) Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.136 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.131 per Rights Share
Number of Shares in issue as at the Latest Practicable Date and the Record Date	:	332,600,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	221,733,332 Rights Shares
Aggregate nominal value of the Rights Shares	:	Approximately HK\$2,771,667
Total number of Shares in issue upon completion of the Rights Issue	:	554,333,332 Shares
Gross proceeds from the Rights Issue	:	Approximately HK\$30.2 million before expenses
Underwriter	:	Silver Tycoon Limited, a company wholly and beneficially owned by Mr. Cheung

As at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

The maximum of 221,733,332 Rights Shares to be issued pursuant to the terms of the Rights Issue represent (i) approximately 66.7% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 40.0% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

Conditions of the Rights Issue

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

- (i) the passing of all necessary resolutions to be proposed at the EGM for approving the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver. In particular, the Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval of the Whitewash Waiver by at least 75% of the Independent Shareholders at the EGM by way of poll; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder;
- (ii) the Share Consolidation and the Change in Board Lot Size becoming effective;
- (iii) the issue by the Stock Exchange of a certificate authorising the registration of, and the registration with the Companies Registry, respectively, of one copy of each of the Prospectus Documents not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance;
- (iv) the Prospectus Documents having made available to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (v) the granting by the Listing Committee of the Stock Exchange of the approval for the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;
- (vi) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of any condition attached to the Whitewash Waiver granted;
- (vii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events;
- (viii) the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms and conditions; and
- (ix) the compliance with any other mandatory requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

All conditions set out above cannot be waived. As at the Latest Practicable Date, the above conditions (i), (ii) and (vi) had been satisfied. If any of the above conditions is not fulfilled at or prior to the Latest Time for Underwriting Termination, the Rights Issue will not proceed.

The Subscription Price

The Subscription Price of HK\$0.136 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 24.44% to the closing price of HK\$0.180 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 53.10% to the closing price of HK\$0.290 per Share as quoted on the Stock Exchange on the Last Trading Day (after taking into account the effect of the Share Consolidation);
- (iii) a discount of approximately 51.77% to the average closing price per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.282 (after taking into account the effect of the Share Consolidation);
- (iv) a discount of approximately 50.90% to the average closing price per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.277 (after taking into account the effect of the Share Consolidation);
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 21.24% represented by the theoretical diluted price of approximately HK\$0.228 to the benchmarked price of approximately HK\$0.290 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.290 per Share and the average closing price of the Shares in the 5 trading days immediately prior to the date of the Announcement of HK\$0.282 per Share) (after taking into account the effect of the Share Consolidation);
- (vi) a discount of approximately 58.79% to the consolidated net asset value per share attributable to the Shareholders as at 31 March 2023 of approximately HK\$0.330 calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$109,813,000 as at 31 March 2023 as set out in the annual report of the Company for the year ended 31 March 2023 and 332,600,000 Shares in issue as at the Latest Practicable Date, assuming the Share Consolidation became effective on 31 March 2023; and

- (vii) a discount of approximately 56.96% to the consolidated net asset value per share attributable to the Shareholders as at 30 September 2023 of approximately HK\$0.316 calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$105,102,000 as at 30 September 2023 as set out in the interim report of the Company for the six months ended 30 September 2023 and 332,600,000 Shares in issue as at the Latest Practicable Date, assuming the Share Consolidation became effective on 30 September 2023.

The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was determined taking into consideration (i) the recent market price of the Shares; (ii) the prevailing market conditions; (iii) the low trading volume of the Shares; and (iv) the amount of funds the Company intends to raise under the Rights Issue for the purposes described in the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” below. The Directors consider that the Subscription Price being at a discount to the current market price of the Shares would enhance the attractiveness of the Rights Issue, and in turn encourage the Shareholders to participate in the Rights Issue, and accordingly allow them to maintain their shareholdings in the Company and participate in the future growth and development of the Group.

The Directors consider that, in view of the prevailing market conditions and factors as described above, the terms of the Rights Issue, including the Subscription Price, are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e., Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.131 per Rights Share.

Basis of provisional allotments

Under the Rights Issue, the basis of the provisional allotment will be two (2) Rights Shares for every three (3) Shares held by the Shareholders as at the close of business on the Record Date at the Subscription Price. Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a cheque or a banker’s cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before 4:00 p.m. on the Latest Time for Acceptance.

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details as to how to split the PALs will be set out in the Prospectus.

Procedures for acceptance and payment or transfer

A PAL will be sent to the Qualifying Shareholders in printed form which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:00 p.m. on Wednesday, 28 February 2024 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed “Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares” in “Expected Timetable” in this prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker’s cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to “TRICOR INVESTOR SERVICES LIMITED — A/C NO. 023” and crossed “**ACCOUNT PAYEE ONLY**”. It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Wednesday, 28 February 2024, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Tuesday, 20 February 2024 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day following the surrender of the original PAL. This process is commonly referred to as “splitting” of nil-paid rights. It should be noted that Hong Kong stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under the PAL(s) (or a split PAL(s), as the case may be) to another person, he/she/it should complete and sign Form B in the PAL(s) and forward the PAL(s) to the person to or through whom he/she/it is transferring his/her/its nil-paid rights. The transferee must then complete and sign Form C in the PAL(s) and lodge the PAL(s) intact together with a remittance for the full amount payable on acceptance with the Registrar to effect the transfer by no later than 4:00 p.m. on Wednesday, 28 February 2024. It should be noted that Hong Kong stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

The Registrar will determine the eligibility for the cash compensation as derived from the lapsed PALs after the completion of the re-registration for all re-registration requests received by the Registrar on or before the Latest Time for Acceptance and by all means before the announcement of the number of unsubscribed rights shares subject to the compensatory mechanism is posted on the Stock Exchange's website and the Company's website. The Registrar will notify the transferee(s) of any unsuccessful re-registration as soon as practicable.

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

The PAL contains the full information regarding the procedures to be followed for Qualifying Shareholders who wish to: (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Qualifying Shareholders are advised to study the procedures set out in the PAL carefully. If any of the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" in the "Letter from the Board" of this prospectus is not fulfilled at or before 4:00 p.m. on Wednesday, 28 February 2024, the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for the Rights Shares will be returned to the relevant applicants or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on Tuesday, 12 March 2024. No receipt will be given for such remittance.

Cheques and banker's cashier orders

All cheques and banker's cashier orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of a PAL together with a cheque or banker's cashier order in payment of the Rights Shares applied for will constitute a warranty that the cheque or banker's cashier order will be honoured upon first presentation. If any cheque or banker's cashier order is not honoured upon first presentation, the PAL (as the case may be) is liable to be rejected and/or deemed invalid by the Company in its absolute discretion, and in the case of an acceptance of a Qualifying Shareholder's assured entitlement all such assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

Beneficial owners' instructions to their Intermediary

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their nil-paid Rights Shares or "split" their nil-paid rights by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their Intermediary and provide their Intermediary with instructions or make arrangements with their Intermediary in relation to the acceptance, transfer and/or "splitting" of the rights to subscribe for the Rights Shares

which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of their Intermediary in order to allow their Intermediary sufficient time to ensure that their instructions are given effect. The procedures for acceptance, transfer and/or “splitting” in these cases shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other applicable requirements of CCASS.

Fractional entitlement to the Rights Shares

Rights Shares in provisional allotment will be rounded down to the nearest whole number. No fractional Rights Shares will be issued under the Rights Issue. All fractions of Rights Shares will be aggregated and first placed by the Placing Agent under the Unsubscribed Arrangements (see details set out in the paragraph headed “Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements” below) to Independent Third Parties for the benefit of the Company.

Status of the Rights Shares

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

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will make available the Prospectus Documents to the Qualifying Shareholders.

To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) be a Qualifying Shareholder.

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

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

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 all fully-paid Rights Shares are expected to be sent on or about Tuesday, 12 March 2024 by ordinary post to those entitled thereto, at their own risk, to their registered addresses.

Refund cheques in respect of applications for Rights Shares if the Rights Issue is terminated are expected to be sent on or about Tuesday, 12 March 2024 by ordinary post to the applicants, at their own risk, to their registered addresses, or in case of joint applicants, to the address of the first-named person.

Application for listing in nil-paid and fully-paid forms

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

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lot of 12,000 Rights Shares.

Rights Shares will be eligible for admission into CCASS

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

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

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the Latest Practicable Date, there are two Overseas Shareholders with registered addresses situated in the PRC. The total shareholding of the Overseas Shareholders represents approximately 27.76% of the total issued Shares as at the Latest Practicable Date. The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. Based on legal advice provided by the legal advisers as to PRC law engaged by the Company as at the Latest Practicable Date and having considered the circumstances, the Board is of the opinion that the relevant PRC legal restrictions and requirement of the relevant body or the Stock Exchange do not make it necessary or expedient to exclude the Overseas Shareholders with registered address in the PRC from the Rights Issue. Accordingly, the Rights Issue will be offered to the Overseas Shareholders in the PRC jurisdiction.

As at the Latest Practicable Date, there were no Excluded Shareholders. Since the registered of members is closed from Monday, 5 February 2024 to Friday, 9 February 2024, there will be no Excluded Shareholders as at the Record Date. Accordingly, there will be no Excluded Shareholders for the purpose of the Rights Issue.

Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements

Pursuant to Rule 7.21(2) of the Listing Rules, as the Underwriter, being a substantial shareholder, will act as the underwriter of the Rights Issue, the Company must make arrangements as stipulated in Rule 7.21(1)(b) of the Listing Rules to dispose of any Unsubscribed Shares by offering such Unsubscribed Shares to independent placees for the benefit of the relevant No Action Shareholders.

Any Unsubscribed Shares (which comprise (i) the fractional Rights Shares aggregated as described under the paragraph headed “Rights Issue — Fractional entitlement to the Rights Shares” above; and/or (ii) those Rights Shares that are not subscribed by the Qualifying Shareholders) will be first placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties and not acting in concert with the Underwriter, Mr. Cheung or Ms. Lin. Any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the “**Net Gain**”) will be paid to those No Action Shareholders (except for the fractional Rights Shares which will be sold for the benefit of the Company). For the avoidance of doubt, the Placing Agent will place the Unsubscribed Shares in the seniority and order of the Rights Shares that are not subscribed by the Qualifying Shareholders the first, and the fractional Rights Shares the second. The Placing Agent will, pursuant to the terms of the Placing Agreement, procure, by no later than Tuesday, 5 March 2024, acquirers for all (or as many as possible) of those Unsubscribed Shares at a price not less than the Subscription Price. Any Unsubscribed Shares not successfully placed out, will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

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

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL; or
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS.

It is proposed that the Net Gain to any of the No Action Shareholder(s) mentioned above which is in an amount 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.

In order to comply with the Listing Rules, the Company has entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Shares at the Placing Price. Any unplaced Unsubscribed Shares will then be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares. It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

THE PLACING AGREEMENT

Principal terms of the Placing Agreement (as supplemented by a supplemental agreement dated 3 January 2024) are summarised below:

Placing Agent	:	Lego Securities Limited
Placing commission	:	3% of the actual gross proceeds from the subscription of the Unsubscribed Shares under the Placing
Placing Price	:	not less than HK\$0.136 per Unsubscribed Share
Placing Period	:	a period commencing from the first (1st) Business Day immediately after the Latest Time for Acceptance (i.e. 29 February 2024 under the current timetable) and ending on 5:00 p.m. on the fourth (4th) business day after the Latest Time for Acceptance
Placees	:	The Unsubscribed Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties and not acting in concert with the Underwriter, Mr. Cheung or Ms. Lin or their respective concert parties

The Placing Agent will, on a best effort basis during the Placing Period, seek to procure subscribers who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties and not acting in concert with the Underwriter, Mr. Cheung or Ms. Lin or their respective concert parties for all (or as many as possible) of the Unsubscribed Shares.

Conditions of the Placing Agreement

The Placing Agreement is conditional upon the following conditions:

- (i) the Share Consolidation and Change in Board Lot Size becoming effective;
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares in their nil-paid and fully paid forms;
- (iii) the passing of all necessary resolutions to be proposed at the EGM for approving the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver;

- (iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion of the Placing, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion of the Placing; and
- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

In the event the conditions of the Placing Agreement are not fulfilled on or before the Latest Time for Placing Termination (or such later date as may be agreed between the parties in writing), all rights, obligations and liabilities of the parties shall cease and terminate and neither of the parties shall have any claim against the other, save for any antecedent breach under the Placing Agreement prior to the termination of the Placing Agreement. As at the Latest Practicable Date, conditions (i) and (iii) had been fulfilled.

Termination of the Placing Agreement

Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to the Latest Time for Placing Termination upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse material effect on the business or financial conditions of the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a material adverse development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
- (ii) the imposition of any moratorium, suspension (for more than seven trading days other than in connection with the Rights Issue) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or

- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
- (iv) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong; or
- (v) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date upon completion of the Placing which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (vi) the Unsubscribed Shares are not approved by the relevant regulatory bodies and/or regulatory authorities to be placed to any placees as contemplated in the Placing Agreement.

If (i) notice is given pursuant to termination clauses of the Placing Agreement; and/or (ii) 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 under the Placing Agreement prior to the termination of the Placing Agreement.

The Placing Agent confirms that it is an Independent Third Party, and that there is no arrangement, agreement, understanding or undertaking with the Underwriter in relation to the Shares. The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the terms to be normal commercial terms.

The Company considers that the Unsubscribed Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Independent Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As the Company has put in place the above Unsubscribed Arrangements as required by Rule 7.21(1)(b) of the Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

THE IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date and on the Record Date, the Underwriter is interested in 97,585,960 Shares, representing approximately 29.34% of the Shares. Pursuant to the Irrevocable Undertaking, the Underwriter has unconditionally and irrevocably undertaken to the Company, (i) prior to the close of the Rights Issue, not to offer for sale, sell, transfer, contract to sell or otherwise dispose of any of (a) the 97,585,960 Shares ultimately beneficially held by the Underwriter as at the date of the Irrevocable Undertaking or (b) the nil-paid rights pertaining to the 65,057,306 Rights Shares provisionally allotted to the Underwriter; (ii) the 97,585,960 Shares registered in its name and/or under the name(s) of its nominee(s) as at the date of the Irrevocable Undertaking shall remain registered in its name and/or under the name(s) of its nominee(s) on the Record Date and until the close of the Rights Issue; (iii) to apply and pay for the Rights Shares which will be in the provisional allotment of Rights Shares in respect of the 97,585,960 Shares; and (iv) subject to compliance with the Takeovers Code, take all appropriate steps including but not limited to the engagement of a placing agent to procure subscribers (who are Independent Third Parties) to subscribe for the Shares which would otherwise be required to be taken up by the Underwriter under the Underwriting Agreement in order to restore the minimum public float requirement of the Company in compliance with Rule 8.08(1)(a) of the Listing Rules, if the subscription for the Unsubscribed Shares by the Underwriter pursuant to the Underwriting Agreement will result in insufficient public float of the Company within the meaning of the Listing Rules.

Ms. Lin has indicated her intention to apply and pay for the Rights Shares which will be in the provisional allotment of Rights Shares in respect of the Shares held by her on the Record Date. Save for the Irrevocable Undertaking and Ms. Lin's intention as aforesaid, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

THE UNDERWRITING AGREEMENT

On 14 December 2023 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement in respect of the proposed Rights Issue, subject to the terms and conditions set out in the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriter agreed to fully underwrite the Unsubscribed Shares.

Principal terms of the Underwriting Agreement (as supplemented by a supplemental agreement dated 3 January 2024) are as follows:

Date : 14 December 2023

Parties : (i) The Company; and

(ii) The Underwriter, being the underwriter to the Rights Issue

The Underwriter is a substantial shareholder of the Company which beneficially holds 97,585,960 Shares, representing approximately 29.34% of the entire issued share capital of the Company as at the Latest Practicable Date. As such, the Underwriter complies with Rule 7.19(1)(b) of the Listing Rules.

Number of Rights Shares to be underwritten : The total number of the Unsubscribed Shares that have not been placed by the Placing Agent or have been placed to the placees but have not been paid therefor at 4:00 p.m. on the Placing End Date, being up to 156,676,026 Rights Shares, that is the maximum total number of Rights Shares issuable (assuming no change in the number of Shares in issue on or before the Record Date), excluding the 65,057,306 Rights Shares to be undertaken by the Underwriter pursuant to the Irrevocable Undertaking

Underwriting commission : Nil

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the fulfilment or waiver, where permitted, of the following conditions:

- (a) the Share Consolidation and the Change in Board Lot Size becoming effective;
- (b) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events;

- (c) the delivery to the Stock Exchange, and filing and registration with Companies Registry in Hong Kong of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and in compliance with the Listing Rules, the Companies (WUMP) Ordinance and the Companies Ordinance;
- (d) the Prospectus Documents having made available to the Qualifying Shareholders by the Prospectus Posting Date and the Prospectus and a letter having made available to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (e) (i) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Underwriting Termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 trading days (other than any suspension pending clearance of the Announcement) and (ii) no indication being received on the Latest Time for Underwriting Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (f) there being no breach of any provision of the Underwriting Agreement by the Company at all times prior to the Latest Time for Underwriting Termination;
- (g) the representations and warranties of the Company referred to in the Underwriting Agreement remaining true and accurate and not misleading in all material respects at all times prior to the Latest Time for Underwriting Termination;
- (h) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Rights Shares either unconditionally or subject to such conditions which the Company (with the approval of the Underwriter) accepts, in both nil-paid and fully-paid forms and such listing not being withdrawn or revoked;
- (i) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of any condition attached to the Whitewash Waiver granted;

- (j) the Independent Shareholders having approved at the EGM of (i) the Share Consolidation; (ii) the Rights Issue; (iii) the Placing Agreement; (iv) the Underwriting Agreement; and (v) the Whitewash Waiver no later than the Prospectus Posting Date. In particular, the Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval of the Whitewash Waiver by at least 75% of the Independent Shareholders at the EGM by way of poll; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder;
- (k) the compliance with and performance of the undertaking and obligation of the Underwriter, under the Irrevocable Undertaking;
- (l) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands; and
- (m) the obligations of the Underwriter under the Underwriting Agreement not being terminated in accordance with the terms of the Underwriting Agreement at or before the Latest Time for Underwriting Termination.

Other than conditions (f) and (g) which can be waived in whole or in part by the Underwriter by notice in writing to the Company prior to the Latest Time for Underwriting Termination, all other conditions precedent above are incapable of being waived.

As at the Latest Practicable Date, conditions (a), (i) and (j) had been satisfied. If the conditions are not fully satisfied by the Latest Time for Underwriting Termination (or such other date as the Company and the Underwriter may mutually agree in writing) or if the Underwriting Agreement is rescinded or terminated pursuant to the terms thereof, all obligations and liabilities of the parties under the Underwriting Agreement shall cease and determine and neither party shall have any claim against the other for fees, costs, damages, compensation or otherwise, save for any antecedent breach of any obligation under the Underwriting Agreement.

Termination of the Underwriting Agreement

The Underwriter shall have the right to terminate the Underwriting Agreement by notice in writing given to the Company at or prior to the Latest Time for Underwriting Termination, if:

- (i) there occurs any new regulation or any change in the existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (ii) there occurs any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, or after the date hereof, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (iv) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue;

then in any such case the Underwriter may, after consultation with the Company or its advisers as the circumstances shall admit, by notice in writing to the Company on its own behalf (which may be given at any time up to the Latest Time for Underwriting Termination) rescind the Underwriting Agreement.

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement.

If the Underwriter exercises its rights to terminate the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

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

The gross proceeds from the Rights Issue are expected to be approximately HK\$30.2 million. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$29.0 million. The Company intends to apply the net proceeds from the Rights Issue by 31 March 2025 as follows:

- (i) approximately HK\$17.5 million for the setting up of a new retail shop in the PRC, in particular, (a) approximately HK\$3.0 million as startup cost for such shop, including renovation cost, rental expense and staff cost; and (b) approximately HK\$14.5 million for procurements of premium liquor for such PRC shop;

- (ii) approximately HK\$9.7 million for procurements of high-end premium liquor for the Hong Kong business of the Group, including red wine, white wine and champagne; and
- (iii) approximately HK\$1.8 million for improvement of the online shop and IT infrastructure of the Group.

The Group is principally engaged in the sales and distribution of premium wine and spirits products and wine accessory products in Hong Kong. Products of the Group include red wine, white wine, sparkling wine, spirits, sake, wine accessory products and other products. The Group offers products through its retail showrooms, network of distributors, retail organisations, five-star hotels, and private clubs. Due to the complex global environment, such as the ongoing military conflict between Israel and Hamas, and Russia and Ukraine, global elevated high inflation and interest rate, the US-Sino trade war challenge, and intensified competition in premium wine industry, the overall business environment of the Group has been unstable and challenging. The Group recorded net loss attributable to owners of the Company of approximately HK\$16.6 million for the year ended 31 March 2023, and unaudited net loss attributable to owners of the Company of approximately HK\$4.7 million for the six months ended 30 September 2023. As at 30 September 2023, the Group recorded unaudited bank and cash balances of approximately HK\$6.4 million while bank borrowings of approximately HK\$2.7 million which are repayable within one year. Having considered the prevailing market condition and low level of cash on hand available to the Group, the Directors are of the view that the Rights Issue could provide sufficient funds at no borrowing costs for the Group's operation and the development and expansion of the Group's business.

Leveraging on the business network and the renowned brand of the Group in the liquor industry, the Group plans to establish a new retail shop in the PRC so as to grasp the business opportunity and tap into the growing liquor market in the PRC. In Hong Kong, the Group commonly encounters customers from the PRC looking for genuine premium liquor. According to the National Bureau of Statistic of the PRC, the revenue and profit generated by Chinese Baijiu enterprises (above designated size) in 2022 amounted to approximately RMB662.6 billion and RMB220.2 billion, respectively, representing a year-on-year increase of approximately 9.6% and 29.4%, respectively. In addition, according to Statista, a global data and business intelligence platform, the wine market and spirits market in the PRC are expected to grow annually by 2.55% and 2.28% from 2023 to 2028, respectively. Hence, the Group considers there is demand for its products in the PRC. As at the Latest Practicable Date, the Group has been exploring the potential location for the new retail store in Shenzhen or Guangzhou.

Further, in order to improve the financial performance of the Group, the Company plans to adjust its marketing strategy in Hong Kong by focusing more on high-end premium wine from countries such as Europe, North America and Japan, from which the wine generally may have higher profit margin. The Board is of the view that such high-end premium wine could help improve the performance of the Group. Moreover, in order to improve the customer experience, approximately HK\$1.8 million is allocated for

the renovation of the flagship store of the Group and to improve the Group's online shop and IT infrastructure, respectively.

Fundraising alternatives

The Board has considered various fundraising alternatives before resolving to the Rights Issue, including debt financing and equity financing alternatives such as open offer and placing of new shares.

The Board is of the view that while additional debt financing will increase the gearing ratio of the Group and having considered the prevailing high interest rate environment, additional debts will increase the on-going interest expenses of the Group which may in turn further affect the profitability of the Group.

With respect to equity financing alternatives, the Board considers that placing of new Shares would be a sub-optimal fundraising means as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market. The Directors are of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing the overall working capital to fulfill the development plan of the Group without further increase the interest burden to the Group. The Rights Issue also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid shareholding dilution for those Shareholders who take up their entitlement under the Rights Issue in full.

Having considered the above, the Directors consider that the terms of the Rights Issue are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE UNDERWRITER

The Underwriter, Silver Tycoon Limited, is an investment holding company incorporated in the British Virgin Islands with limited liability and principally engaged in holding the Shares. As at the Latest Practicable Date, the Underwriter is wholly-owned by Mr. Cheung, the chairman and chief executive officer of the Company and an executive Director. Mr. Cheung is primarily responsible for overseeing and managing the overall operation of the Group, planning and executing the overall corporate strategies and developing and handling external relationship for the Group. Mr. Cheung has over 15 years of experience in the sales and distribution of premium wine and spirits products.

In the event that the Underwriter becomes the controlling shareholder of the Company as a result of the taking up of the Underwritten Shares pursuant to the Underwriting Agreement, it is the intention of the Underwriter to continue the existing businesses of the Group. The Underwriter has no intention to introduce any major changes to the businesses of the Group (including any redeployment of the fixed assets of the Group) or terminate the continued employment of the employees of the Group.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no further issue or repurchase of Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date and the Record Date; (ii) immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders; (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Underwriter pursuant to the Irrevocable Undertaking) have taken up any entitlements of the Rights Shares and all the Unsubscribed Shares are placed to the independent placees (“**Scenario I**”); and (iv) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Underwriter pursuant to the Irrevocable Undertaking) have taken up any entitlements of the Rights Shares and none of the Unsubscribed Shares are placed to the Placees and all the unplaced Unsubscribed Shares are subscribed by the Underwriter (“**Scenario II**”):

	As at the Latest Practicable Date and the Record Date		Immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders		Scenario I		Scenario II	
	No. of Shares	Approx. % (Note 2)	No. of Shares	Approx. % (Note 2)	No. of Shares	Approx. % (Note 2)	No. of Shares	Approx. % (Note 2)
The Underwriter ^(Note 1)	97,585,960	29.34	162,643,266	29.34	162,643,266	29.34	319,319,292	57.60
Ms. Lin ^(Note 1)	1,114,000	0.33	1,856,667	0.33	1,114,000	0.20	1,114,000	0.20
Sub-total of the Underwriter and parties acting in concert with it								
Zheng Huanming	48,000,000	14.43	80,000,000	14.43	48,000,000	8.66	48,000,000	8.66
Zhang Guangyuan	47,714,040	14.35	79,523,400	14.35	47,714,040	8.61	47,714,040	8.61
Zhang Guozhong	44,600,000	13.41	74,333,333	13.41	44,600,000	8.05	44,600,000	8.05
Independent placees	-	-	-	-	156,676,026	28.26	-	-
Other public Shareholders	93,586,000	28.14	155,976,666	28.14	93,586,000	16.88	93,586,000	16.88
Total	332,600,000	100.00	554,333,332	100.00	554,333,332	100.00	554,333,332	100.00

Notes:

1. As at the Latest Practicable Date and the Record Date, Mr. Cheung beneficially owns the entire shareholding interests in Silver Tycoon Limited, the Underwriter. Therefore, Mr. Cheung is deemed to be interested in the 97,585,960 Shares held by Silver Tycoon Limited. Ms. Lin, being the spouse of Mr. Cheung, beneficially owns 1,114,000 Shares. By virtue of the SFO, Mr. Cheung is deemed to be interested in an aggregate 98,699,960 Shares.
2. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

Shareholders and 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 Issue.

The Company will continue to comply with the public float requirements, being not less than 25% of the total issued share capital of the Company under Rule 8.08 of the Listing Rules, at all times and take appropriate steps/measures to ensure sufficient public float of the Shares (if necessary). The Underwriter has undertaken to the Company under the Irrevocable Undertaking that if the subscription for the Unsubscribed Shares by the Underwriter pursuant to the Underwriting Agreement will result in insufficient public float of the Company within the meaning of the Listing Rules, the Underwriter will, subject to compliance with the Takeovers Code, take all appropriate steps including but not limited to the engagement of a placing agent to procure subscribers (who are Independent Third Parties) to subscribe for the Shares which would otherwise be required to be taken up by the Underwriter under the Underwriting Agreement in order to restore the minimum public float requirement of the Company in compliance with Rule 8.08(1)(a) of the Listing Rules.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company did not conduct any equity fund raising activities during the 12 months immediately preceding the Latest Practicable Date.

Odd lots arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the fully-paid Rights Shares arising from the Rights Issue, the Company has appointed Lego Securities Limited to stand in the market to provide matching services for sale and purchase of odd lots of the fully-paid Rights Shares on a best effort basis for the holders of odd lots of Shares during the period from 9:00 a.m. on Friday, 16 February 2024 to 4:00 p.m. on Thursday, 7 March 2024 (both days inclusive).

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

LISTING RULES IMPLICATIONS

Rights Issue

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued Shares by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the Latest Practicable Date, the Company has no controlling shareholder as defined under the Listing Rules. Mr. Cheung, the chairman and chief executive officer of the Company and an executive Director, beneficially controls 986,999,600 Existing Shares in aggregate, representing approximately 29.67% of the entire issued share capital of the Company, and accordingly, Mr. Cheung and his associates, including the Underwriter and Ms. Lin had abstained from voting in favour of the proposed resolution to approve the Rights Issue at the EGM in accordance with Rule 7.27A(1) of the Listing Rules. No other Directors are interested in the Shares as at the Latest Practicable Date. Save for Mr. Cheung, the Underwriter and Ms. Lin, no other Shareholder is required to abstain from voting on the relevant resolution at the EGM.

The Rights Issue has been approved by the Independent Shareholders at the EGM held on 29 January 2024 and the Mr. Cheung, the Underwriter and Ms. Lin had abstained from voting in favour of the Rights Issue at the EGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional upon fulfilment of the conditions set out in the paragraph headed “Conditions of the Rights Issue”, 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 forms; and the Executive having granted the Whitewash Waiver to the Underwriter. Accordingly, the Rights Issue may or may not proceed.

Any Shareholders or potential investors contemplating selling or purchasing the Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed.

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

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this prospectus. In case of any inconsistency between the English and Chinese versions of this prospectus, the English version will prevail.

For and on behalf of the Board
Major Holdings Limited

A handwritten signature in black ink, appearing to read 'Cheung Chun To', written in a cursive style.

CHEUNG Chun To
Chairman