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

If you have sold or transferred all your shares in **Momentum Financial Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was affected, for transmission to the purchaser or transferee.

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**MOMENTUM FINANCIAL
HOLDINGS LIMITED**
正乾金融控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1152)

**(1) PROPOSED DEBT RESTRUCTURING INVOLVING
ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;
(2) APPLICATION OF WHITEWASH WAIVER;
(3) SPECIAL DEAL IN RELATION TO
REPAYMENT OF SHAREHOLDER'S LOAN;
AND
(4) NOTICE OF SPECIAL GENERAL MEETING**

**Joint Independent Financial Advisers to the Independent Board Committee and
Independent Shareholders**

RaffAello
CAPITAL LIMITED



红日资本有限公司
RED SUN CAPITAL LIMITED

Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 7 to 45 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on pages 46 to 47 of this circular. A letter from the Joint Independent Financial Advisers, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 48 to 93 of this circular.

A notice convening the SGM to be held at Units 5906–5912, 59th Floor, The Center, 99 Queen's Road Central, Hong Kong on Monday, 10 November 2025 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for the SGM for use by the Shareholders is enclosed with this circular. Whether or not you are able to attend the SGM in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Union Registrars Ltd. at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as practicable and in any event not later than 48 hours before the time designated for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or at any adjourned meeting should you so wish.

20 October 2025

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 4 August 2025 in relation to, among others, (i) the Settlement Agreements and the transactions contemplated thereunder and the Specific Mandate; (ii) the Whitewash Waiver; and (iii) the Special Deal.
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Bondholder(s)”	holder of the Convertible Bond(s)
“Business Day(s)”	a day on which banks are generally open for business in Hong Kong, the PRC and Cayman Islands, except a Sunday, a Saturday, a public holiday, and a day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong or “extreme conditions” is announced by the Hong Kong Government at any time between 9:00 a.m. and 5:00 p.m.
“Company”	Momentum Financial Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange (stock code: 1152)
“Completion”	completion of the Debt Restructuring in accordance with the terms and conditions of the Settlement Agreements
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Convertible Bond(s)”	the 3% unsecured convertible bonds in the aggregate principal amount of HK\$178,615,220 to be issued by the Company to the Creditors pursuant to the Settlement Agreements
“Conversion Period”	the period commencing from the date of issue of the Convertible Bonds and ending on the Maturity Date

DEFINITIONS

“Conversion Price”	HK\$0.073 per Conversion Share, subject to adjustments set forth under the terms and conditions of the Convertible Bonds
“Conversion Share(s)”	the new Shares to be allotted and issued by the Company upon the exercise of the conversion rights under the Convertible Bonds
“Creditors”	the First Settlement Creditors and Forever Brilliance, being the creditors under the Settlement Agreements
“Creditors Concert Group”	the Creditors, their respective ultimate beneficial owners and parties acting in concert with any of them
“Debt Restructuring”	the capitalisation of the Outstanding Debt owed by the Company to the Creditors and the issuance of the Convertible Bonds by the Company to the Creditors pursuant to the Settlement Agreements
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegates
“First Settlement Agreement”	the settlement agreement dated 5 July 2025 entered into between the Company and the First Settlement Creditors in relation to the Debt Restructuring
“First Settlement Creditors”	Rosy Benefit, Sunshine Flame, Lumina Investment, Mr. Zheng, Ms. Tian, Ms. Li, Mr. Wang and Mr. Chen, being the creditors under the First Settlement Agreement
“Forever Brilliance”	Forever Brilliance International Group Co., Limited, a company incorporated in the British Virgin Islands, which is ultimately beneficially owned by Ms. Smith Lexi Lucia, and one of the Creditors
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Sin Ka Man, Ms. Liang Lina and Mr. Chen Yifan, established to advise the Independent Shareholders on the Settlement Agreements and the Debt Restructuring contemplated thereunder, the Specific Mandate, the Special Deal and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than (i) Rosy Benefit and its ultimate beneficial owner, Sunshine Flame and its ultimate beneficial owner, Forever Brilliance and its ultimate beneficial owner, Lumina Investment and its ultimate beneficial owner, Mr. Zheng, Ms. Tian, Ms. Li, Mr. Wang and Mr. Chen and their respective concert parties and (ii) the Shareholders who are interested in or involved in the Debt Restructuring, the Settlement Agreements, the Specific Mandate, the Special Deal and/or the Whitewash Waiver
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which are third parties independent of and not connected with the Company and its connected persons
“Joint Independent Financial Advisers”	RaffAello Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Latest Practicable Date”	17 October 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Last Trading Day”	4 August 2025, being the last trading day of the Shares immediately prior to the date of the Announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2025 (or such other date as the Creditors and the Company may agree in writing (as the case may be))

DEFINITIONS

“Lumina Investment”	Lumina Investment International Limited, a company incorporated in Hong Kong with limited liability, which is ultimately owned by Mr. Zhao Dongli, and one of the Creditors
“Maturity Date”	the maturity date of the Convertible Bonds, being the second anniversary of the date of issue of the Convertible Bonds
“Mr. Chen”	Mr. Chen Weiping, a Hong Kong resident and one of the Creditors
“Ms. Li”	Ms. Li Weiwei, a PRC citizen and one of the Creditors
“Ms. Tian”	Ms. Tian Xin, a PRC citizen and one of the Creditors
“Mr. Wang”	Mr. Wang Lidong, a Hong Kong resident and one of the Creditors
“Mr. Zheng”	Mr. Zheng Lizhong, a Shareholder which holds 40,000 Shares, representing approximately 0.01% of the issued Shares as at the Latest Practicable Date and one of the Creditors
“Outstanding Debt”	HK\$178,615,220, being the aggregate amount of indebtedness owed by the Company to the Creditors as at 30 June 2025
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Settlement Agreement”	the settlement agreement dated 18 October 2024 entered into among the Company, Rosy Benefit, Sunshine Flame and Mr. Zheng in relation to the proposed debt restructuring, which was subsequently terminated on 28 March 2025
“Relevant Period”	period commencing on 4 February 2025, being the date falling six months preceding 4 August 2025, being the date of the Announcement, up to and including the Latest Practicable Date

DEFINITIONS

“Rosy Benefit”	Rosy Benefit Limited, a company incorporated in the British Virgin Islands with limited liability, which is ultimately beneficially owned by Ms. Lin Ling, and one of the Creditors
“Second Settlement Agreement”	the settlement agreement dated 5 July 2025 entered into between the Company and Forever Brilliance in relation to the Debt Restructuring
“Settlement Agreements”	the First Settlement Agreement and the Second Settlement Agreement
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGM”	the special general meeting of the Company to be held to approve, inter alia, (i) the Debt Restructuring, the Settlement Agreements and the transactions contemplated thereunder and the Specific Mandate; (ii) the Special Deal; and (iii) the Whitewash Waiver
“Share(s)”	the ordinary share(s) of par value of HK\$0.005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Special Deal”	the repayment of the indebtedness due to Mr. Zheng, being one of the Creditors and a Shareholder holding 40,000 Shares, representing approximately 0.01% of the issued Shares as at the Latest Practicable Date, under the Debt Restructuring
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the SGM to allot and issue the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunshine Flame”	Sunshine Flame Development Limited, a company incorporated in Hong Kong with limited liability, which is ultimately beneficially owned by Ms. Guo Caiyun, and one of the Creditors

DEFINITIONS

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Whitewash Waiver”	the waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of the Creditors Concert Group to make a mandatory general offer to the Shareholders in respect of all issued Shares not already owned or agreed to be acquired by the Creditors Concert Group which may be triggered upon any conversion of the Convertible Bonds by any of the Creditors
“%”	per cent

LETTER FROM THE BOARD



MOMENTUM FINANCIAL
HOLDINGS LIMITED
正乾金融控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1152)

Executive Directors:

Mr. Chu Kin Wang Peleus

Independent Non-executive Directors:

Mr. Sin Ka Man

Ms. Liang Lina

Mr. Chen Yifan

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

Room 510, 5/F
Wayson Commercial Building
28 Connaught Road West
Sheung Wan, Hong Kong

20 October 2025

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED DEBT RESTRUCTURING INVOLVING
ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;
(2) APPLICATION OF WHITEWASH WAIVER;
(3) SPECIAL DEAL IN RELATION TO
REPAYMENT OF SHAREHOLDER'S LOAN;
AND
(4) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement of the Company dated 4 August 2025 in relation to, among other things, (i) the Settlement Agreements and the transactions contemplated thereunder and the Specific Mandate; (ii) the Whitewash Waiver; and (iii) the Special Deal.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further information in relation to the Settlement Agreements and the transactions contemplated thereunder, the Specific Mandate, the Whitewash Waiver and the Special Deal; (ii) recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Settlement Agreements and the transactions contemplated thereunder, the

LETTER FROM THE BOARD

Specific Mandate, the Whitewash Waiver and the Special Deal and as to voting; (iii) the letter from the Joint Independent Financial Adviser to the Independent Board Committee in respect of the Settlement Agreements and the transactions contemplated thereunder, the Specific Mandate, the Whitewash Waiver and the Special Deal and as to voting; (iv) additional information as required under the Listing Rules and the Takeovers Code; and (v) the notice of the SGM.

PROPOSED DEBT RESTRUCTURING INVOLVING ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

As at the Latest Practicable Date, the Company had the Outstanding Debt due and payable in an aggregate amount of approximately HK\$178.6 million.

Background of the Debt Restructuring

Reference is made to the announcement of the Company dated 8 January 2025 in relation to the proposed debt restructuring for the debts owed to Rosy Benefit, Sunshine Flame and Mr. Zheng.

On 18 October 2024, the Company entered into the Previous Settlement Agreements with Rosy Benefit, Sunshine Flame and Mr. Zheng, pursuant to which the Company has conditionally agreed to capitalise the then outstanding debts by issuing convertible bonds in the aggregate principal amount of HK\$91,534,164 to Rosy Benefit, Sunshine Flame and Mr. Zheng.

As disclosed in the announcement of the Company dated 28 March 2025, the conditions precedent under the Previous Settlement Agreement are not expected to be fulfilled, hence the Company, Rosy Benefit, Sunshine Flame and Mr. Zheng entered into a termination agreement to terminate the Previous Settlement Agreement.

Background of the Outstanding Debt

Despite the Previous Settlement Agreement being terminated, the Company continued to negotiate with the Creditors to explore means of settlement of the Outstanding Debt.

LETTER FROM THE BOARD

Details of the Outstanding Debt

With reference to the interim results of the Company for the six months ended 30 June 2025, the exhaustive list of indebtedness position of the Company as at 30 June 2025, other than trade payables incurred in the ordinary course of business, are set out as follows:

Nature	Holder	Maturity date	Principal	Outstanding amount as at
			30 June 2025 HK\$'000	30 June 2025 HK\$'000
Loan from Triumph Hope Limited	Triumph Hope Limited	Repayable on demand	50,000	61,882
The Outstanding Debt	The Creditors	As further detailed below	169,250	178,615
Deposits received				10,836
Income tax and VAT payables				7,663
Accrued expenses				5,741
Bank borrowing		24 May 2026		1,576
Lease liabilities				557
Other accruals and payables				<u>1,571</u>
Total liabilities of the Group (excluding trade payables)				<u><u>268,441</u></u>

As illustrated above, save for (i) the Outstanding Debt which will be capitalised under the Debt Restructuring; and (ii) the Loan from Triumph Hope Limited, there are no other major creditors and there are no other debts, bonds or promissory notes that are issued to the Creditors Concert Group. The Outstanding Debt of approximately HK\$178,615,000 and the Loan from Triumph Hope Limited of approximately HK\$61,882,000 would represent approximately 66.5% and 23.1% of the total liabilities excluding trade payables of the Group as at 30 June 2025, respectively.

LETTER FROM THE BOARD

The Outstanding Debt represented the outstanding principal and interest accrued of the unsecured promissory notes and corporate bonds issued by the Company to the Creditors. Details of the Outstanding Debt are set out as follows:

Creditors	Promissory notes/ corporate bond	Initial date of cash receipt by the Company	Date of agreement in respect of the relevant promissory note/ corporate bond	Initial maturity date	Extended maturity date	Principal amount of the promissory notes/ corporate bond HK\$	Interest rate of the promissory note/ corporate bond	Amount of Outstanding Debt as at 30 June 2025 HK\$	Conversion Shares to be allotted and issued under the Debt Restructuring (Note 1)
Rosy Benefit	Promissory note	12 August 2021 (Note 2)	12 October 2024 (Note 2)	11 October 2025	N/A	51,250,000	3.0%	52,353,630	717,173,014
Sunshine Flame	Promissory note	6 June 2019	6 June 2019	5 June 2021	5 June 2025	10,000,000	3.0%	10,794,795	274,606,877
	Promissory note	15 April 2021	15 April 2021	14 April 2023	14 April 2025	9,000,000	3.0%	9,251,507	
Mr. Zheng	Promissory note	12 March 2021	12 March 2021	11 March 2023	11 March 2025	3,000,000	4.0%	3,134,137	280,310,384
	Promissory note	15 July 2021	15 July 2021	14 July 2023	14 July 2025	12,000,000	3.0%	12,168,658	
	Promissory note	7 June 2024	7 June 2024	6 June 2025	N/A	5,000,000	3.0%	5,159,863	
Forever Brilliance	Corporate Bond	24 June 2019	24 June 2019	24 June 2023	24 June 2025	39,000,000	5.0%	43,968,493	602,308,123
Lumina Investment	Promissory note	26 June 2025	26 June 2025	25 September 2025	N/A	10,000,000	7.0%	10,000,000	136,986,301
Ms. Tian	Promissory note	30 June 2025	30 June 2025	30 September 2025	N/A	14,000,000	7.0%	14,000,000	191,780,822
Ms. Li	Promissory note	2 June 2025	2 June 2025	1 September 2025	N/A	10,000,000	7.0%	10,000,000	136,986,301
Mr. Wang	Corporate Bond	22 May 2015	22 May 2015	22 November 2022	N/A	3,000,000	7.0%	3,862,151	52,906,178
Mr. Chen	Corporate Bond	10 February 2015	10 February 2015	10 August 2022	N/A	3,000,000	7.0%	3,921,986	53,725,836
Total						169,250,000		178,615,220	2,446,783,836

Notes:

1. The Conversion Shares to be issued and allotted under the Debt Restructuring represented each of the Outstanding Debt as at 30 June 2025 divided by the Conversion Price of HK\$0.073 subject to rounding adjustments.
2. The trading of the Shares was suspended from 4 November 2021 to 26 June 2023 as the Stock Exchange considered the Company failed to maintain a sufficient level of operations to comply with Rule 13.24 of the Listing Rules. During the suspension of trading of the Shares from 4 November 2021 to 26 June 2023, Rosy Benefit had continued to provide financial support to the Company for business development and daily operation of the Group by way of financial advancement (the “Advances”) with over 40 batches since 12 August 2021 to 31 July 2024, while the Company had partially repaid some of the Advances throughout the period. The highest outstanding balance of the Advances from 12 August 2021 up to 12 October 2024 was approximately HK\$54,140,000 on 27 December 2023. No interest was recognised in respect of the Advances. The outstanding balance of Advances was HK\$39,780,000 as at 12 October 2024.

On 12 October 2024, the Company reached the agreement with Rosy Benefit that (i) an interest in the amount of HK\$11,470,000 (rounded down from HK\$11,477,003) have been accrued retrospectively on the outstanding Advances at the interest rate ranging from 8% to 16% per annum for the period from 12 August 2021 to 12 October 2024; (ii) the Company shall issue a promissory note in the principal amount of HK\$51,250,000 (representing (1) the outstanding balance of the Advances of HK\$39,780,000 as at 12 October 2024 plus (2) the interest accrued retrospectively in the amount of HK\$11,470,000) which carries an interest rate of 3% per annum to Rosy Benefit to settle the Advances. Accordingly, the Company issued a promissory note to Rosy Benefit in October 2024 in the principal amount of HK\$51,250,000.

LETTER FROM THE BOARD

As the respective settlement to each of the Creditors are in effect inter-conditional under the Settlement Agreements, the Creditors Concert Group, being each of Rosy Benefit, Sunshine Flame, Forever Brilliance, Lumina Investment and their respective ultimate beneficial owners, and Mr. Zheng, Ms. Tian, Ms. Li, Mr. Wang and Mr. Chen and their respective concert parties, are deemed to be acting in concert with each other.

As disclosed in the announcement of the Company dated 8 January 2025, the Outstanding Debt with Rosy Benefit, Forever Brilliance, Sunshine Flame and Mr. Zheng were initially conducted for (i) refinancing the debt of the Company since 2019; and (ii) satisfy the funding needs for the development of the business of the Company since 2021.

Since 30 June 2025 and up to the Latest Practicable Date, (i) the Group did not incur any new debts other than normal trade payables during the ordinary course of business; and (ii) there has not been any change in the principal amount of each of the Outstanding Debt held by each of the Creditors.

Issuance of corporate bonds in 2015

Since 2015, the Company had issued corporate bonds in the aggregate principal amount of HK\$10 million to four independent third parties, including Mr. Wang and Mr. Chen for supplementing the working capital of the Group. During the six months ended 30 June 2024, the Company had fully repaid to two other holders of the corporate bonds in the aggregate principal amount of HK\$4 million after their maturity. Accordingly, the corporate bonds in the principal amount of HK\$6 million held by Mr. Wang and Mr. Chen remained outstanding as at the Latest Practicable Date.

Debt refinancing in 2019

In 2018, the Company entered into a loan agreement with its ultimate holding company, Triumph Hope Limited which is beneficially held by Mr. Chan Chung Shu, for a loan of HK\$80 million (the “**Loan from Ultimate Holding Company**”) for refinancing certain loans from independent third parties conducted prior to 2018. The Loan from Ultimate Holding Company was unsecured and initially repayable in one year, which carries a fixed interest rate of 9.5% per annum. As the Company could not settle the Loan from Ultimate Holding Company upon its maturity at the material time, Triumph Hope Limited agreed to revise the repayment term as repayable on demand.

As disclosed in the announcements of the Company dated 14 and 17 June 2019, the Company issued convertible bonds in the principal amount of HK\$39 million with an interest rate of 3% per annum (the “**2019 CB**”) to Great River Capital Limited, which is wholly-owned by Madam Sun Dianying, an independent third party, in 2019 for financing the repayment of the Loan from Ultimate Holding Company that Triumph Hope Limited demanded partial repayment. The proceeds have been fully utilised for the partial settlement of the principal and then interest payable of the Loan from Ultimate Holding Company and the remaining proceeds were utilised as working capital for the Group. In February 2022, the 2019 CB was transferred from Great River Capital Limited to Forever Brilliance.

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The outstanding principal amount of the Loan from Ultimate Holding Company and the accrued interest is (i) HK\$50 million and approximately HK\$11.9 million respectively as at 30 June 2025; and (ii) HK\$50 million and approximately HK\$13.3 million respectively as at the Latest Practicable Date. As at the Latest Practicable Date, the Company did not receive any demand for immediate repayment of the outstanding principal amount and the respective accrued interest of the Loan from Ultimate Holding Company.

On 6 June 2019, the Company issued a promissory note of HK\$10 million (the “**SF PN1**”) with a maturity date of 5 June 2021 to Sunshine Flame for replenishing working capital of the Group as disclosed in the annual report of the Company for the year ended 31 December 2019, the proceeds of which was fully utilised by the Group as intended during the year ended 31 December 2020.

Funding needs for the development of the business of the Company since 2021

The Company commenced its cross-border business since 2017. In view of the continuous loss-making performance of the Company prior to 2020 and the decision of the Listing Committee on the compliance of Rule 13.24 of the Listing Rules in late 2019, the Company recognised the need to refine its cross-border business by improving its business model and scale of operation. As such, the Company expanded its cross-border business under the S2B2C model (supplier to business to consumer) in 2021 and B2C model (business to consumer) in 2022.

In order to finance the above business development of the Company during the suspension of trading of the Shares from November 2021 to June 2023, the Company has explored various debt fundraising opportunities and conducted the following actions:

- (i) on 12 March and 15 July 2021, the Company issued promissory notes in the principal amount of HK\$3 million (the “**Zheng PN1**”) and HK\$12 million to Mr. Zheng (the “**Zheng PN2**”) respectively, which shall mature in March and July 2023 respectively, for financing the business development of the Group;
- (ii) on 15 April 2021, the Company issued a promissory note in the principal amount of HK\$9 million to Sunshine Flame (the “**SF PN2**”) to be matured in April 2023;
- (iii) on 5 August 2021, the Company negotiated with Sunshine Flame and reached an agreement that Sunshine Flame agreed to extend the maturity date of SF PN1 in the principal amount of HK\$10 million from 5 June 2021 to 5 June 2022. On 18 August 2022, Sunshine Flame further agreed to extend the maturity date of SF PN1 to 5 June 2023;
- (iv) since August 2021, obtained the Advances from Rosy Benefit to finance the business development and daily operation of the Group; and

LETTER FROM THE BOARD

- (v) negotiated with Forever Brilliance, being the holder of the 2019 CB, and on 15 August 2022 reached an agreement that Forever Brilliance agreed to (1) waive the accrued interests of the 2019 CB; and (2) extend the maturity date of the 2019 CB to 24 June 2023.

Resumption of trading of the Shares in 2023

Upon the resumption of trading in the Shares in June 2023, the cash balance of the Company was approximately HK\$14.9 million as at 30 June 2023, which was not sufficient to repay the SF PN1, SF PN2, Zheng PN1 and Zheng PN2, being the promissory notes held by Sunshine Flame and Mr. Zheng, upon their respective maturity dates. As such, the Company negotiated with Sunshine Flame and Mr. Zheng to waive the accrued interest expenses and further extended the respective maturity date of SF PN1, SF PN2, Zheng PN1 and Zheng PN2 by two years to June 2025, April 2025, March 2025 and July 2025 respectively as detailed in the table in the section headed “Details of the Outstanding Debt” above. On 18 April 2023, Forever Brilliance further agreed to (i) waive the accrued interests of the 2019 CB; (ii) extend the maturity date of the 2019 CB to 24 June 2025; and (iii) the 2019 CB would no longer be convertible into Shares.

Taking into account (i) the Shares resumed trading in June 2023; and (ii) the financial performance of the Company improved as demonstrated by the re-compliance of Rule 13.24 of the Company in 2023, Sunshine Flame and Mr. Zheng showed confidence in the Company and agreed to extend the respective maturity date of their respective promissory notes by 2 years as detailed in the table in the section headed “Details of the Outstanding Debt” above.

Uncertain economic environment in the PRC

Due to the uncertain economic environment in the PRC, the overall consumption sentiment has declined sharply since late 2023. Despite the Group continued to record net profit under such economic environment in the first half of 2024, the customers of the Group had difficulties in settling their accounts receivable to the Group as they fall due. As such, the Company had difficulties in maintaining its cash balance for its daily operation if it attempts to settle the liabilities of the Group. In view of the above, on 7 June 2024, the Company further issued a promissory note in the principal amount of HK\$5 million to Mr. Zheng.

The Previous Settlement Agreement

Despite the Group recorded net profit under such economic environment in the first half of 2024, the revenue and net profit of the Company for the six months ended 30 June 2024 decreased by approximately 12.4% and 42.6% to approximately HK\$329.1 million and HK\$9.5 million respectively compared to the corresponding period in 2023. In addition, the bank balances and cash of the Company decreased from approximately HK\$24.3 million as at 31 December 2024 to approximately HK\$12.2 million as at 30 June 2025.

LETTER FROM THE BOARD

As such, after the publication of the interim results of the Company for the six months ended 30 June 2024, some of the Creditors began enquiring about the Company's possibility of repayment of their respective debt. As such, the Company commenced negotiations with some of the Creditors.

Reference is made to the announcements of the Company dated 17 September, 10 and 14 October 2024. As disclosed in the announcement of the Company dated 10 October 2024, on 10 October 2024, the Company received a statutory demand issued by Mr. Zheng demanding the immediate repayment of an outstanding sum of approximately HK\$20.3 million (the "**Statutory Demand**"), being part of the Outstanding Debt with Mr. Zheng at the material time on the basis that an event of default under the promissory notes held by Mr. Zheng had occurred. Mr. Zheng claimed that, based on the interim results announcement of the Company dated 15 September 2024, he had reasons to believe that the prospect of payment or performance of the promissory notes is impaired, which constituted a material adverse change that is an event of default pursuant to the terms of the promissory notes. As such, Mr. Zheng demanded the immediate repayment of the promissory notes owned to him.

Upon the receipt of the Statutory Demand as publicly disclosed in the announcement of the Company on 10 October 2024, Rosy Benefit became aware of the Statutory Demand from the announcements of the Company, and demanded the immediate repayment of the Advances in the amount of HK\$39,780,000. In view of the limited financial resources, the Company, at its best endeavor, negotiated with Rosy Benefit. On 12 October 2024, the Company reached the agreement with Rosy Benefit that (i) an interest in the amount of approximately HK\$11,470,000 have been accrued retrospectively on the outstanding Advances at an interest rate ranging from 8% to 16% per annum for the period from 12 August 2021 to 12 October 2024; (ii) the Company shall issue a promissory note in the principal amount of HK\$51,250,000 (representing (1) the outstanding balance of the Advances of approximately HK\$39,780,000 as at 12 October 2024 plus (2) the interest accrued retrospectively in the amount of approximately HK\$11,470,000) which carries an interest of 3% per annum to Rosy Benefit to settle the Advances.

On 14 October 2024, the Company further received a demand letter from Sunshine Flame (the "Demand Letter"), stating the receipt of the Statutory Demand by the Company had constituted an event of default of the promissory note issued by the Company held by it, and therefore demanding the immediate repayment of an outstanding sum of approximately HK\$9.2 million, representing the principal amount and respective accrued interest of one of the promissory notes held by Sunshine Flame, being part of the Outstanding Debt.

The Company has concern as to whether the Statutory Demand and the Demand Letter will further trigger any potential cross default provisions in other debt instruments issued by the Company. As such, in order to avoid in the risk of any of Rosy Benefit, Sunshine Flame and Mr. Zheng filing winding-up petitions against the Company, the Company commenced negotiation with Rosy Benefit, Sunshine Flame and Mr. Zheng.

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On 18 October 2024, the Company entered into the Previous Settlement Agreement with Rosy Benefit, Sunshine Flame and Mr. Zheng, pursuant to which the Company has conditionally agreed to capitalise the then Outstanding Debts by issuing convertible bonds in the aggregate principal amount of HK\$91,534,164 to Rosy Benefit, Sunshine Flame and Mr. Zheng.

Termination of the Previous Settlement Agreement

As the issuance of the convertible bonds under the Previous Settlement Agreement would result in a theoretical dilution effect of approximately 61.06%, which is higher than the 25% threshold as set out in Rule 7.27B of the Listing Rules, the completion of the Previous Settlement Agreement is conditional on, among other things, the consent from the Stock Exchange in respect of Rule 7.27B of the Listing Rules being obtained.

As disclosed in the announcement of the Company dated 28 March 2025, the conditions precedent under the Previous Settlement Agreement, particularly the conditions in relation to the consent from the Stock Exchange in respect of Rule 7.27B of the Listing Rules, are not expected to be fulfilled by the long stop date of the Previous Settlement Agreement. Accordingly, the Company, Rosy Benefit, Sunshine Flame and Mr. Zheng entered into a termination agreement to terminate the Previous Settlement Agreement.

After the termination of the Previous Settlement Agreement, the Company continued to negotiate with Rosy Benefit, Sunshine Flame and Mr. Zheng in respect of the Debt Restructuring. As such, Sunshine Flame and Mr. Zheng did not pursue further actions against the Company in respect of the Statutory Demand and Demand Letter as at the Latest Practicable Date. In addition, the Company continued to negotiate with the other Creditors in respect of the potential settlement of their respective Outstanding Debt through the issuance of the Convertible Bonds.

Additional promissory notes issue in June 2025

Reference is made to the announcements of the Company dated 27 March and 1 April 2025. Trading in the Shares were suspended since 1 April 2025 due to the delay in the publication of the annual results of the Company for the year ended 31 December 2024.

During the suspension of trading of the Shares since 1 April 2025, the Company continued to explore fundraising opportunities. As such, the Company intended to conduct fundraising by issue of new Shares to Lumina Investment, Ms. Tian and Ms. Li to raise funds for the settlement of the above liabilities and replenishment of working capital for its business. However, as the trading of the Shares was suspended since 1 April 2025 pending the release of the annual results of the Company for the year ended 31 December 2024, the Company had difficulties to issue new Shares at the material time. As such, the Company issued promissory

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notes in June 2025 in the aggregate amount of HK\$34 million to Lumina Investment, Ms. Tian and Ms. Li for the settlement of the above liabilities and replenishment of working capital for its business with the intention to issue Shares for them after the resumption of the trading of the Shares.

As at the Latest Practicable Date, the proceeds from the above promissory notes in the aggregate principal amount of HK\$34 million had been fully utilised for (i) settlement of audit fee and legal and professional fees of approximately HK\$4.3 million; (ii) repayment of other borrowings of approximately HK\$8.3 million by an subsidiary in the PRC that was matured in October 2023; (iii) settlement of trade and other payables of approximately HK\$18.8 million; and (iv) other administrative expenses of approximately HK\$2.6 million.

As such, the Company invited Lumina Investment, Ms. Tian and Ms. Li to participate in the Debt Restructuring. The Company considered, the issuance of the promissory notes in the aggregate amount of HK\$34 million to Lumina Investment, Ms. Tian and Ms. Li and the issuance of the Convertible Bonds to them under the Debt Restructuring merely represented fundraising exercise with reference to the latest closing price of the Shares.

Discussion with other creditors of the Company — Triumph Hope Limited

The Company had, during the course of the negotiation with the Creditors, discussed with Triumph Hope Limited in respect of the Loan from Ultimate Holding Company.

As at the Latest Practicable Date, Triumph Hope Limited is interested in 501,330,000 Shares, representing approximately 51.05% of the issued Shares of the Company, which is wholly-owned by Mr. Chan Chung Shu. On 24 April 2018, Triumph Hope Limited had pledged 501,330,000 Shares as security for a term loan facility (the “**Secured Facility**”) provided to Triumph Hope Limited by Great Wall International Investment XX Limited (“**Great Wall**”) which was wholly owned by China Great Wall AMC (International) Holdings Company Limited which was, in turn, wholly-owned by China Great Wall Asset Management Co., Ltd, a state-owned enterprise in the PRC ultimately beneficially owned by the Ministry of Finance of the PRC.

As disclosed in the Company’s announcement dated 20 September 2022, PricewaterhouseCoopers Limited (“**PwC**”) was appointed by Great Wall as the receiver of the Shares held by Triumph Hope Limited. During the course of the negotiation with the Creditors in relation to the Debt Restructuring, the Company had discussed with Great Wall to understand whether Great Wall would participate in the Debt Restructuring, where Great Wall had not expressed any decision in respect of the Shares held by Triumph Hope Limited that was charged in favour of Great Wall.

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On 13 October 2025, Fighton Asia Master Fund Limited (“**Fighton Fund**”) became the holder of the Secured Facility. Fighton Fund is wholly owned by Fighton Capital Limited, a corporation licensed to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. The ultimate beneficial owner of Fighton Capital Limited is Ms. Wu Na. Fighton Fund and Ms. Wu Na do not hold any Shares.

As at the Latest Practicable Date, (i) Fighton Fund is the holder of the Secured Facility but did not enforce the underlying pledge, accordingly, Triumph Hope Limited remained as the legal owner of 501,330,000 Share in the register of members of the Company; and (ii) PwC remained as the receiver of the 501,330,000 Shares held by Triumph Hope Limited after Fighton Fund became the holder of the Secured Facility.

The Company had discussed with Fighton Fund and the Company did not receive any request on the immediate repayment of the Loan from Ultimate Holding Company up to the Latest Practicable Date. Triumph Hope Limited, PwC, Great Wall and Fighton Fund were not involved or have any role in the Settlement Agreements and the Debt Restructuring.

Debt Restructuring

On 5 July 2025, the Company entered into the Settlement Agreements with the Creditors, pursuant to which the Company has conditionally agreed to capitalise the Outstanding Debt owed to the Creditors by the Company, the Creditors have conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in the aggregate principal amount of HK\$178,615,220 to the Creditors.

The Settlement Agreements

The First Settlement Agreement

The parties to the First Settlement Agreement are set out as follows:

Creditors: Rosy Benefit, Sunshine Flame, Lumina Investment, Mr. Zheng, Ms. Tian, Ms. Li, Mr. Wang and Mr. Chen

Issuer: The Company

The Second Settlement Agreement

The parties to the Second Settlement Agreement are set out as follows:

Creditors: Forever Brilliance

Issuer: The Company

As at the Latest Practicable Date, Mr. Zheng is a Shareholder of the Company holding 40,000 Shares, representing approximately 0.01% of the issued Shares as at the Latest Practicable Date. Save for Mr. Zheng, each of Rosy Benefit, Forever Brilliance, Sunshine Flame, Lumina Investment and their ultimate beneficial owners, Ms. Tian, Ms. Li, Mr. Wang and Mr. Chen are Independent Third Parties.

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Principal terms of the Settlement Agreements

The principal terms of the Settlement Agreements are set out as follows:

Debt Restructuring

As at 30 June 2025, the Outstanding Debt was HK\$178,615,220. Pursuant to the Settlement Agreements, the Company will issue to the Creditors the Convertible Bonds in the aggregate principal amount of HK\$178,615,220 as full settlement of the respective promissory notes and corporate bonds and the fulfilment of all obligations of the Company under the respective promissory notes and corporate bonds. Accordingly, any interest accrued on the Outstanding Debt from 1 July 2025 up to the date of Completion will be considered as settled upon the issuance of the Convertible Bonds.

In the event the Debt Restructuring does not materialise, (i) the Outstanding Debt will remain to be payable by the Company under its original respective terms and maturity date; and (ii) the interest accrued on the Outstanding Debt from 1 July 2025 will remain as interest payable by the Company.

The consideration for the issue of the Convertible Bonds shall be satisfied by way of setting off the Outstanding Debt owed to the Creditors by the Company.

Conversion Shares

The 2,446,783,836 Conversion Shares under the Convertible Bonds will be allotted and issued under the Specific Mandate which is subject to Independent Shareholders' approval at the SGM.

Assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Completion, the Conversion Shares, when allotted and issued, will represent (i) approximately 249.16% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 71.36% of the issued share capital of the Company as enlarged by the allotment and issuance of the Conversion Shares.

Conditions precedent to the Settlement Agreements

The Completion of the First Settlement Agreement and the Second Settlement Agreement are inter-conditional and each of the Settlement Agreements is conditional upon the satisfaction of the following conditions precedent:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares and such permission remain in full force and effect and has not been withdrawn;

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- (ii) passing by the Independent Shareholders of the Company resolutions at the SGM approving (a) the Settlement Agreements and the transactions contemplated thereunder (more than 50% of the votes cast by the Independent Shareholders at the SGM by way of poll); (b) the Whitewash Waiver (at least 75% of the votes cast by the Independent Shareholders at the SGM by way of poll in accordance with the Listing Rules and the Takeovers Code); and (c) the Special Deal;
- (iii) all necessary approvals, consents and/or waivers from the relevant authorities or third party required to be obtained having been obtained and remain in full force and effect;
- (iv) the Executive having granted (and such grant not having been withdrawn or invalidated) the Whitewash Waiver, and the satisfaction of all conditions (if any) attached thereto; and
- (v) the grant of consent to the Special Deal by the Executive.

All the above conditions precedent are not waivable, except the Company may waive the condition (iii) above. As at the Latest Practicable Date, save for the approvals as detailed in the conditions (i), (ii), (iv) and (v) above, no other approvals, consents and/or waivers are required to be obtained in respect of the Settlement Agreements and transactions contemplated thereunder. None of the conditions precedent above have been fulfilled as at the Latest Practicable Date.

If the above conditions precedent are not satisfied by the Long Stop Date, the Settlement Agreements shall be automatically terminated with immediate effect.

Completion

Completion of the Debt Restructuring shall take place within seven Business Days after the date on which the last conditions precedent is satisfied, or at such other date, time and venue as the parties may agree in writing.

Principal terms of the Convertible Bonds

A summary of the principal terms of the Convertible Bonds is set out below.

Issuer: The Company

Principal amount: HK\$178,615,220

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Maturity Date: The second anniversary of the date of issue of the Convertible Bonds (i.e. date of Completion of the Settlement Agreements)

Interest rate: 3% per annum on the outstanding amount payable semi-annually in arrears

The interest rate was determined after arm's length negotiation between the Company and the Creditors after taking into account the range of the existing interest rate of 3% to 7% of the Outstanding Debt, the conversion rights of the Convertible Bonds and the initial Conversion Price.

Conversion Price: The Conversion Price will initially be HK\$0.073 per Conversion Share.

Adjustment events: The initial Conversion Price is subject to customary adjustment in the following events

- (i) If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction.

$$\frac{A}{B}$$

Where:

A is the nominal amount of one (1) Share immediately after such alteration; and

B is the nominal amount of one (1) Share immediately before such alteration.

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- (ii) If and whenever the Company issues any Shares credited as fully paid to the Shareholders by way of capitalisation or profits or reserves (including any share premium account) including, Shares paid up out of distributable profits or reserves and/or share premium account issued (except any scrip dividend) and which would not have constituted a capital distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

7.1.1 In the case of an issue of Shares by way of a scrip dividend where the average closing price of the Shares for the last five consecutive trading days (the “**Current Market Price**”), on the date of issue of such Shares or, if a record date is fixed for such scrip dividend, the record date, exceeds the amount of the relevant cash dividend or the relevant part thereof and which would not have constituted a capital distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A+B}{A+C}$$

Where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

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B is the aggregate nominal amount of Shares issued by way of such scrip dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the relevant cash dividend and (ii) the denominator is the Current Market Price of the Shares issued by way of scrip dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the relevant cash dividend; and

C is the aggregate nominal amount of Shares issued by way of such scrip dividend.

(iii) If and whenever the Company shall pay or make any capital distribution to the Shareholders (except to the extent that the conversion price falls to be adjusted under condition (ii) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such capital distribution by the following fraction:

$$\frac{A-B}{A}$$

Where:

A is the Current Market Price of one (1) Share on the last trading day preceding the date on which the capital distribution is publicly announced; and

B is the market value on the date of such announcement of the portion of the capital distribution attributable to one (1) Share.

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- (iv) If and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, of options, warrants or other rights to subscribe for or purchase or acquire any Shares, in each case at less than 90% of the Current Market Price per Share on the last trading day preceding the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A+B}{A+C}$$

Where:

- A is the number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued by way of rights or for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the grant.

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- (v) If and whenever the Company shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights or grant to all or substantially all Shareholders as a class by way of rights, of options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) at less than 90% of the Current Market Price, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A-B}{A}$$

Where:

A is the Current Market Price of one (1) Share on the last trading day preceding the date on which such issue or grant is publicly announced; and

B is the market value on the date of such announcement of the portion of the rights attributable to one (1) Share.

- (vi) If and whenever the Company shall issue (other than as mentioned in condition (v) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or shall issue or grant (other than as mentioned in condition (v) above) options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares in each case at a price per Share which is less than 90% of the Current Market Price on the last trading day preceding the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A+B}{C}$$

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Where:

A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares;

B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares would purchase at such Current Market Price per Share; and

C is the number of Shares in issue immediately after the issue of such additional Shares.

(vii) save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this condition, if and whenever the Company or any of its subsidiaries (other than as mentioned in conditions (iv), (v) and (iv) above (at the direction of the Company or any of its subsidiaries) any other Company, person or entity shall issue any securities (other than the Convertible Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 90% of the Current Market Price on the last trading day preceding the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A+B}{A+C}$$

Where:

A is the number of Shares in issue immediately before such issue;

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B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and

C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Conversion Shares: The Conversion Shares shall be allotted and issued by the Company, credited as fully paid, with effect from the date on which conversion rights are validly exercised by the Bondholder(s), and the Bondholder shall be entitled to all dividends and other distributions on the record date which falls after the conversion date.

The Conversion Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Conversion Shares.

Conversion rights: Subject to the terms and conditions of the Convertible Bonds, the Bondholder(s) shall have the right to convert all or part of the Convertible Bonds held by such Bondholder(s) into Conversion Shares credited as fully paid at any time during the Conversion Period (as defined below) disregarding fractions and rounded down to the nearest whole number of Conversion Shares, by dividing the aggregate principal amount of the Convertible Bonds to be converted, by the applicable Conversion Price in effect on the relevant date of conversion.

The conversion right under the Convertible Bonds shall only be exercisable provided that any such conversion would not result in the public float of the Shares falling below the minimum public float requirements under the Listing Rules or as required by the Stock Exchange immediately after such conversion.

Conversion Period: The period commencing from the date of issue of the Convertible Bonds and ending on the Maturity Date.

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Early redemption at the option of the Company:	At any time during the period commencing on the date of issue of the Convertible Bonds to the date immediately prior to the Maturity Date, the Company may redeem the whole or part of the outstanding Convertible Bonds at the redemption amount which shall equal to 100% of the principal amount of the outstanding Convertible Bonds to be redeemed together with interest accrued.
Redemption on maturity:	Unless previously redeemed or converted, the Company shall redeem the Convertible Bonds on the Maturity Date at the redemption amount which shall equal to 100% of the principal amount thereof outstanding, together with interest accrued thereon (and not yet paid) up to (but excluding) the Maturity Date.
Transferability:	The Convertible Bonds may be transferred at any time, subject to compliance with all applicable regulatory requirements (if any), including the mandatory offer obligations under Rule 26 of the Takeovers Code and the relevant requirements under Chapter 14A of the Listing Rules for the issue of the Conversion Shares to its connected person(s) and/or their associates, by notifying in writing of its intention of transfer to the Company.
Status and ranking:	The Convertible Bonds constitute direct, unsecured and unsubordinated obligations of the Company which at all times rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Company, save for such obligations as may be provided by the mandatory provisions of the applicable law.
Event of default:	There shall be an Event of Default if any one of the following events shall have occurred or is continuing: (i) a default is made in the payment of principal, interest or any other amount due on the Convertible Bonds when due unless the failure to pay is caused by administrative or technical error and payment is made within ten (10) Business Days of the due date;

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- (ii) a default is made by the Company in the performance or observance of any undertaking in any covenant, condition or provision contained in the conditions and on the part of the Company to be performed or observed (other than the covenant to pay the principal and interest in respect of the Convertible Bonds) and such default is incapable of remedy, or if capable of remedy is not remedied within 60 Business Days (or such longer period as the Bondholders shall permit) of services of notice by the Bondholders on the Company requiring such default to be remedied;
- (iii) a resolution is passed or an order of a court of competent jurisdiction is made that any member of the Group be wound up or dissolved otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction;
- (iv) any member of the Group ceases or threatens to cease to carry on its business or any substantial part thereof;
- (v) delisting of the Shares on the Stock Exchange or steps being taken by or on behalf of the Company to effect such delisting;
- (vi) an encumbrancer takes possession or a receiver is appointed over the whole or a material part of the assets or undertaking of the Company or any subsidiary and such possession or appointment is not terminated within 180 Business Days after written request by the Bondholders;
- (vii) a distress, execution or seizure order before judgment is levied or enforced upon or sued out against the whole or a material part of the property of the Company or any subsidiary (as the case may be) and is not discharged with 180 Business Days thereof; or
- (viii) proceedings shall have been initiated against the Company or any subsidiary under any applicable bankruptcy, reorganization or insolvency law and such proceedings shall not have been unconditionally discharged within a period of 180 Business Days.

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Upon the occurrence of an event of default above, Bondholders shall have the right to demand the Company to forthwith repay the outstanding principal amount of the Convertible Bond together with any interest accrued thereon in full in cash by serving a notice in writing to the Company.

Voting rights: Bondholders will not be entitled to attend or vote at any general meetings of the Company by reason of being Bondholders.

Listing: The Convertible Bonds are not and will not be listed on any stock exchange.

The Conversion Price

The Conversion Price of HK\$0.073 per Conversion Share represents:

- (i) the closing price of HK\$0.0730 per Share as quoted on the Stock Exchange on 31 March 2025 being the last trading day prior to the date of the Settlement Agreements;
- (ii) a discount of approximately 75.26% to the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iii) a discount of approximately 7.36% to the average closing price of approximately HK\$0.0788 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the date of the Settlement Agreements;
- (iv) a discount of approximately 12.48% to the audited consolidated net assets of approximately HK\$0.0834 per Share as at 31 December 2024, which is calculated based on the Group's audited consolidated net assets of the Company of approximately HK\$81,977,000 as at 31 December 2024 and 982,000,000 Shares in issue as at the Latest Practicable Date;
- (v) a discount of approximately 18.35% to the unaudited consolidated net assets of approximately HK\$0.0894 per Share as at 30 June 2025, which is calculated based on the Group's unaudited consolidated net assets of the Company of approximately HK\$87,815,000 as at 30 June 2025 and 982,000,000 Shares in issue as at the Latest Practicable Date; and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 5.20% of the theoretical diluted price of HK\$0.0747 per Share to the benchmarked price of HK\$0.0788 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing

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price on the date of the Settlement Agreements of HK\$0.073 per Share and the average closing price of HK\$0.0788 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the Settlement Agreements).

The Conversion Price was equal to the closing price of the Shares on the last trading day prior to the date of the Settlement Agreements which determined after arm's length negotiation between the Company and the Creditors after taking into account the maturity of the Outstanding Debts, the latest financial position of the Company and the factors as disclosed in the section headed "Reasons for and benefits for the Debt Restructuring" below.

Taking into account

- (i) the Conversion Price represented the closing price of the Shares as quoted on the Stock Exchange on the last trading day prior to the date of the Settlement Agreement. As such, In the event of the conversion of the Conversion Bonds by the Bondholders, the Debt Restructuring merely represented a fundraising exercise with the reference to the closing price of the Shares at the material time to settle the overdue Outstanding Debts, which was demonstrated by the theoretical dilution effect of merely approximately 5.20% as illustrated above; and
- (ii) With reference to the latest financial position of the Company, the Company did not have sufficient cashflow to settle the Outstanding Debts. In addition, the interest rate of the Convertible Bond represented the lowest interest rate among the promissory notes and corporate bonds under the Outstanding Debts. As such, in the event the Bondholders do not convert the Convertible Bonds and the Convertible Bonds mature after the two-year term, the Debt Restructuring would allow the Company additional time to improve its financial position and explore other fundraising opportunities to settle the Outstanding Debts, the Director (other than those on the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee of this circular) consider that the terms of the Settlement Agreements are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

SPECIFIC MANDATE

The Conversion Shares will be allotted and issued under the Specific Mandate to be sought from the Independent Shareholders at the SGM.

LISTING APPLICATION

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

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INFORMATION OF THE GROUP

The Company is a company incorporated in Bermuda with limited liability on 12 April 2011 and the Shares of which are listed on the main board of the Stock Exchange.

The Group is principally engaged in the provision of cross-border business supplying cosmetics, personal care and nutritional products between Hong Kong and the PRC since 2017, and expanded its cross-border business under the S2B2C (supplier to business to consumer) model in 2021 and B2C (business to consumer) model in 2022. The S2B2C model is to provide value-added service to e-commerce distributors and/or end consumers in the PRC by (i) securing a cross-border e-commerce platform that integrates overseas direct procurement, import and export supply chain management; and (ii) leasing of several bonded warehouses, which allow the Group to efficiently import cosmetics, personal care and nutritional products into the PRC while providing custom clearance, warehouse storage and logistics assistance to its customers. The Group operates several online stores on a number of reputable online e-commerce platforms in the PRC under the B2C model to directly advertise and offer its products to end consumers.

The following table sets out a summary of certain financial information of the Group.

	For the six months ended 30 June 2025 HK\$'000 (unaudited)	For the year ended 31 December 2024 HK\$'000 (audited)	2023 HK\$'000 (audited)
Revenue	256,127	630,131	761,781
Profit/(loss) before income tax	3,684	(20,899)	25,367
Profit/(loss) for the year/period	3,569	(23,281)	19,545

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	As at 30 June 2025 <i>HK\$'000</i> (unaudited)	As at 31 December 2024 <i>HK\$'000</i> (audited)	2023 <i>HK\$'000</i> (audited)
Assets			
— Inventories	74,483	64,063	25,712
— Trade and other receivables	322,538	309,780	355,905
— Bank balances and cash	9,537	3,572	24,335
Liabilities			
— Trade and other payables	87,889	95,355	187,335
— Loan from the ultimate holding company	50,000	50,000	50,000
— Bank and other borrowings	1,576	6,589	17,818
— Corporate bonds	51,831	51,515	51,238
— Tax payables	7,495	7,375	8,082
— Promissory notes	<u>126,861</u>	<u>91,556</u>	<u>33,755</u>
Net assets	<u><u>87,815</u></u>	<u><u>81,977</u></u>	<u><u>107,874</u></u>

As illustrated above, the Company recorded a profit for the year ended 31 December 2023. However, as the consumption environment in the PRC experienced a downturn, the Company had no choice but to compromise in extending the credit period for its customers to a maximum of 180 days to settle their accounts receivable. As such, the Company had difficulties in maintaining its cash balance for its daily operation while repaying the liabilities of the Group.

INFORMATION OF THE CREDITORS

The Creditors consisted of Rosy Benefit, Forever Brilliance, Sunshine Flame, Lumina Investment, Mr. Zheng, Ms. Tian, Ms. Li, Mr. Wang and Mr. Chen.

Rosy Benefit is a company incorporated in the British Virgin Islands with limited liability on 29 May 2019 principally engaged in investment holding. The ultimate beneficial owner and sole director of Rosy Benefit since its incorporation is Ms. Lin Ling, a PRC citizen. Ms. Lin, aged 44, is one of the founders of “購吧網”, an online shopping platform in Suzhou. She is the chairlady of Guangzhou Zhoujian Information Technology Co. Limited, a private company established in the PRC, since December 2011, and vice president of Tianxiang Construction Group Co. Limited, a private company established in the PRC, since June 2016. Ms. Lin has extensive equity and debt investment in a number of companies. She is currently a director of

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the Guangdong Internet Association, vice chairman of Guangdong Hunan Chamber of Commerce and a consultant of Guangdong Zhejiang Youth Chamber of Commerce. Rosy Benefit and its ultimate beneficial owner (i) has never owned any Shares; and (ii) do not hold any Shares as at the Latest Practicable Date.

Forever Brilliance is a company incorporated in the British Virgin Islands with limited liability on 31 December 2021 principally engaged in investment holding. The ultimate beneficial owner and sole director of Forever Brilliance since its incorporation is Ms. Smith Lexi Lucia. Ms. Smith Lexi Lucia, aged 25, is engaged in the investment business, with her family engaged in property investment in the PRC. Forever Brilliance and its ultimate beneficial owner (i) has never owned any Shares; and (ii) do not hold any Shares as at the Latest Practicable Date.

Sunshine Flame is a company incorporated in Hong Kong with limited liability principally engaged in investment holding. The sole and ultimate beneficial owner and sole director of Sunshine Flame is Ms. Guo Caiyun, a PRC citizen with extensive experience in private investment. Sunshine Flame and its ultimate beneficial owner (i) has never owned any Shares; and (ii) do not hold any Shares as at the Latest Practicable Date.

Lumina Investment is a company incorporated in Hong Kong with limited liability principally engaged in investment holding. The ultimate beneficial owner and sole director of Lumina Investment is Mr. Zhao Dongli, a Hong Kong resident. Mr. Zhao has extensive experience in investment, banking and finance industry. Lumina Investment and its ultimate beneficial owner (i) has never owned any Shares; and (ii) do not hold any Shares as at the Latest Practicable Date.

Mr. Zheng is a PRC citizen who has extensive experience in the trading of building materials and financial investment in the PRC. He is the sole shareholder of Evermore Steel Industrial (Hong Kong) Limited, a company principally engaged in trading of building materials and invested in a number of listed companies in Hong Kong, such as Xinming China Holdings Limited (stock code: 2699). Mr. Zheng is a Shareholder holding 40,000 Shares, representing approximately 0.01% of the issued Shares as at the Latest Practicable Date.

Ms. Tian is a PRC citizen and an experienced entrepreneur. She is the founder of Beijing Haichuan Rongxin Xin Services Co., Ltd., a company principally engaged in consultancy and brand management services. Ms. Tian (i) has never owned any Shares; and (ii) does not hold any Shares as at the Latest Practicable Date.

Ms. Li is a PRC citizen and the vice president of Wenzhou Kaiyuan Group Co., Ltd, which is principally engaged in automobile distribution and financial investment in the PRC. She has extensive experience in management positions in automobile distribution industry in the PRC. Ms. Li (i) has never owned any Shares; and (ii) does not hold any Shares as at the Latest Practicable Date.

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Mr. Chen and Mr. Wang are Hong Kong residents and merchants. Mr. Chen and Mr. Wang (i) has never owned any Shares; and (ii) do not hold any Shares as at the Latest Practicable Date.

As the respective settlement to each of the Creditors are in effect inter-conditional under the Settlement Agreements, the Creditors Concert Group, being each of Rosy Benefit, Sunshine Flame, Forever Brilliance, Lumina Investment and their respective ultimate beneficial owners, and Mr. Zheng, Ms. Tian, Ms. Li, Mr. Wang and Mr. Chen and their respective concert parties, are deemed to be acting in concert with each other. Save for deemed to be acting in concert with each other as a results the inter-conditional nature of the Settlement Agreements, each of the Creditors are independent of one another.

EFFECT OF THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) assuming the conversion and issuance of the Conversion Shares to Rosy Benefit only in full; (iii) assuming the conversion and issuance of the Conversion Shares to Forever Brilliance only in full; and (iv) assuming the conversion and issuance of the Conversion Shares to all of the Creditors in full at Completion (assuming no change to the number of issued Shares from the Latest Practicable Date up to the date of the Completion) are as follows:

	As at the Latest Practicable Date		Assuming the conversion and issuance of the Conversion Shares to Rosy Benefit only in full (Note 1)		Assuming the conversion and issuance of the Conversion Shares to Forever Brilliance only in full (Note 1)		Assuming the conversion and issuance of the Conversion Shares to all of the Creditors in full (Note 1)	
	Number of Shares	Approximate % of issued Shares	Number of Shares	Approximate % of issued Shares	Number of Shares	Approximate % of issued Shares	Number of Shares	Approximate % of issued Shares
Rosy Benefit	—	—	717,173,014	42.21%	—	—	717,173,014	20.92%
Forever Brilliance	—	—	—	—	602,308,123	38.02%	602,308,123	17.57%
Sunshine Flame	—	—	—	—	—	—	274,606,877	8.01%
Lumina Investment	—	—	—	—	—	—	136,986,301	4.00%
Mr. Zheng	40,000	0.01%	40,000	0.01%	40,000	0.01%	280,350,384	8.18%
Ms. Tian	—	—	—	—	—	—	191,780,822	5.59%
Ms. Li	—	—	—	—	—	—	136,986,301	4.00%
Mr. Chen	—	—	—	—	—	—	52,906,178	1.54%
Mr. Wang	—	—	—	—	—	—	53,725,836	1.57%
Creditors Concert Group	<u>40,000</u>	<u>0.01%</u>	<u>717,213,014</u>	<u>42.22%</u>	<u>602,348,123</u>	<u>38.03%</u>	<u>2,446,783,836</u>	<u>71.36%</u>
Triumph Hope Limited (Note 2)	501,330,000	51.05%	501,330,000	29.50%	501,330,000	31.64%	501,330,000	14.62%
Public Shareholders								
Shanxi Coking Coal Electric (Hong Kong) Company Limited (Note 3)	58,800,000	5.99%	58,800,000	3.46%	58,800,000	3.71%	58,800,000	1.74%
Mr. Ke Xin Hai	57,000,000	5.80%	57,000,000	3.35%	57,000,000	3.60%	57,000,000	1.66%
Other Shareholders	<u>364,830,000</u>	<u>37.15%</u>	<u>364,830,000</u>	<u>21.46%</u>	<u>364,830,000</u>	<u>23.03%</u>	<u>364,830,000</u>	<u>10.64%</u>
Total	<u>982,000,000</u>	<u>100.00%</u>	<u>1,699,173,014</u>	<u>100.00%</u>	<u>1,584,308,123</u>	<u>100.00%</u>	<u>3,428,783,836</u>	<u>100.00%</u>

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Notes:

1. As the conversion right under the Convertible Bonds shall only be exercisable provided that any such conversion would not result in the public float of the Shares falling below the minimum public float requirements under the Listing Rules or as required by the Stock Exchange immediately after such conversion, the number of Conversion Shares to be allotted and issued in full are set out for illustrative purpose only.
2. Triumph Hope Limited is wholly-owned by Mr. Chan Chung Shu, an executive Director and chairman of the Board until 2 July 2019. As such, Mr. Chan Chung Shu is deemed to be interested in 501,330,000 Shares held by Triumph Hope Limited. On 24 April 2018, Triumph Hope Limited had pledged 501,330,000 Shares as security for a Secured Facility provided to Triumph Hope Limited by Great Wall. On 13 October 2025, Fighton Fund became the holder of the Secured Facility. Fighton Fund is wholly owned by Fighton Capital Limited, a corporation licensed to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Based on the understanding of the Company, PwC, at the capacity as a receiver, would exercise the voting rights of the Shares held by Triumph Hope Limited.
3. Shanxi Coking Coal Group Company Limited, a state-owned enterprise in the PRC ultimately and beneficially owned by the State-owned Assets Supervision and Administration Commission of Shanxi Provincial Government, is the beneficial owner of 100% of the issued share capital of Shanxi Coking Coal Electrical (Hong Kong) Company Limited and is deemed to be interested in the 58,800,000 Shares held by Shanxi Coking Coal Electrical (Hong Kong) Company Limited under the SFO.

As at the Latest Practicable Date, none of the Directors had any interests or short positions in the Shares or other relevant securities of the Company.

FUND RAISING EXERCISES IN THE PAST 12 MONTHS

The Company has not conducted any fund raising activities involving issue of its securities in the past 12 months immediately preceding the Latest Practicable Date.

TAKEOVERS CODE IMPLICATIONS

Application for Whitewash Waiver

As at the Latest Practicable Date, (i) Mr. Zheng, one of the Creditors, holds 40,000 Shares, representing approximately 0.01% of the issued Shares; and (ii) the remaining Creditors, being Rosy Benefit, Forever Brilliance, Sunshine Flame, Lumina Investment, Ms. Tian, Ms. Li, Mr. Wang and Mr. Chen, do not hold any Shares.

Assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Completion,

- (i) upon full conversion of the Convertible Bonds at the initial Conversion Price, 2,446,783,836 Conversion Shares (including the 717,173,014 Conversion Shares and 602,308,123 Conversion Shares to be allotted and issued to Rosy Benefit and Forever Brilliance respectively) will be allotted and issued to the Creditors and the

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interest of the Creditors Concert Group in the voting rights of the Company will increase from approximately 0.01% to approximately 71.36% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares;

- (ii) upon full conversion of the Convertible Bonds at the initial Conversion Price in full by Rosy Benefit only, 717,173,014 Conversion Shares will be allotted and issued to Rosy Benefit and (1) the interest of Rosy Benefit in the voting rights of the Company will increase from nil to 42.21%; and (2) the interest of the Creditors Concert Group in the voting rights of the Company will increase from approximately 0.01% to 42.22% of the issued share capital of the Company as enlarged by the allotment and issue of the 717,173,014 Conversion Shares; and
- (iii) upon full conversion of the Convertible Bonds at the initial Conversion Price in full by Forever Brilliance only, 602,308,123 Conversion Shares will be allotted and issued to Forever Brilliance and (1) the interest of Forever Brilliance in the voting rights of the Company will increase from nil to 38.02%; and (2) the interest of the Creditors Concert Group in the voting rights of the Company will increase from approximately 0.01% to 38.03% of the issued share capital of the Company as enlarged by the allotment and issue of the 602,308,123 Conversion Shares.

As such, Rosy Benefit, Forever Brilliance and/or the Creditors Concert Group will therefore be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it and its concert parties pursuant to Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is granted.

Rosy Benefit and Forever Brilliance had made an application to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensation from Rule 26 of the Takeovers Code in respect of the allotment and issue of the Conversion Shares. The Whitewash Waiver, if granted by the Executive, would be subject to (i) the approval by more than 50% of the votes cast by the Independent Shareholders at the SGM by way of poll in respect of the Debt Restructuring, the Settlement Agreements and the transactions contemplated thereunder, and the Specific Mandate; and (ii) the approval of the Whitewash Waiver by at least 75% of the votes cast by the Independent Shareholders at the SGM by way of poll.

The Executive has indicated that it is minded to agree, subject to approval by Independent Shareholders in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code, to waive the obligation of the Creditors Concert Group to make a general offer which might result from the issue of the Conversion Shares.

The Executive may or may not grant the Whitewash Waiver. The Debt Restructuring will not proceed if the Whitewash Waiver is not granted or approved.

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Shareholders and public investors should note that if the Debt Restructuring proceeds and immediately upon the allotment and issue of the Conversion Shares, the voting rights of the Company held by the Creditors Concert Group may exceed 50% of the voting rights of the Company and that the Creditors Concert Group may increase their holding of voting rights of the Company without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer in respect of all other Shares. However, each member of Creditors Concert Group remains subject to the provisions under Rule 26 of the Takeovers Code on an individual basis, including the 2% creeper rule under Rule 26.1 of the Takeovers Code.

No member of the Creditors Concert Group had any dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the period commencing on the date falling six months before the Latest Practicable Date and ending on the Latest Practicable Date.

Special Deal in relation to repayment of shareholder's loan

As at the date of the Settlement Agreements and the Latest Practicable Date, Mr. Zheng, being one of the Creditors, is a Shareholder holding 40,000 Shares, representing less than 0.01% of the issued Shares as at the Latest Practicable Date. Based on the records of the Company, the Company is also indebted to Triumph Hope Limited, which holds 501,330,000 Shares, representing approximately 51.05% of the issued Shares as at the Latest Practicable Date.

Triumph Hope Limited is wholly-owned by Mr. Chan Chung Shu. As such, Mr. Chan Chung Shu is deemed to be interested in 501,330,000 Shares held by Triumph Hope Limited. On 24 April 2018, Triumph Hope Limited had pledged 501,330,000 shares of the Company as security for Secured Facility provided to Triumph Hope Limited by Great Wall. On 13 October 2025, Fighton Fund became the holder of the Secured Facility. Fighton Fund is wholly owned by Fighton Capital Limited, a corporation licensed to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.

The Company had discussed with Fighton Fund regarding the Debt Restructuring and the Company did not receive any request on the immediate repayment of the Loan from Ultimate Holding Company up to the Latest Practicable Date.

As the proposed settlement of the indebtedness due to Mr. Zheng under the Debt Restructuring was not extended to all other Shareholders such as Triumph Hope Limited, the proposed settlement of the indebtedness due to Mr. Zheng under the Debt Restructuring constituted a Special Deal under Note 5 to Rule 25 of the Takeovers Code and therefore requires consent by the Executive, such consent, if granted, will be subject to (i) the Joint Independent Financial Advisers publicly stating in its opinion that the terms of the Special Deal are fair and reasonable; and (ii) approval by the Independent Shareholders at the SGM of the Special Deal.

An application had been made by the Company to the Executive for the consent to the Special Deal under Rule 25 of the Takeovers Code.

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In the event the consent to the Special Deal under Rule 25 of the Takeovers Code is not being obtained from the Executive or the Special Deal is not being duly approved by the Independent Shareholders in the SGM, the Debt Restructuring shall not proceed.

REASONS FOR AND BENEFITS OF THE DEBT RESTRUCTURING

The Previous Settlement Agreement

Reference is made to the announcements of the Company dated 8 January 2025 in relation to the proposed debt restructuring for the debts owed to Rosy Benefit, Sunshine Flame and Mr. Zheng. On 18 October 2024, the Company entered into the Previous Settlement Agreement with Rosy Benefit, Sunshine Flame and Mr. Zheng, pursuant to which the Company shall issue convertible bonds to settle the respective Outstanding Debts with Rosy Benefit, Sunshine Flame and Mr. Zheng.

As the issuance of the convertible bonds under the Previous Settlement Agreement would result in a theoretical dilution effect of approximately 61.06%, which is higher than the 25% threshold as set out in Rule 7.27B of the Listing Rules, the completion of the Previous Settlement Agreement is conditional on, among other things, the consent from the Stock Exchange in respect of Rule 7.27B of the Listing Rules being obtained.

As disclosed in the announcement of the Company dated 28 March 2025, the conditions precedent under the Previous Settlement Agreement, particularly the conditions in relation to the consent from the Stock Exchange in respect of Rule 7.27B of the Listing Rules, are not expected to be fulfilled by the long stop date of the Previous Settlement Agreement. Accordingly, the Company, Rosy Benefit, Sunshine Flame and Mr. Zheng entered into a termination agreement to terminate the Previous Settlement Agreement.

Latest financial position of the Company

Reference is made to the background of the Outstanding Debt as disclosed in the section headed “Background of the Outstanding Debt” above.

Due to the uncertain economic environment in the PRC, the overall consumption sentiment has declined sharply since late 2023. Despite the Group continued to record satisfactory financial performance in the first half of 2024, the customers of the Group had difficulties in settling their accounts receivable to the Group as they fall due. Accordingly, the Company had no choice but to compromise in extending the credit period for its customers to settle their accounts receivables. As such, the Company had difficulties in maintaining its cash balance for its daily operation if it attempts to settle the liabilities of the Group.

As disclosed in the consolidated statement of financial position in the annual results of the Company for the year ended 31 December 2024, as at 31 December 2024, the Company had:

- (i) outstanding trade and other payables (including interest payables in respect of the Loan from Ultimate Holding Company) of approximately HK\$95.4 million;

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- (ii) the principal amount of the Loan from Ultimate Holding Company of approximately HK\$50.0 million;
- (iii) bank and other borrowings of approximately HK\$6.6 million;
- (iv) promissory note of approximately HK\$91.6 million (including (1) the aggregate principal amount of HK\$90.3 million of all promissory notes issued to Rosy Benefit, Sunshine Flame and Mr. Zheng; and (2) imputed interest of such promissory notes in the aggregate amount of HK\$1.3 million as determined based on the relevant accounting standard);
- (v) corporate bonds of approximately HK\$51.5 million (including (1) the corporate bond issued to Forever Brilliance in the principal amount of HK\$39.0 million; (2) the corporate bond issued to Mr. Wang in the principal amount of HK\$3.0 million; (3) the corporate bond issued to Mr. Chen in the principal amount of HK\$3.0 million; and (4) imputed interest of such corporate bonds in the aggregate amount of HK\$6.5 million as determined based on the relevant accounting standard); and
- (vi) bank balances and cash amounted to approximately HK\$3.6 million.

In addition to the above balances as at 31 December 2024, during the six months ended 30 June 2025, in view of the need for working capital to maintain its operation and development of business, the Company further issued promissory notes in the aggregate principal amount of HK\$34 million to Lumina Investment, Ms. Tian and Ms. Li.

As further disclosed in the consolidated statement of financial position in the interim results of the Company for the six months ended 30 June 2025, as at 30 June 2025, the Company had

- (i) outstanding trade and other payables (including interest payables in respect of the Loan from Ultimate Holding Company) of approximately HK\$87.9 million;
- (ii) the principal amount of the Loan from Ultimate Holding Company of approximately HK\$50 million;
- (iii) bank and other borrowings of approximately HK\$1.6 million;
- (iv) promissory note of approximately HK\$126.9 million (including (1) the aggregate principal amount of HK\$124.3 million of all promissory notes issued to Rosy Benefit, Sunshine Flame, Lumina Investment, Mr. Zheng, Ms. Tian and Ms. Li; and (2) imputed interest of such promissory notes in the aggregate amount of HK\$2.6 million as determined based on the relevant accounting standard);

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- (v) corporate bonds of approximately HK\$51.8 million (including (1) the corporate bond issued to Forever Brilliance in the principal amount of HK\$39 million; (2) the corporate bond issued to Mr. Wang in the principal amount of HK\$3.0 million; (3) the corporate bond issued to Mr. Chen in the principal amount of HK\$3.0 million; and (4) imputed interest of such corporate bonds in the aggregate amount of HK\$6.8 million as determined based on the relevant accounting standard); and
- (vi) bank balances and cash amounted to approximately HK\$9.5 million.

The gearing ratio of the Group, as calculated as net debt (total borrowings less cash and cash equivalents) dividend by capital and reserves attributable to the Company equity holders, as at 31 December 2024 and 30 June 2025 was 2.44 and 2.62.

The Debt Restructuring

In view of the latest financial position of the Company, in the event of any winding-up petition initiated against the Company, it has become apparent to the Creditors that the Company does not have sufficient tangible assets for the settlement of the Outstanding Debts. As such, after the termination of the Previous Settlement Agreement, the Company continued to negotiate with the Creditors, and the Creditors are willing to explore the Debt Restructuring to settle the Outstanding Debts.

Given the theoretical dilution effect of the issuance of the Convertible Bonds under the Settlement Agreements is less than 25%, the Debt Restructuring does not have implications under Rule 7.27B of the Listing Rules. As such, the Company considered that all conditions precedent of the Settlement Agreements could be fulfilled by the Long Stop Date.

As such, the Company entered into the Settlement Agreements with the Creditors.

Consideration of alternative financing

While negotiating with the Creditors, the Directors have considered other alternative financing methods to settle the Outstanding Debt. For debt financing, having considered the lack of security for arranging any possible debt financing, the Directors considered the Group is not in a feasible position to obtain further debt financing from financial institutions for settlement of the Outstanding Debt.

In respect of equity fund raising, the Company has had preliminary negotiations with two securities brokerage firms to assess the possibilities of equity fundraising options. However, these fundraising options had not been able to realise due to the Group's challenging financial position and diminishing performance in recent period. Given the substantial amount of the Outstanding Debt, high gearing, the uncertain sentiment of the stock market and uncertain economic environment, it is difficult to procure an underwriter for rights issue or placing or a placing agent for share placement with reasonable underwriting fee, or able to raise sufficient funding for the settlement of the Outstanding Debt. In addition, rights issues or open offers typically involve a longer execution process and incur high transaction costs due to prospectus preparation, underwriting arrangement, and associated transaction costs including placing and underwriting commissions. Although the allotment and issue of the Conversion Shares will

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have a dilution effect on the shareholding interest of the existing Shareholders, having considered (i) the capitalisation of the Outstanding Debt can discharge the settlement obligations of the Outstanding Debt; and (ii) the Conversion Shares, when allotted and issued, will be recognised entirely as equity of the Company which in turn will enlarge the capital base, and accordingly, strengthen the financial position of the Group.

Comparing to debt financing, the Debt Restructuring would allow the Company to avoid further finance cost. As such, among the possible alternatives available to the Company, the Company considers that the Debt Restructuring is an appropriate and cost-effective method to the Company. Accordingly, the Director (other than those on the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee of this circular) is of the view that it is in the interests of the Company and the Shareholders as a whole to preserve as much liquidity as possible in order to maintain the Group's financial and liquidity position for its business operation and development.

As such, in order to avoid the risk of the Creditors filing winding-up petitions against the Company, the Company considers that the Debt Restructuring demonstrated support from the Creditors which offers the Group with a valuable chance of reaching a full settlement of the Outstanding Debt without utilizing existing financial resources of the Company and exerting pressure on the cashflow position of the Group.

In addition, the interest rate of the Convertible Bond represented the lowest interest rate among the promissory notes and corporate bonds under the Outstanding Debts. As such, in the event the Bondholders do not convert the Convertible Bonds and the Convertible Bonds mature after the two-year term, the Debt Restructuring would allow the Company additional time to improve its financial position and explore other fundraising opportunities to settle the Outstanding Debts.

As illustrated in the section headed "Background of the Outstanding Debts", the Group considered it had explored all meaningful alternatives in sourcing funding for the refinancing or settlement of the Outstanding Debt. In the event the Debt Restructuring does not materialise, the Creditors may file winding-up petitions against the Company, which may have material adverse effect on the Group.

Director's view

In view of the above, the Director (other than those on the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee of this circular) consider that the terms of the Settlement Agreements and the Debt Restructuring are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

FUTURE INTENTIONS REGARDING THE GROUP

Rosy Benefit and Forever Brilliance consider and confirm that (a) it is intended that the Group will continue its existing business following the Completion; and (b) there is no intention to (i) introduce any major changes to the existing business of the Group; (ii) discontinue the employment of any of the Group's employees; and (iii) redeploy the fixed assets of the Group other than in its ordinary course of business.

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DEALING AND INTEREST IN THE COMPANY'S SECURITIES

Save for the Convertible Bonds to be issued by the Company to the Creditors pursuant to the Settlement Agreements, the members of the Creditors Concert Group had not dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

As at the Latest Practicable Date:

- (i) save for the 40,000 Shares held by Mr. Zheng and the Convertible Bonds to be issued by the Company to the Creditors pursuant to the Settlement Agreements, the Creditors Concert Group do not own, hold, control or have direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (ii) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Creditors Concert Group;
- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of each of the members of the Creditors Concert Group (if applicable) or the Shares and which might be material to the transactions contemplated under the Debt Restructuring, Settlement Agreements and the transactions contemplated thereunder, the Specific Mandate, the Special Deal and/or the Whitewash Waiver;
- (iv) there is no irrevocable commitment received by the Creditors Concert Group to vote for or against the Debt Restructuring, the Settlement Agreements and the transactions contemplated thereunder, the Specific Mandate, the Special Deal and/or the Whitewash Waiver;
- (v) there is no agreement or arrangement to which any member of the Creditors Concert Group is a party which relates to circumstances in which the Creditors may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Debt Restructuring, Settlement Agreements and the transactions contemplated thereunder, the Specific Mandate, the Special Deal and/or the Whitewash Waiver;
- (vi) there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which any members of the Creditors Concert Group has borrowed or lent;
- (vii) there is no consideration, compensation or benefits in whatever form provided or to be provided by any members of the Creditors Concert Group to the Company and parties acting in concert with any of it;

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- (viii) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Creditors Concert Group on the one hand, and the Company and any parties acting in concert with any of it on the other hand;
- (ix) save for Special Deal of the repayment of the indebtedness due to Mr. Zheng under the Debt Restructuring, there is no understanding, arrangement, agreement which constitute special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Creditors Concert Group; or (b) the Company, its subsidiaries and associated companies;
- (x) there is no agreement, arrangement or understanding that the Conversion Shares to be acquired by the Creditors will be transferred, charged or pledged to any other persons;
- (xi) there is no agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied), and negotiation (whether concluded or not) entered or proposed to be entered into among the Creditors Concert Group;
- (xii) there was no agreement, arrangement or understanding (including any compensation arrangement) between any member of the Creditors Concert Group and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or dependence upon the Debt Restructuring, Settlement Agreements and the transactions contemplated thereunder, the Specific Mandate, the Special Deal and/or the Whitewash Waiver; and
- (xiii) there is no understanding, arrangement, agreement among (1) the Creditors Concert Group; (2) the Company; and (3) Triumph Hope Limited in respect of the Loan from the Ultimate Holding Company as at the Latest Practicable Date.

As at the Latest Practicable Date, the Company does not believe that the Debt Restructuring, the Settlement Agreements and the transactions contemplated thereunder, the Specific Mandate, the Special Deal and the Whitewash Waiver give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Debt Restructuring, the Settlement Agreements and the transactions contemplated thereunder, the Specific Mandate, the Special Deal and the Whitewash Waiver do not comply with other applicable rules and regulations.

GENERAL

The Conversion Shares will be allotted and issued under the Specific Mandate and subject to the Shareholders' approval at the SGM.

Save for Mr. Zheng who holds 40,000 Shares, representing approximately 0.01% of the issued Shares as at the Latest Practicable Date, no other Shareholders and their respective close associates are interested in and/or involved in the Debt Restructuring, the Settlement Agreements, allotment and issue of the Conversion Shares under the Specific Mandate, the

LETTER FROM THE BOARD

Special Deal and/or the Whitewash Waiver. Save for Mr. Zheng, no other Shareholders will be required to abstain from voting on the relevant resolutions to approve the Debt Restructuring, the Settlement Agreements, the allotment and issue of the Conversion Shares under the Specific Mandate, the Special Deal and the Whitewash Waiver.

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

INDEPENDENT BOARD COMMITTEE AND JOINT INDEPENDENT FINANCIAL ADVISERS

The Independent Board Committee comprising three independent non-executive Directors, namely Mr. Sin Ka Man, Ms. Liang Lina and Mr. Chen Yifan, has been established by the Company under the Listing Rules to advise the Independent Shareholders on the Debt Restructuring, the Settlement Agreements, the allotment and issue of the Conversion Shares under the Specific Mandate, the Special Deal and the Whitewash Waiver. RaffAello Capital Limited and Red Sun Capital Limited have been appointed as the Joint Independent Financial Advisers to advise the Independent Board Committee and the Independent Shareholders in this regard.

SGM

The SGM will be convened and held at Units 5906–5912, 59th Floor, The Center, 99 Queen's Road Central, Hong Kong on Monday, 10 November 2025 at 11:00 a.m. for the purpose of considering and, if thought fit, approving the Debt Restructuring, the Settlement Agreements, the allotment and issue of the Conversion Shares under the Specific Mandate, the Special Deal and the Whitewash Waiver.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules and Rule 2.9 of the Takeovers Code, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the resolution proposed at the SGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

FORM OF PROXY

A form of proxy for use at the SGM is enclosed with this circular. Whether or not Shareholders are able to attend the SGM in person, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Union Registrars Ltd. at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the SGM if they so wish and, in such event, the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the list of shareholders who are entitled to attend and vote at the SGM, the register of members of the Company will be closed from Wednesday, 5 November 2025 to Monday, 10 November 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify to attend and vote at the SGM, all instruments of transfer together with the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Ltd. at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 4 November 2025.

RECOMMENDATION

Having considered the above, the Directors (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee in this circular) consider that the terms of the Settlement Agreements are on normal commercial terms, are fair and reasonable and that the entering into of the Settlement Agreements is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee in this circular) recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the Settlement Agreements and the Debt Restructuring contemplated thereunder, the allotment and issue of the Conversion Shares under the Specific Mandate, the Special Deal and the Whitewash Waiver.

WARNING

Shareholders should take note that the Completion of the Debt Restructuring is conditional upon satisfaction of conditions precedents set out in this circular. The Whitewash Waiver is subject to the approval of the Executive and the Independent Shareholders at the SGM. The Executive and the Independent Shareholders may or may not approve the Whitewash Waiver. The Debt Restructuring may or may not be completed depending on whether the Whitewash Waiver is approved. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Yours faithfully
By order of the Board
Momentum Financial Holdings Limited
Chu Kin Wang Peleus
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this Circular.



MOMENTUM FINANCIAL
HOLDINGS LIMITED
正乾金融控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1152)

20 October 2025

To the Independent Shareholders

Dear Sir or Madam,

**(1) PROPOSED DEBT RESTRUCTURING INVOLVING
ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;
(2) APPLICATION OF WHITEWASH WAIVER;
(3) SPECIAL DEAL IN RELATION TO
REPAYMENT OF SHAREHOLDER'S LOAN;
AND
(4) NOTICE OF SPECIAL GENERAL MEETING**

We refer to the circular of the Company dated 20 October 2025 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you in relation to the Settlement Agreements and the Debt Restructuring contemplated thereunder, the Whitewash Waiver and the Special Deal, details of which are set out in this circular. RaffAello Capital Limited and Red Sun Capital Limited have been appointed as the Joint Independent Financial Advisers to advise us in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving such advice, are set out in the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendices thereto.

Having considered the terms of the Settlement Agreements and the Debt Restructuring contemplated thereunder, the Whitewash Waiver and the Special Deal and taking into account the independent advice of the Joint Independent Financial Advisers, we are of the opinion that the Settlement Agreements and the Debt Restructuring contemplated thereunder, the Whitewash Waiver and the Special Deal are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE
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Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the SGM to approve the Settlement Agreements and the Debt Restructuring contemplated thereunder, the Whitewash Waiver and the Special Deal.

Yours faithfully,

The Independent Board Committee

Mr. Sin Ka Man

Ms. Liang Lina

Mr. Chen Yifan

Independent non-executive Directors

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

The following is the letter of advice from Red Sun Capital Limited and RaffAello Capital Limited prepared for the purpose of inclusion in this circular in relation (i) the Debt Restructuring, (ii) the Settlement Agreements; and the transaction contemplated thereunder, (iii) the Specific Mandate, (iv) the Special Deal; and the (v) Whitewash Waiver, setting out its advice to the Independent Board Committee and the Independent Shareholders.



紅日資本有限公司
RED SUN CAPITAL LIMITED

Room 902, 9th floor,
Wing Fu Building,
Nos. 18–24 Wing Kut Street,
Central, Hong Kong

Room 2701–2704, Floor 27
China Insurance Group Building
141 Des Voeux Road Central
Central, Hong Kong
Tel: (852) 2857 9208
Fax: (852) 2857 9100

To the Independent Board Committee and the Independent Shareholders of Momentum Financial Holdings Limited

Dear Sirs,

(1) PROPOSED DEBT RESTRUCTURING INVOLVING ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE; (2) APPLICATION OF WHITEWASH WAIVER; AND (3) SPECIAL DEAL IN RELATION TO REPAYMENT OF SHAREHOLDER'S LOAN

INTRODUCTION

We refer to our appointment as the Joint Independent Financial Advisers to the Independent Board Committee in respect of (i) the Debt Restructuring; (ii) the Settlement Agreements, and the transaction contemplated thereunder; (iii) the Specific Mandate; (iv) the Special Deal; and the (v) Whitewash Waiver, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 20 October 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

THE SETTLEMENT AGREEMENTS

On 5 July 2025, the Company entered into the Settlement Agreements with the Creditors as part of the Debt Restructuring to capitalize outstanding Creditors’ loans and address near-term liquidity pressure. The Creditors have conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in the aggregate principal amount of HK\$178,615,220 to the Creditors. The Conversion Shares are to be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the SGM.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

The Completion of the First Settlement Agreement and the Second Settlement Agreement are inter-conditional. Each of the Settlement Agreements is conditional upon the satisfaction of the following conditions precedent: (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares and such permission remain in full force and effect and has not been withdrawn; (ii) passing by the Independent Shareholders of the Company resolutions at the SGM approving (a) the Settlement Agreements and the transactions contemplated thereunder (more than 50% of the votes cast by the Independent Shareholders at the SGM by way of poll); (b) the Whitewash Waiver (at least 75% of the votes cast by the Independent Shareholders at the SGM by way of poll in accordance with the Listing Rules and the Takeovers Code); and (c) the Special Deal by way of poll; (iii) all necessary approvals, consents and/or waivers from the relevant authorities or third party required to be obtained having been obtained and remain in full force and effect; (iv) the Executive having granted (and such grant not having been withdrawn or invalidated) the Whitewash Waiver, and the satisfaction of all conditions (if any) attached thereto; and (v) the grant of consent to the Special Deal by the Executive.

TAKEOVERS CODE IMPLICATIONS

Whitewash Waiver

As at the date of the Settlement Agreements and the Latest Practicable Date, (i) Mr. Zheng, one of the Creditors, holds 40,000 Shares, representing less than 0.01% of the issued Shares; and (ii) the remaining Creditors, being Rosy Benefit, Forever Brilliance, Sunshine Flame, Lumina Investment, Ms. Tian, Ms. Li, Mr. Wang and Mr. Chen, do not hold any Shares.

Upon Completion and full issuance of the Conversion Shares, assuming there will be no change in the issued share capital of the Company up to Completion, the Creditor Concert Group's voting rights in the Company are expected to increase from approximately 0.01% to approximately 71.36% of the enlarged issued share capital.

As such, Rosy Benefit, Forever Brilliance and/or the Creditors Concert Group will therefore be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it and its concert parties pursuant to Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted.

As further mentioned in the Board Letter, the application has been made by Rosy Benefit and Forever Brilliance to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensation from Rule 26 of the Takeovers Code in respect of the allotment and issue of the Conversion Shares. The Executive has indicated that it is minded to grant the Whitewash Waiver subject to, among other things, (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the SGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Settlement Agreements and the

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

transactions contemplated thereunder. As Mr. Zheng is one of the Creditors and holds 40,000 Shares as at the Latest Practicable Date, Mr. Zheng will be required to abstain from voting on the relevant resolutions to approve the Debt Restructuring, the Settlement Agreements, the allotment and issue of the Conversion Shares under the Specific Mandate, the Special Deal and the Whitewash Waiver.

Special Deal in relation to repayment of shareholder's loan

As at the date of the Settlement Agreements and the Latest Practicable Date, save for Mr. Zheng being a Creditor and a Shareholder holding 40,000 Shares, representing less than 0.01% of the issued Shares, the remaining Creditors, being Rosy Benefit, Forever Brilliance, Sunshine Flame, Lumina Investment, Ms. Tian, Ms. Li, Mr. Wang or Mr. Chen do not hold any Shares.

The proposed settlement of the indebtedness due to Mr. Zheng under the Debt Restructuring which is not extended to all other Shareholders, constitutes a Special Deal under Note 5 to Rule 25 of the Takeovers Code and therefore requires consent by the Executive.

The Special Deal is subject to the approval by more than 50% of the Independent Shareholders at the SGM by way of poll and required the consent of the Executive. An application has been made by the Company to the Executive for the consent to the Special Deal under Rule 25 of the Takeovers Code. The Joint Independent Financial Advisers are required to opine on whether the terms of the Special Deal are fair and reasonable to the Independent Shareholders.

Such consent of the Executive, if granted, will be subject to (i) the Joint Independent Financial Advisers publicly stating in their opinion that the terms of the Special Deal are fair and reasonable; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Special Deal.

LISTING RULES IMPLICATIONS

With reference to the Board Letter, the issuance of the Convertible Bonds under the Settlement Agreements will result in a theoretical dilution effect of approximately 5.2%, which is less than the 25% threshold as set out in Rule 7.27B of the Listing Rules, the Debt Restructuring will not have implications under Rule 7.27B of the Listing Rules.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising three independent non-executive Directors, namely Mr. Sin Ka Man, Ms. Liang Lina and Mr. Chen Yifan, has been established to advise the Independent Shareholders on the Debt Restructuring, the Settlement Agreements, the allotment and issue of the Conversion Shares under the Specific Mandate, the Special Deal and the Whitewash Waiver, and as to the voting action therefor.

With the approval of the Independent Board Committee, RaffAello Capital Limited and Red Sun Capital Limited have been appointed as the Joint Independent Financial Advisers to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any business relationship with or interest in the Company, or any of its substantial shareholders, directors or chief executives, or their respective associates, as well as the Creditors, that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules and Rule 2.6 of the Takeovers Code. Save for the appointment as the Joint Independent Financial Advisers, RaffAello Capital Limited and Red Sun Capital Limited did not act as independent financial adviser to the Company under the Listing Rules in the past two years. We are not in the same group as the financial adviser to the Company, the Creditors, their respective substantial shareholders, and/or parties acting in concert with any of them. We do not have a significant connection, financial or otherwise, with either the Creditors, the Company or the controlling shareholders of any of them, within the two years prior to the date of the Announcement, of a kind reasonably likely to create, or to create the perception of, a conflict of interest or reasonably likely to affect the objectivity of our advice under the Takeovers Code. Apart from the normal advisory fee payable to us in connection with our appointment as the Joint Independent Financial Advisers, no arrangement exists whereby we shall receive any other fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules and Rule 2.6 of the Takeovers Code.

BASIS OF OUR ADVICE

In order to formulate our advice, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Group, the Directors and/or senior management of the Company (the “**Management**”). We have reviewed, among others, (i) the Settlement Agreements; (ii) the interim report of the Company for the six months ended 30 June 2025 (the “**Interim Report 2025**”); (iii) the annual report of the Company for the year ended 31 December 2024 (the “**Annual Report 2024**”); and (iv) the annual report of the Company for the year ended 31 December 2023 (the “**Annual Report 2023**”). We have assumed that all information, representations and opinions contained or referred to in the Circular or made,

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have assumed that all the opinions and representations made by the Directors in the Circular have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that no material facts have been omitted from the information provided and referred to in the Circular, nor statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading. However, we have not carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group or its respective history, experience and track records, or the prospects of the markets in which it operates.

We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of the (i) Debt Restructuring; (ii) Settlement Agreements, and the transaction contemplated thereunder; (iii) the Specific Mandate; (iv) the Special Deal; and (v) the Whitewash Waiver, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation with regard to the (i) Debt Restructuring; (ii) the Settlement Agreements, and the transaction contemplated thereunder; (iii) the Specific Mandate; (iv) the Special Deal; and (v) the Whitewash Waiver, we have taken into account the principal factors and reasons set out below:

1. INFORMATION OF THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in cross-border trading business of nutrition food and health care products (the “**Cross-Border Trading Business**”). The Group is also engaged in the provision of finance leasing and consultancy services in finance leasing business (earning interest income, handling fee and consultancy fee) and purchasing of leased assets (the “**Finance Leasing Business**”). The Group’s operations are located in Hong Kong and the PRC.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Financial performance of the Group

Set out below is a summary of the Group's operating results extracted from (i) the Interim Report 2025; (ii) the Annual Report 2024; and (iii) the Annual Report 2023, respectively:

Summary of the Group's consolidated statement of comprehensive income

	For the year ended 31 December			For the six months ended 30 June	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	327,721	761,781	630,131	329,077	256,127
— Cross-Border					
Trading Business	326,130	761,305	629,993	328,950	256,127
— Finance Leasing					
Business	849	277	138	15	—
— Others	742	199	—	112	—
Gross Profit	23,142	50,197	30,853	21,263	13,466
Profit/(Loss) before					
income tax	16,420	25,367	(20,899)	12,898	3,684
Profit/(Loss) for the					
year/period	15,181	19,545	(23,281)	9,510	3,569
Profit/(Loss) for the					
year/period					
attributable to:					
Owners of the					
Company	15,297	20,346	(22,345)	9,488	3,590
Non-controlling					
interests	(12)	(801)	(936)	22	(21)

1.1 Financial performance of the Group for the year ended 31 December 2024 (“FY2024”) compared with the year ended 31 December 2023 (“FY2023”)

As set out in the Annual Report 2024, the Group recorded total revenue of approximately HK\$630.1 million for FY2024, representing a decrease of approximately 17.3% as compared to approximately HK\$761.8 million recorded for FY2023, which was mainly attributable to the decrease in revenue from the Cross-Border Trading Business segment. The total revenue comprised (i) income from Cross-Border Trading Business segment of approximately HK\$630.0 million for FY2024, representing a decrease of approximately 17.2% from FY2023 of approximately HK\$761.3million; and (ii) income from Finance Leasing Business segment of approximately HK\$0.1 million for FY2024, representing a decrease of approximately 66.7% from FY2023 of approximately HK\$0.3 million.

Based on the Annual Report 2024, the Group recorded a loss attributable to owners of the Company of approximately HK\$22.3 million for FY2024, as compared to the profit attributable to owners of the Company of approximately HK\$20.3 million for FY2023. The decrease in profit was primarily due to (i) the decrease in revenue from Cross-Border Trading Business segment, attributable to the decline in overall consumption sentiment since late 2023 shown by the diminished revenue; (ii) the impairment loss on trade receivables of approximately HK\$16.5 million for FY2024, compared to approximately HK\$6.5 million for FY2023, resulting from some prolonged payments of which the Group have already extended the credit period of the top customers after FY2024; and (iii) the increase in other operating expenses due to the loss on extinguishment of financial liabilities by the issuance of promissory notes.

1.2 Financial performance for the year ended 31 December 2023 (“FY2023”) compared with the year ended 31 December 2022 (“FY2022”)

As set out in the Annual Report 2023, the Group recorded total revenue of approximately HK\$761.8 million for FY2023, representing an increase of approximately 132.4% as compared to approximately HK\$327.8 million recorded for FY2022.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

The total revenue comprised (i) income from Cross-Border Trading Business segment of approximately HK\$761.3 million for FY2023, representing an increase of approximately 133.5% from approximately HK\$326.1 million for FY2022; and (ii) income from Finance Leasing Business segment of approximately HK\$0.3 million for FY2023, representing a decrease of approximately 62.5% from approximately HK\$0.8 million for FY2022. The increase in total revenue was primarily driven by the increase in revenue from Cross-Border Trading Business of approximately 133.4%, which was mainly attributable to the Group's refinement of its supplier to business to consumer ("S2B2C") model and reoptimization of its product offerings. The S2B2C model is designated to provide value-added service to e-commerce distributors and/or end consumers in the PRC by (i) securing a cross-border ecommerce platform that integrates overseas direct procurement, import and export supply chain management; and (ii) leasing several bonded warehouses, and providing custom clearance warehouse storage, and logistics assistance to its customers.

The Group recorded a profit attributable to owners of the Company of approximately HK\$20.4 million for FY2023, representing an increase in profit of approximately 28.7% as compared to approximately HK\$15.3 million recorded for FY2022. The increase in profit was primarily due to the increase in revenue from the Cross-Border Trading Business segment. Despite the aforesaid increase in total revenue recorded in FY2023 as compared to FY2022, the gross profit margin recorded a decrease from approximately 7.0% for FY2022 to approximately 6.6% for FY2023, mainly due to the reason that the Group offered more competitive prices to the customers under the intense market competition.

1.3 Financial performance for the six months ended 30 June 2025 ("6M2025") compared with the six months ended 30 June 2024 ("6M2024")

As set out in the Interim Report 2025, the Group recorded revenue of approximately HK\$256.1 million, representing a decrease of approximately 22.2% as compared to approximately HK\$329.1 million for 6M2024. The revenue for 6M2025 mainly comprised (i) income from Cross-Border Trading Business segment of approximately HK\$256.1 million for 6M2025, representing a decrease of approximately 22.1% as compared to approximately HK\$329.0 million for 6M2024; and (ii) nil from the Finance Leasing Business segment for 6M2025.

The Group recorded a profit attributable to owners of the Company of approximately HK\$3.6 million for 6M2025, as compared to approximately HK\$9.5 million for 6M2024. The decrease in profit was primarily due to the overall decrease in revenue from Cross-Border Trading Business segment, attributable to the decline in overall consumption sentiment since late 2023.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Financial position of the Group

Summary of the Group's audited consolidated statement of financial position

	As at 31 December			As at
	2022	2023	2024	30 June
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)	(unaudited)
Assets				
— Inventories	26,991	25,712	64,063	74,483
— Trade and other receivables	301,781	355,905	309,780	322,538
— Bank balances and cash	8,188	24,335	3,572	9,537
Liabilities				
— Trade and other payables	92,544	187,335	95,355	87,889
— Loan from the ultimate holdings company	50,000	50,000	50,000	50,000
— Bank and other borrowings	13,026	17,818	6,589	1,576
— Corporate bonds (current and non-current portion)	10,900	51,238	51,515	51,831
— Tax payables	6,299	8,082	7,375	7,495
— Promissory notes (current and non-current portion)	35,379	33,755	91,556	126,861
Net current assets	82,205	176,620	75,697	81,640
Net assets	90,259	107,874	81,977	87,815
Equity attributable to owners of the Company	87,112	104,959	80,081	85,885
Non-controlling interests	3,147	2,915	1,896	1,930

Note: For the avoidance of doubt, only selected major assets and liabilities components are disclosed in the table above.

1.4 Consolidated financial position of the Group as at 30 June 2025 and 31 December 2024

As at 30 June 2025, the Group's total assets amounted to approximately HK\$414.2 million, representing an increase of approximately HK\$28.8 million or 7.5% as compared to approximately HK\$384.5 million as at 31 December 2024.

The increase was mainly attributable to:

- (i) the increase in trade and other receivable, from approximately HK\$309.8 million as at 31 December 2024 to approximately HK\$322.5 million as at 30 June 2025, representing an increase of approximately 4.1%; and
- (ii) the increase in bank balances and cash, from HK\$3.6 million as at 31 December 2024 to approximately HK\$9.5 million as at 30 June 2025, representing an increase of approximately 167.0%.

The trade receivables of the Group increased from approximately HK\$299.9 million as at 31 December 2024 to approximately HK\$304.7 million as at 30 June 2025, representing an increase of approximately 2.5%. Among the trade receivables of the Group, approximately 77.9% of the receivables as at 30 June 2025 and 71.3% of the receivables as at 31 December 2024 was aged over 60 days.

The Group's total liabilities amounted to approximately HK\$326.4 million, representing an increase of approximately HK\$23.0 million or 7.6%, as compared to approximately HK\$303.4 million as at 31 December 2024, which was mainly attributable to the increase in promissory notes from HK\$91.6 million as at 31 December 2024 to approximately HK\$126.8 million, representing an increase of approximately 38.4% as at 30 June 2025.

This was partially offset by:

- (i) the decrease in trade and other payables, from approximately HK\$95.4 million as at 31 December 2024 to approximately HK\$87.9 million as at 30 June 2025, representing a decrease of approximately 7.8%; and
- (ii) the decrease in bank and other borrowings, from approximately HK\$6.6 million as at 31 December 2024 to approximately HK\$1.6 million as at 30 June 2025, representing a decrease of approximately 76.1%.

As at 30 June 2025, the bank balance and cash amounted to approximately HK\$9.5 million, representing an increase of approximately 167.0% compared to approximately HK\$3.6 million as at 31 December 2024. The increase was mainly due to proceeds from issue of promissory notes.

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Net assets attributable to owners of the Company amounted to approximately HK\$85.9 million, representing an increase of approximately 7.3% compared to approximately HK\$80.1 million as at 31 December 2024. The gearing ratio, calculated as net debts divided by total equity was approximately 2.5 times as at 30 June 2025.

1.5 Consolidated financial position of the Group as at 31 December 2024 and 2023

As at 31 December 2024, the Group's total assets amounted to approximately HK\$385.4 million, representing a decrease of approximately HK\$29.3 million, or 7.1%, as compared to approximately HK\$414.7 million as at 31 December 2023.

The decrease was mainly attributable to:

- (i) the decrease in trade and other receivable, from approximately HK\$355.9 million as at 31 December 2023 to approximately HK\$309.8 million as at 31 December 2024, representing a decrease of approximately 13.0%;
- (ii) the decrease in bank balances and cash, from approximately HK\$24.3 million as at 31 December 2023 to approximately HK\$3.6 million as at 31 December 2024, representing a decrease of approximately 85.2%; and
- (iii) the decrease in property, plant and equipment, from approximately HK\$6.2 million as at 31 December 2023 to approximately HK\$5.5 million as at 31 December 2024, representing a decrease of approximately 11.3%.

The trade receivables of the Group decreased from approximately HK\$342.0 million as at 31 December 2023 to approximately HK\$299.9 million as at 31 December 2024, representing a decrease of approximately 12.4%. Among the trade receivables of the Group, approximately 71.3% of the receivables as at 31 December 2024 and 86.7% of the receivables as at 31 December 2023 was aged over 60 days.

As at 31 December 2024, the Group's total liabilities amounted to approximately HK\$303.4 million, representing a decrease of approximately HK\$3.5 million or 1.1%, as compared to approximately HK\$306.9 million as at 31 December 2023.

The decrease was mainly attributable to:

- (i) the decrease in trade and other payables, from approximately HK\$145.5 million as at 31 December 2023 to approximately HK\$95.4 million as at 31 December 2024, representing a decrease of approximately 34.4%;
- (ii) the decrease in bank and other borrowings, from approximately HK\$17.8 million as at 31 December 2023 to approximately HK\$6.6 million as at 31 December 2024, representing a decrease of approximately 62.9%;

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- (iii) the decrease in promissory notes in non-current liabilities, from approximately HK\$33.8 million as at 31 December 2023 to nil as at 31 December 2024; and
- (iv) the decrease in corporate bonds in non-current liabilities, from approximately HK\$41.8 million as at 31 December 2023 to nil as at 31 December 2024.

This was partially offset by:

- (i) the increase in promissory notes in current liabilities, from nil as at 31 December 2023 to approximately HK\$91.6 million as at 31 December 2024; and
- (ii) the increase in corporate bonds in current liabilities, from approximately HK\$9.4 million as at 31 December 2023 to approximately HK\$51.5 million as at 31 December 2024, representing an increase of approximately 445.9%.

As at 31 December 2024, the bank balance and cash amounted to approximately HK\$3.6 million, representing a decrease of approximately 85.4% compared to approximately HK\$24.3 million as at 31 December 2023. The decrease was mainly due to the prolonged credit period on the trade and other receivables.

The increase in promissory notes was attributable to the issue of new promissory notes amounting approximately HK\$51.3 million due to an agreement with the creditor to settle the financial advance.

Net assets attributable to owners of the Company amounted to approximately HK\$82.0 million, representing a decrease of approximately 23.9% compared to approximately HK\$107.9 million as at 31 December 2023. The gearing ratio calculated as net debts divided by total equity was approximately 2.4 times as at 31 December 2024, compared to approximately 1.2 times as at 31 December 2023.

1.6 Consolidated financial position of the Group as at 31 December 2023 and 2022

As at 31 December 2023, the Group's total assets amounted to approximately HK\$414.7 million, representing an increase of approximately HK\$62.3 million, or 17.7%, as compared to approximately HK\$352.4 million as at 31 December 2022.

The increase was mainly attributable to:

- (i) an increase in trade and other receivables, from approximately HK\$301.8 million as at 31 December 2022 to approximately HK\$355.9 million as at 31 December 2023, representing an increase of HK\$54.1 million or 17.9%; and

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- (ii) an increase in bank balances and cash, from approximately HK\$8.2 million as at 31 December 2022 to approximately HK\$24.3 million as at 31 December 2023, representing an increase of HK\$16.1 million, or 196.3%.

This was partially offset by a decrease in inventories, from approximately HK\$27.0 million as at 31 December 2022 to approximately HK\$25.7 million as at 31 December 2023, representing a decrease of HK\$1.3 million, or 4.8%.

The trade receivables of the Group increased from approximately HK\$209.6 million as at 31 December 2022 to approximately HK\$342.0 million as at 31 December 2023, representing an increase of approximately 63.2%. Among the trade receivables of the Group, approximately 86.7% of the receivables as at 31 December 2023 and 55.1% of the receivables as at 31 December 2022 was aged over 60 days.

As at 31 December 2023, the Group's total liabilities amounted to approximately HK\$306.9 million, representing an increase of approximately HK\$44.7 million or 17.0% as compared to approximately HK\$262.2 million as at 31 December 2022.

The increase was mainly attributable to:

- (i) an increase in trade and other payables, from approximately HK\$92.5 million as at 31 December 2022 to approximately HK\$145.5 million as at 31 December 2023, representing an increase of HK\$53.0 million or 57.3%; and
- (ii) an increase in bank and other borrowings, from approximately HK\$13.0 million to approximately HK\$17.8 million, representing an increase of HK\$4.8 million or 36.9%.

As at 31 December 2023, the bank balance and cash amounted to approximately HK\$24.3 million, representing an increase of approximately 197.2% compared to approximately HK\$8.2 million as at 31 December 2022. The increase mainly attributable to increase of proceeds from the bank and other borrowings.

The total borrowings were approximately HK\$153.3 million for FY2023, representing an increase of approximately 0.3% compared to approximately HK\$152.9 million for FY2022. The increase in corporate bonds amounted to approximately HK\$51.2 million for FY2023, an increase of approximately 369.7% compared to approximately HK\$10.9 million for FY2022, was attributable to the reclassification of the outstanding principal and interest of the convertible bonds as corporate bonds. The reclassification was due to an agreement between the Company and the then convertible bondholders to extend the maturity date to 24 June 2025.

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Net assets attributable to owners of the Company amounted to approximately HK\$107.9 million, representing an increase of approximately HK\$17.6 million or 19.5% compared to approximately HK\$90.3 million as at 31 December 2022. The gearing ratio, calculated as net debts divided by total equity, was approximately 1.2 times as at 31 December 2023, compared to approximately 1.6 times as at 31 December 2022.

Summary

Based on the above, it is noted that the Group had gradually recovered from the effect of the pandemic with a significant increase in revenue of approximately 132.4% in FY2023 as compared to FY2022. However, total revenue declined in FY2024, primarily due to the decrease in revenue from the Cross-Border Trading Business segment. The Group's financial position also deteriorated in FY2024 compared to FY2023. While the Group recorded a profit attributed to owners of the Company in FY2023, a loss was incurred in FY2024. In addition, the Group's bank balances and cash decreased to approximately HK\$3.6 million as of 31 December 2024, representing a decrease of approximately HK\$20.7 million or 85.2%, compared to approximately HK\$24.3 million as at 31 December 2023.

The Group also faces challenges in maintaining sufficient bank balances and cash to settle the Outstanding Debt and the finance costs. The finance costs amounted to approximately HK\$8.5 million in FY2023 and HK\$11.4 million in FY2024, representing an increase of approximately 34.1%. The total borrowings including the Outstanding Debt and loan from Triumph Hope Limited amounted to approximately HK\$153 million and approximately HK\$201 million respectively, representing approximately 50% and 66.1% of the total liabilities as at 31 December 2023 and 2024. As at 30 June 2025, the total borrowings amounted to approximately HK\$231 million, representing approximately 70.8% of the total liabilities. As a result, the Group has imminent funding needs to meet the demands of the Outstanding Debt.

It is also noted that the Group's overall liquidity is deteriorated, with net current assets decreased from HK\$176.6 million as of 31 December 2023, to HK\$75.7 million as of 31 December 2024 and increased to HK\$81.6 million as of 30 June 2025.

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As set out in the Annual Report 2024, given the latest financial position of the Company, in the event of any winding-up petition initiated against the Company would likely reveal that the Company does not have sufficient financial resources for the settlement of the Outstanding Debt in full. The Creditors, namely (i) Mr. Zheng, issued Statutory Demand on 10 October 2024; (ii) Sunshine Flame, issued a Demand Letter on 14 October 2024; and (iii) Forever Brilliance, issued statutory demand on 3 March 2025, details of which are set out in the announcements of the Company dated 10 October 2024, 14 October 2024 and 10 March 2025, respectively. Without timely funding arrangements to address the Outstanding Debt, these demands could escalate to winding-up petitions, and may result in liquidation. As such, after the termination of the Previous Settlement Agreement, the Company continued to negotiate with the Creditors, and the Creditors are willing to enter into the Debt Restructuring to settle the Outstanding Debt.

In this connection, the Debt Restructuring involving the issuance of Convertible Bonds, if consummated, is expected to alleviate the Group's imminent funding needs without utilizing its existing financial resources, which in turn, able to maintain operational cashflow, and improve the overall financial position of the Group upon the conversion of the Convertible Bonds into Convertible Shares, subject to the Conversion rights.

2. INFORMATION ON THE CREDITORS

As set out in the Board Letter, the Creditors consisted of Rosy Benefit, Forever Brilliance, Sunshine Flame, Lumina Investment, Mr. Zheng, Ms. Tian, Ms. Li, Mr. Wang and Mr. Chen.

Rosy Benefit

Rosy Benefit is a company incorporated in the British Virgin Islands with limited liability on 29 May 2019 principally engaged in investment holding. The ultimate beneficial owner and sole director of Rosy Benefit since its incorporation is Ms. Lin Ling, a PRC citizen. Ms. Lin, aged 44, is one of the founders of “購吧網”, an online shopping platform in Suzhou. She is the chairlady of Guangzhou Zhoujian Information Technology Co. Limited, a private company established in the PRC, since December 2011, and vice president of Tianxiang Construction Group Co. Limited, a private company established in the PRC, since June 2016. Ms. Lin has extensive equity and debt investment in a number of companies. She is currently a director of the Guangdong Internet Association, vice chairman of Guangdong Hunan Chamber of Commerce and a consultant of Guangdong Zhejiang Youth Chamber of Commerce. Rosy Benefit and its ultimate beneficial owner (i) has never owned any Shares; and (ii) do not hold any Shares as at the Latest Practicable Date.

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Forever Brilliance

Forever Brilliance is a company incorporated in the British Virgin Islands with limited liability on 31 December 2021 principally engaged in investment holding. The ultimate beneficial owner and sole director of Forever Brilliance since its incorporation is Ms. Smith Lexi Lucia. Ms. Smith Lexi Lucia, aged 25, is engaged in the investment business, with her family engaged in property investment in the PRC. Forever Brilliance and its ultimate beneficial owner (i) has never owned any Shares; and (ii) do not hold any Shares as at the Latest Practicable Date.

Sunshine Flame

Sunshine Flame is a company incorporated in Hong Kong with limited liability principally engaged in investment holding. The sole and ultimate beneficial owner and sole director of Sunshine Flame is Ms. Guo Caiyun, a PRC citizen with extensive experience in private investment. Sunshine Flame and its ultimate beneficial owner (i) has never owned any Shares; and (ii) do not hold any Shares as at the Latest Practicable Date.

Lumina Investment

Lumina Investment is a company incorporated in Hong Kong with limited liability principally engaged in investment holding. The ultimate beneficial owner and sole director of Lumina Investment is Mr. Zhao Dongli, a Hong Kong resident. Mr. Zhao has extensive experience in investment, banking and finance industry. Lumina Investment and its ultimate beneficial owner (i) has never owned any Shares; and (ii) do not hold any Shares as at the Latest Practicable Date.

Mr. Zheng

Mr. Zheng is a PRC citizen who has extensive experience in the trading of building materials and financial investment in the PRC. He is the sole shareholder of Evermore Steel Industrial (Hong Kong) Limited, a company principally engaged in trading of building materials and invested in a number of listed companies in Hong Kong, such as Xinming China Holdings Limited (stock code: 2699). Mr. Zheng is a Shareholder holding 40,000 Shares, representing approximately 0.01% of the issued Shares as at the Latest Practicable Date.

Mr. Tian

Ms. Tian is a PRC citizen and an experienced entrepreneur. She is the founder of Beijing Haichuan Rongxin Xin Services Co., Ltd., a company principally engaged in consultancy and brand management services. Ms. Tian (i) has never owned any Shares; and (ii) does not hold any Shares as at the Latest Practicable Date.

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Mr. Li

Ms. Li is a PRC citizen and the vice president of Wenzhou Kaiyuan Group Co., Ltd, which is principally engaged in automobile distribution and financial investment in the PRC. She has extensive experience in management positions in automobile distribution industry in the PRC. Ms. Li (i) has never owned any Shares; and (ii) does not hold any Shares as at the Latest Practicable Date.

Mr. Chen and Mr. Wang

Mr. Chen and Mr. Wang are Hong Kong residents and merchants. Mr. Chen and Mr. Wang (i) has never owned any Shares; and (ii) do not hold any Shares as at the Latest Practicable Date.

3. REASONS FOR AND BENEFITS OF THE DEBT RESTRUCTURING

As set out in the Board Letter and the announcement dated 10 October 2024, the Company received a statutory demand issued by Mr. Zheng demanding the immediate repayment of an outstanding sum of approximately HK\$20.3 million (the “**Statutory Demand**”), being part of the Outstanding Debt with Mr. Zheng at the material time on the basis that an event of default under the promissory notes held by Mr. Zheng had occurred. On 14 October 2024, the Company further received a demand letter from Sunshine Flame (the “**Demand Letter**”), stating the receipt of the Statutory Demand by the Company had constituted an event of default of the promissory note issued by the Company held by it, and therefore demanding the immediate repayment of an outstanding sum of approximately HK\$9.2 million, representing the principal amount and respective accrued interest of one of the promissory notes held by Sunshine Flame, being part of the Outstanding Debt.

As a result, in order to avoid in the risk of any of Rosy Benefit, Sunshine Flame and Mr. Zheng filing winding-up petitions against the Company, the Company commenced negotiation with Rosy Benefit, Sunshine Flame and Mr. Zheng.

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Previous Settlement Agreement

On 18 October 2024, the Company entered into the Previous Settlement Agreement with Rosy Benefit, Sunshine Flame and Mr. Zheng, pursuant to which the Company has conditionally agreed to capitalize the outstanding debts by issuing convertible bonds in the aggregate principal amount of HK\$91,534,164 to Rosy Benefit, Sunshine Flame and Mr. Zheng. Pursuant to the Previous Settlement Agreement, the issuance of the convertible bonds would result in a theoretical dilution effect of approximately 61.06%, which is higher than the 25% threshold as set out in Rule 7.27B of the Listing Rules. Reference is also made to the announcement of the Company dated 28 March 2025, as the completion of the Previous Settlement Agreement is conditional on, among other things, the consent from the Stock Exchange in respect of Rule 7.27B of the Listing Rules being obtained but such consent was not expected to be fulfilled by the long stop date of the Previous Settlement Agreement, and the Company, Rosy Benefit, Sunshine Flame and Mr. Zheng entered into a termination agreement to terminate the Previous Settlement Agreement.

During the April-August Suspension (defined hereafter), the Company continued to explore fundraising opportunities. In particular, the Company intended to conduct fundraising through the issuance of new Shares to Lumina Investment, Ms. Tian and Ms. Li, with the purpose of settling the Group's liabilities and replenishing its working capital. However, as the trading of the Shares was suspended since 1 April 2025 pending the release of the annual results of the Company for the year ended 31 December 2024, the Company had difficulties in executing the aforesaid shares issuances exercise. Consequently, in June 2025, the Company issued promissory notes in the aggregate amount of HK\$34 million to Lumina Investment, Ms. Tian and Ms. Li to address the Group's liabilities and support its working capital needs as mentioned above. As such, the Company invited Lumina Investment, Ms. Tian and Ms. Li to participate in the Debt Restructuring.

Despite the termination of the Previous Settlement Agreement, the Company continued to negotiate with the Creditors including Rosy Benefit, Sunshine Flame and Mr. Zheng, as well as other Creditors such as Forever Brilliance, Lumina Investment, Ms. Tian, Ms. Li, Mr. Wang and Mr. Chen to explore alternative means of settling the Outstanding Debt.

Settlement Agreements

In this connection, the Company entered into the Settlement Agreements with the Creditors on 5 July 2025, involving the capitalization of the Outstanding Debt through the issue of Convertible Bonds. Pursuant to the Settlement Agreements, the Company will issue to the Creditors the Convertible Bonds in the aggregate principal amount of HK\$178,615,220 as full settlement of the respective promissory notes and corporate bonds and the fulfilment of all obligations of the Company under the respective promissory notes and corporate bonds. Accordingly, any interest accrued on the Outstanding Debt from 1 July 2025 up to the date of Completion will be considered as settled upon the issuance of the Convertible Bonds.

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As at 30 June 2025, the Company had the Outstanding Debt due and payable in an aggregate amount of approximately HK\$178.6 million.

The Debt Restructuring, involving the capitalisation of the Outstanding Debt through the issuance of Convertible Bonds, is driven by the Company's urgent need to address its deteriorating financial and liquidity position, mitigate creditor pressures, and maintain operational continuity.

Given that the Debt Restructuring allows the Company to discharge its settlement obligations for the Outstanding Debt without immediate cash outflow, the Group will be able to preserve limited cash reserves (approximately HK\$9.5 million as at 30 June 2025) for its daily operations and business development. By converting the Outstanding Debt into the Convertible Bonds, the Company avoids immediate cash outflows for the settlement of the Outstanding Debt. Upon completion of conversion, the Conversion Shares are expected to be recognized as equity, enlarging the Group's capital base and improving net asset position and gearing ratio. In addition, the Debt Restructuring averts potential winding-up petitions from Creditors as statutory demands already issued by Mr. Zheng, Sunshine Flame and Forever Brilliance, given the Company lacks sufficient capital for full repayment. Furthermore, the Debt Restructuring also provides a possible pathway to full settlement and operational continuity of the Group. Based on the aforesaid, we are of the view that the Debt Restructuring is in the interests of the Company and the Shareholders as a whole and the entering into the Settlement Agreements is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

4. OUR ANALYSIS OF THE GROUP'S FINANCIAL NEEDS AND FINANCING ALTERNATIVES

As discussed in the section headed "1. INFORMATION OF THE GROUP", it is noted that the Company has a limited amount of bank balances and cash of approximately HK\$9.5 million as at 30 June 2025, which is insufficient to settle the Outstanding Debt without affecting the daily operations. In view of the Group's unsatisfactory financial performance shown by the diminishing revenue and the imminent funding needs to settle the Creditors demands, the Directors have considered alternative financing methods such as debt financing and equity fundraising, including but not limited to, bank borrowings, share and/or convertible bonds placements.

As far as debt financing is concerned, it is noted that the indebtedness of the Group, being unsecured and repayable on demand or within one year, amounted to approximately HK\$193.1 million and HK\$240.5 million as at 31 December 2024 and 30 June 2025, respectively. Based on the review on the Group's published financial information and discussion with the Management, we are given to understand that the Management is of the view that it is not feasible for the Group to obtain new and/or upsize their existing banking facilities due to (i) the recent financial position and performance; (ii) the increased liquidity pressure and cashflow to service additional debt; and (iii) the lack of suitable asset as collateral for credit facilities.

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Nonetheless, we understand that the Company still approached three banks in Hong Kong to explore the possibilities of debt financing options. However, given the Group's financial position and performance, and the lack of acceptable collateral, as the banks indicated that they typically require property or bank and cash balances as security, the request for the bank loans and facilities were therefore declined. The Management considered that additional borrowings would also increase the finance costs and further increase the gearing ratio. In addition to the above, we noted that an increase in the Group's trade and other receivables which amounted to approximately HK\$309.8 million as at 31 December 2024, as compared to approximately HK\$322.0 million as at 30 June 2025. The credit period for the Company's customers was a maximum of 180 days. The prolonged collection periods reduce their suitability and reliability as collateral for factoring. Taken into account the above, the Directors consider conducting further debt financing exercises may not be the most feasible option for the Company to settle the Outstanding Debt.

With respect to the Group's trade and other receivables, we have further discussed with the Management in relation to the recoverability of the abovementioned outstanding receivables. Considering these customers have maintained business relationship with the Group from three to five years and have no records of bad debts, the Group believes that these customers shall settle these receivables within the prolonged credit period. Nevertheless, even if the customers were able to settle these receivables within the prolonged credit period, considering (i) the Group's limited bank balances and cash; (ii) the Group's needs to maintain adequate level of working capital for general operations illustrated by the lengthy collection process of the trade receivables of allowable average credit period of 60 to 180 days comparing with the payment process of the trade payables of allowable average credit period of 60 days, the Directors consider, and we concur that, the trade receivables may not be a viable alternative source of funding for settling the Outstanding Debt. Additionally, we understand that the Company has approached three banks to explore accounts receivable factoring arrangement, but to no avail. In light of the above, we consider that the trade receivables may not be a feasible option to address the Outstanding Debt in a timely and suitable manner. Notwithstanding the amount of the Group's trade and other receivables is higher than the Outstanding Debt, the collection process of all the trade and other receivables may be prolonged making it impractical to rely on these trade receivables to settle the Outstanding Debt. Additionally, the Group requires working capital to meet other financial obligations and to pay for other liabilities. Based on our discussion with the Management, we understand that the Creditors are not willing to wait for an extended period, therefore we consider that leveraging on the Group's trade and other receivables as an alternative financing option is not feasible under current circumstances.

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In addition to the above, the Group had also considered the option of equity fundraising exercise. Based on our discussion with the Management, we understand that the Company had preliminary negotiations with two securities brokerage firms to assess the possibilities of equity fundraising options. As advised by the Management, these fundraising options had not been able to realise due to the Group's challenging financial position and its diminishing performance in recent period. We reviewed the Group's Interim Report 2025 and noted that, the Group recorded total liabilities of approximately HK\$326.4 million as at 30 June 2025 with current liabilities accounted for approximately HK\$326.2 million. In view of (i) the financial position of the Group as mentioned above; (ii) the substantial amount of the Outstanding Debt; (iii) the Company's high gearing; and (iv) the thin liquidity of the Shares to be discussed in below section, we concur with the view that it would be difficult to secure an underwriter or placing agent to conduct open offer/rights issue/issuance of shares on terms that are favorable to the Company without offering a deep discount. In addition, rights issues or open offers typically involve a longer execution process and incur high transaction costs due to prospectus preparation, underwriting arrangement, and associated transaction costs including placing and underwriting commissions. As a result, no substantive progress in raising funds through the abovementioned equity fundraising methods were noted, and the Directors consider the Debt Restructuring to be a more practical and timely solution.

With reference to the Board Letter, Triumph Hope Limited has pledged 501,330,000 Shares (approximately 51.05% of issued Shares) as security for a Secured Facility from Great Wall International Investment XX Limited. PwC have been appointed as receivers of these Shares. The above limits the ability to obtain additional financial support from the controlling shareholder and adding uncertainty to the shareholding structure. These factors might discourage potential lenders and investors due to concerns over the risk of a potential change in control or a forced sale of shares in event of default.

Based on our review on the Group's current financial status, including the financial performance and liquidity pressure and funding needs of the Group, and discussion with the Management and understood that the Debt Restructuring, and also having considered the limitations of the other financing alternatives, we concur with the Management that the Debt Restructuring, involving the issuance of Convertible Bonds is an appropriate method for the Group and is in the interests of the Company and the Independent Shareholders as a whole.

5. PRINCIPAL TERMS OF THE SETTLEMENT AGREEMENTS

Reference is made to the announcement of the Company dated 4 August 2025; the Debt Restructuring involves two inter-conditional settlement agreements:

The First Settlement Agreement

The parties to the First Settlement Agreement are set out as follows:

Creditors: Rosy Benefit, Sunshine Flame, Lumina Investment,
Mr. Zheng, Ms. Tian, Ms. Li, Mr. Wang, and Mr. Chen

Issuer: The Company

The Second Settlement Agreement

The parties to the Second Settlement Agreement are set out as follows:

Creditors: Forever Brilliance

Issuer: The Company

It is noted that as at the Latest Practicable Date, save for Mr. Zheng, being the only Creditor who is also a Shareholder, holds 40,000 Shares, representing approximately 0.01% of the issued Shares, each of Rosy Benefit, Forever Brilliance, Sunshine Flame, Lumina Investment and their ultimate beneficial owners, Ms. Tian, Ms. Li, Mr. Wang and Mr. Chen are Independent Third Parties and none of them hold any Shares or have any prior shareholding interest in the Company.

Maximum Conversion Shares

Assuming full conversion of the aggregate principal amount of the Convertible Bonds to be issued under the Settlement Agreements of approximately HK\$178,615,220 at the Conversion Price of HK\$0.073 per Conversion Share into Conversion Shares, a maximum of 2,446,783,326 Conversion Shares (including the 717,173,014 Conversion Shares and 602,308,123 Conversion Shares to be allotted and issued to Rosy Benefit and Forever Brilliance respectively) with an aggregate nominal value of approximately HK\$24,467,833.26 will be allotted and issued. Such Conversion Shares represent approximately 249.16% of the total existing issued share capital of the Company as at the Latest Practicable Date and approximately 71.36% of the Company's total issued share capital as enlarged by the issue of the Conversion Shares.

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Assuming fully conversion of the principal amount of the Convertible Bonds at the initial Conversion Price in full by Rosy Benefit only, 717,173,014 Conversion Shares will be allotted and issued to Rosy Benefit and (1) the interest of Rosy Benefit in the voting rights of the Company will increase from nil to 42.21%; and (2) the interest of the Creditors Concert Group in the voting rights of the Company will increase from approximately 0.01% to 42.22% of the issued share capital of the Company as enlarged by the allotment and issue of the 717,173,014 Conversion Shares; and

Assuming fully conversion of the principal amount of the Convertible Bonds at the initial Conversion Price in full by Forever Brilliance only, 602,308,123 Conversion Shares will be allotted and issued to Forever Brilliance and (1) the interest of Forever Brilliance in the voting rights of the Company will increase from nil to 38.02%; and (2) the interest of the Creditors Concert Group in the voting rights of the Company will increase from approximately 0.01% to 38.03% of the issued share capital of the Company as enlarged by the allotment and issue of the 602,308,123 Conversion Shares.

Conversion Price

The Conversion Price, being HK\$0.073 per Conversion Share, represents:

- (i) the closing price of HK\$0.0730 per Share as quoted on the Stock Exchange on 31 March 2025, being the Last Trading Day;
- (ii) a discount of approximately 75.25% to the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iii) a discount of approximately 7.36% to the average closing price of approximately HK\$0.0788 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the date of the Settlement Agreements;
- (iv) a discount of approximately 12.48% to the audited consolidated net assets of approximately HK\$0.0834 per Share as at 31 December 2024, which is calculated based on the Group's audited consolidated net assets of the Company of approximately HK\$81,977,000 as at 31 December 2024 and 982,000,000 Shares in issue as at the Latest Practicable Date;
- (v) a discount of approximately 18.35% to the unaudited consolidated net assets of approximately HK\$0.0894 per Share as at 30 June 2025, which is calculated based on the Group's unaudited consolidated net assets of approximately HK\$87,815,000 as at 30 June 2025 and 982,000,000 Shares in issue as at the Latest Practicable Date; and

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- (vi) (a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 5.20% of the theoretical diluted price of HK\$0.0747 per Share to the benchmarked price of HK\$0.0788 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the date of the Settlement Agreements of HK\$0.073 per Share and the average closing price of HK\$0.0788 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the Settlement Agreements).

As stated in the Board Letter, the Conversion Price was arrived at after arm's length negotiation between the Company and Creditors after taking into account the maturity of the Outstanding Debt, the latest financial position and performance of the Group and the factors as discussed in the section headed "Reasons for and benefits for the Debt Restructuring".

Conditions precedent to the Settlement Agreements

The Completion of the First Settlement Agreement and the Second Settlement Agreement are inter-conditional and each of the Settlement Agreements is conditional upon the satisfaction of the following conditions precedent:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares and such permission remains in full force and effect and has not been withdrawn;
- (ii) passing by the Independent Shareholders of the Company resolutions at the SGM approving: (a) the Settlement Agreements and the transactions contemplated thereunder (more than 50% of the votes cast by the Independent Shareholders at the SGM by way of poll); (b) the Whitewash Waiver (at least 75% of the votes cast by the Independent Shareholders at the SGM by way of poll in accordance with the Listing Rules and the Takeovers Code); and (c) the Special Deal;
- (iii) all necessary approvals, consents and/or waivers from the relevant authorities or third party required to be obtained having been obtained and remain in full force and effect;
- (iv) the Executive having granted (and such grant not having been withdrawn or invalidated) the Whitewash Waiver, and the satisfaction of all conditions (if any) attached thereto; and
- (v) the grant of consent to the Special Deal by the Executive.

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All the above conditions precedent are not waivable, except the Company may waive the condition (iii) above. As at the Latest Practicable Date, save for the approvals as detailed in the conditions (i), (ii), (iv) and (v) above, no other approvals, consents and/or waivers are required to be obtained in respect of the Settlement Agreements and transactions contemplated thereunder. None of the conditions precedent above have been fulfilled as at the Latest Practicable Date.

If the above conditions precedent is not satisfied by the Long Stop Date, the Settlement Agreements shall be automatically terminated with immediate effect.

Completion

Completion of the Debt Restructuring shall take place within seven Business Days after the date on which the last conditions precedent is satisfied, or at such other date, time and venue as the parties may agree in writing.

Summary

Having considered that (i) the Group recorded net loss since the year ended 31 December 2024; (ii) the Group's insufficient financial resources to meet debt repayment obligations as at 30 June 2025; (iii) the limitations for the Group to obtain debt financing and/or carry out other forms of equity financing; and (iv) the issuance of the Convertible Bonds not only can settle the debt due to the Creditors, but also strengthen the capital base upon completion and full issuance of the Conversion Shares; (vi) the Debt Restructuring also demonstrates Creditors' support and provides an opportunity to achieve full settlement of the Outstanding Debt without utilising the Company's existing bank balances and cash, thereby alleviating pressure on the Group's cashflow and reducing the risk of winding-up petitions, we concur with the Directors that the issuance of Convertible Bonds is desirable ways to raise capital and is in the interest of the Company and the Shareholders as a whole.

6. EVALUATION OF THE PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Principal terms of the Convertible Bonds

Issuer:	The Company
Principal amount:	HK\$178,615,220
Maturity Date:	The second anniversary of the date of issue of the Convertible Bonds (i.e. date of Completion of the Settlement Agreements)
Interest rate:	3% per annum on the outstanding amount payable semi-annually in arrears. The interest rate was determined after arm's length negotiation between the Company and the Creditors after taking into account the range of the existing interest rate of 3% to 7% of the Outstanding Debt, the conversion rights of the Convertible Bonds and the initial Conversion Price.
Conversion Price:	The Conversion Price will initially be HK\$0.073 per Conversion Share.

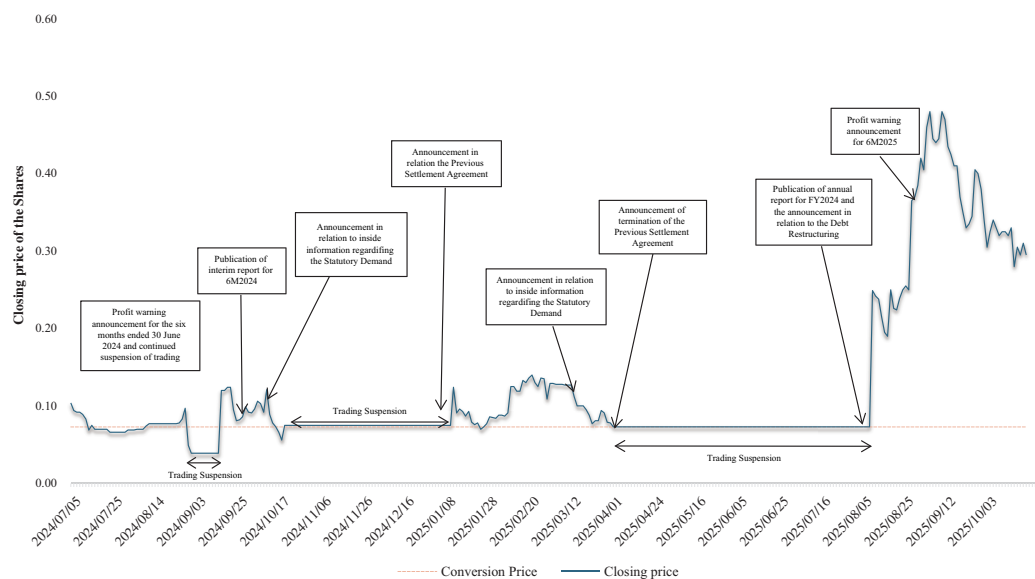
For further details, please refer to the section headed "Principal terms of the Convertible Bonds" from the Board Letter.

6.1 Analysis of historical Share price performance

We have reviewed the movement in historical closing prices and the chart below reflects the movement in closing prices for the period from 5 July 2024, being one year before the date of the Settlement Agreements entered into between the Company and the relevant Creditors in relation to the Debt Restructuring, and up to the Latest Practicable Date, (the "**Review Period**") which covers recent major announcements of the Company published during the Review Period. We consider that the Review Period is reasonable and representative for our analysis to conduct a fair comparison between the Conversion Price and historical closing price of Shares as the twelve-month period allows a sufficient demonstration of the performance of Shares in response to prevailing market and operating conditions, and to avoid distortions caused by any specific events within a shorter period.

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Share Price Performance during the Review Period



Source: The website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the closing prices of the Shares of the Company demonstrated fluctuation around the Conversion Price, with the highest and lowest prices quoted on the Stock Exchange being HK\$0.48 and HK\$0.039, respectively. The highest price HK\$0.48 was recorded on 5 September 2025 after the issue of the Announcement regarding the Debt Restructuring. The lowest price HK\$0.039 was recorded on 30 August 2024, prior to the date of suspension in trading on 2 September 2024. The average daily closing price of the Share during the Review Period was approximately HK\$0.122. It is noted that the Conversion Price of HK\$0.073 is within the range of the daily closing prices of the Shares during Review Period and represents (i) a discount of 84.8% over the highest closing price per Share during the Review Period; (ii) a premium of 87.2% over the lowest closing price per Share during the Review Period; and (iii) a discount of 40.2% of the average closing price per Share during the Review Period.

As shown in the above table, trading in the Shares were suspended in the below periods:

- (i) on 2 September 2024 due to delay in publication of the interim results and report for the six months ended 30 June 2024 (the “**Interim Results 2024**”) and resumed on 16 September 2024 (“**First September Suspension**”). The closing price of the Shares was HK\$ 0.039 on 2 September 2024 prior to the First September Suspension and increased to HK\$ 0.120 on 16 September 2024 immediately after the resumption of the First September Suspension and the publication of Interim Results 2024 on 15 September 2024;

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- (ii) on 17 September 2024 pending an announcement regarding a Demand Letter from the Creditors for approximately HK\$20.3 million, and trading resumed on 19 September 2024 (“**Second September Suspension**”). Following the resumption of the Second September Suspension, the closing price of the Shares recorded at HK\$0.124 per Share on 19 September 2024 and demonstrated a downtrend up to 18 October 2024, prior to the date of October-January Suspension (defined hereafter);
- (iii) on 21 October 2024 due to the pending release of an announcement in relation to the inside information of the Company regarding the Previous Settlement Agreement, and trading of the Shares was subsequently resumed on 9 January 2025 (“**October-January Suspension**”). Following the resumption of the October-January Suspension, the closing price of the Shares surged to HK\$0.124 on 9 January 2025. It is also noted that the closing price of the Shares between 9 January 2025 and 7 March 2025 ranged between HK\$0.070 to HK\$0.140. We had discussed with the Management, and the Company had confirmed that, save for the information as set out in the announcement of the Company dated 28 February 2025, regarding the extension of long stop date of the Previous Settlement Agreement, they are not aware of any material affairs which may cause the fluctuation in the Share price during that period;
- (iv) on 10 March 2025 due to the pending release of an announcement in relation to inside information of the Company (“**March Suspension**”). According to the announcement of the Company dated 10 March 2025, the Company had received a statutory demand from a solicitors’ firm acting on behalf of one of the Creditors, which might result in a winding-up petition being presented against the Company. Following the resumption of the March Suspension, the Share price recorded at HK\$0.112 on 11 March 2025 and decreased to approximately HK\$0.073 per Share as at 31 March 2025; and
- (v) from 1 April 2025 to 4 August 2025 due to an initial delay in publication of the Group’s audited annual results for the financial year ended 31 December 2024. The annual results were subsequently released on 5 July 2025. However, as the Company entered into Settlement Agreements regarding the Debt Restructuring on the same day, the trading of the Shares remained to be suspended until 4 August 2025 (“**April-August Suspension**”). After the publication of the Annual Report 2024 on 31 July 2025 and the announcement dated 4 August 2025 regarding the Debt Restructuring, trading of the Shares resumed on 5 August 2025. It is noted that the closing price of the Shares surged from HK\$0.249 on 5 August 2025 immediately following the resumption of trading, representing an increase of approximately 241% as compared to the closing price per Shares prior to the trading halt from 5 July 2025. We have discussed with the Management, and the Company has confirmed that, save for information disclosed in the announcement dated 4 August 2025 regarding the Debt Restructuring, and the announcement dated 29 August 2025 regarding the publication of the interim results for the six months ended 30 June 2025, they

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are not aware of any information which may cause the notable increase in the Share price. As such, the increase in Share price following the publication of the aforementioned announcements may be attributed to the market reaction to the Debt Restructuring, including the issuance of Convertible Bonds.

From observing the historical price movement of the Shares before and after each of the respective suspension periods, notable movements in the closing price of the Shares were noted following the resumption of trading. The observed movements in the closing price per Share price may be an indication of the investors' or the Shareholders' perception towards the Shares during the relevant periods or potentially represents the market reaction towards the published announcements at the material time.

As at the Latest Practicable Date, the Conversion Price of HK\$0.073, is below the average closing price of HK\$0.122, representing at a discount of approximately 40.2%; and below the unaudited net assets ("NAV") per Share (HK\$0.0894) as at 30 June 2025, representing a discount of approximately 18.35%.

Although the Conversion Price is lower than the average closing price during the Review Period and the NAV per Share, considering the factors including, among others: (i) the Group's unsatisfactory financial position and the financial performance; (ii) its imminent funding needs to settle the Outstanding Debt; and (iii) the reasons and benefits of the Debt Restructuring; (iv) the Group's inability to carry out bank or equity financing to settle the Outstanding Debt due to reasons as discussed under the section headed "4. OUR ANALYSIS OF THE GROUP'S FINANCIAL NEEDS AND FINANCING ALTERNATIVES"; (v) the Conversion Price is within the range of the daily closing prices of the Shares during the Review Period and represents a discount of approximately 47.9% to the highest closing price as at 5 September 2025 or a premium of approximately 87.2% over the lowest closing price per Share as at 30 August 2024 during the Review Period; (vi) the Conversion Price equals to the closing price of HK\$0.0730 per Share as quoted on the Stock Exchange on 31 March 2025, being the last trading day prior to the date of the Settlement Agreements; we are of the view that the Conversion Price is justifiable.

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6.2 Historical trading liquidity of Shares

We have conducted analysis on the historical trading volume and liquidity of the Shares during the period from 5 July 2024, being one year before the date of the Settlement Agreements entered into between the Company and the relevant Creditors in relation to the Debt Restructuring and up to the Latest Practicable Date. The table below sets out a summary of the average daily trading volume of the Shares with respect to the (i) total number of issued Shares; and (ii) the total number of Shares held by public, respectively, as at the end of respective month/period. It is considered the aforesaid period is a reasonable period covering the annual cycle of the Shares for our analysis purpose, demonstrating a fair representation of the market trading as well as the overall market perception of the Shares, offering a fair and reliable reflection of how the market values the Shares of the Company.

Month/Period	Average Daily Number of Shares Traded Per Trading Day	% of Average Daily Number of Shares Traded to the Total Number of Shares in Issue (Note 2)	% of Average Daily Number of Shares Traded to the total number of Shares held by public (Note 3)
2024			
July (from and including 5 July 2024)	47,895	<0.01%	<0.01%
August	1,050,273	0.11%	0.22%
September (Note 2)	11,665,556	1.19%	2.43%
October (Note 2)	4,240,833	0.43%	0.88%
November (Note 2)	N/A	N/A	N/A
December (Note 2)	N/A	N/A	N/A
2025			
January (Note 1)	2,295,857	0.23%	0.48%
February	857,000	0.09%	0.18%
March	345,400	0.04%	0.07%
April (Note 1)	N/A	N/A	N/A
May (Note 1)	N/A	N/A	N/A
June (Note 1)	N/A	N/A	N/A
July (Note 1)	N/A	N/A	N/A
August (Note 1)	12,501,368	1.27%	2.60%
September	3,388,455	0.35%	0.71%
October (up and including the Latest Practicable Date)	3,048,727	0.31%	0.63%
Average		0.40%	0.82%
Maximum		1.27%	2.60%
Minimum		<0.01%	<0.01%

Source: The website of the Stock Exchange (www.hkex.com.hk)

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Notes:

1. Trading in the Shares was suspended during the following periods: from (i) 2 September to 13 September 2024; (ii) 17 September to 18 September 2024; (iii) 21 October 2024 to 8 January 2025; and (iv) 1 April to 4 August 2025, respectively.
2. It is calculated by dividing the average daily number of shares traded per trading day during the relevant period by the total number of shares in issue as at the end of the month/period
3. As of the Latest Practicable Date, Triumph Hope Limited held 51.05% of the Company's issued share capital. The number of Shares to be held by the public is approximately 48.95% of the Company's issued share capital. It is calculated by dividing the average daily number of shares traded per trading day during the relevant period by the total number of Shares held by public as at the end of the month/period.

As set out in the table above, during the Review Period of the trading liquidity analysis, the average daily trading volume for each month or period as a percentage to the total number of Shares in issue at the end of respective month or period ranged from approximately <0.01% to 1.27% with an average of 0.40%. The average daily trading volume for each month or period as a percentage to the total number of public float at the end of respective month or period ranged from approximately <0.01% to 2.60% with an average of 0.82%.

It is noted that the trading liquidity of the Shares is considerably thin during the Review Period. On this basis, we are of the view that thin trading liquidity may discourage investors/underwriters from participating when the Company tried to pursue fundraising activities by way of placement of shares, rights issue or open offer.

It is noted that trading in suspension was frequent, with a total of nearly five months during the Review Period. During the period before the trading of Shares suspended on 1 April 2025, the above statistics indicated that the trading liquidity of the Shares has been low in the open market. The percentage in average daily number of Shares traded to the public float in issue showing a downward trend from approximately 2.43% in September 2024 to approximately 0.07% in March 2025. Therefore, it is unlikely for the Company to be able to raise funds by issuing new Shares without a deep discount.

6.3 Comparable analysis of the Conversion Price

To further assess the fairness and reasonableness of the terms of the Convertible Bonds, we conducted a search of recent issues of convertible bonds or notes under specific mandate with the purpose to settle their respective outstanding indebtedness while facing financial difficulties by companies listed on the Main Board of the Stock Exchange, excluding (i) the issuance of convertible bonds or notes for acquisition, which we considered to be not comparable to the Convertible Bonds as the purposes of acquisition is for generating future income; (ii) perpetual convertible bonds with no maturity date, which we considered to be not comparable to the Convertible Bonds in terms of the nature as the perpetual convertible bonds offer a steady stream of interest indefinitely; (iii) the proposed issue of the convertible bonds or notes that have been terminated and lapsed as at the Latest Practicable Date; and (iv) the relevant convertible bonds or notes that are under mandatory conversion into equity at maturity which are not directly comparable to the Debt Restructuring due to the difference in the settlement mechanism as the Convertible Bonds will be subject to redemption by the Company upon maturity which could pose a difference in the determination of the conversion price, attributable to redemption terms, market conditions or other negotiated factors and result in a materially different outcome against mandatory conversion terms (the “**Selection Criteria**”), that were conducted during the period from 1 April 2025 up to the Latest Practicable Date. The aforesaid six month period is a commonly adopted timeframe for similar analysis in the market and that it is considered to be sufficiently lengthy to illustrate the recent trend of convertible bonds or notes issuance exercises in the market. The Selection Criteria is not confined to issues to connected persons but also includes issues to Independent Third Party as it provides recent and relevant information in relation of convertible bonds issues conducted under recent period to demonstrate a more accurate representation of prevailing market practices under the prevailing market conditions.

Based on such Selection Criteria and to the best endeavor, we have identified five comparable companies (the “**Comparable Issues**”) on an exhaustive basis. Shareholders should note that the size, principal business, operations, financial positions and prospects of the respective companies may not be identical to the Company. We have not conducted any in-depth investigation into the size, principal business, operations, financial positions and prospects of the Comparable Issues. This analysis aims to provide a general reference for the recent market practice in relation to the key terms of the Comparable Issues under similar type of transactions, of which the major reasons of such companies issuing the convertible bonds are used to settle their respective outstanding indebtedness, therefore the differences mentioned above would not have any implications or impact on our assessment, we consider that our comparable analysis and the Selection Criteria are fair and reasonable and useful for Independent Shareholders’ reference.

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We set out our findings in the table below:

Date of announcement	Company name (Stock Code)	Reasons for the issuance of convertible bonds	Relevant shareholders' approval has been obtained as at the Latest Practicable Date <i>Yes (Y) /No (N)</i>	Interest rate per annum (%)	Maturity (year)	Connected Transaction <i>Yes (Y)/ No (N)</i>	Premium/ (discount) of conversion price over/to the closing price on the last trading day/on the date of the respective announcement/ agreement (%)	Premium/ (discount) of conversion price over/to the average closing price of five trading days prior to and including the last trading day/ on the date of the respective announcement/ agreement (%)	Premium/ (discount) of conversion price over/to the latest audited net asset value of the corresponding company	Dilution effect, immediately after the full conversion of the convertible bonds <i>(Note 1)</i> (%)
31 July 2025	Dingyi Group Investment Limited (508)	To set off the redemption money of the previous convertible bonds	Y (Note 2)	2.0	3	Y	5.8	2.8	(73.77%)	37.7
02 June 2025	CROSSTEC Group Holdings Limited (3893)	To partially settle and restructure outstanding indebtedness owed to its major creditors	Y (Note 3)	2.0	3	Y	1.9	1.9	Net liabilities	56.5
21 April 2025	Daido Group Limited (544)	To repay the indebtedness of the subject company and to fund working capital	Y (Note 4)	6.0	3	N	(20.0)	(18.9)	Net liabilities	59.5
14 April 2025	Wai Chun Bio-Technology Limited (660)	To settle the outstanding shareholder loans and other loans	Y (Note 5)	2.0	3	Y	(7.9)	(13.4)	Net liabilities	44.4
11 April 2025	Wai Chun Group Holdings Limited (1013)	To settle the outstanding principal and accrued interest under the shareholder's loan and other loans	Y (Note 5)	2.0	3	Y	(5.3)	(16.4)	Net liabilities	23.2
	Maximum			6.0	3		5.8	2.8		59.5
	Minimum			2.0	3		(20.0)	(18.9)		23.2
	Average			2.8	3		(5.1)	(8.8)		44.3
	Median			2.0	3		(5.3)	(13.4)		44.4
	The Company			3.0	2		0.00	(7.4)	(18.35%)	34.9

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. The dilution effect is calculated as the change in the shareholding percentage of a Shareholder immediately before and immediately after the full conversion of the Convertible Bonds.
2. Completion of the subject issuance of convertible bonds has taken place on 29 September 2025.
3. Completion of the subject issuance of convertible bonds has taken place on 22 September 2025.
4. Completion of the subject issuance of convertible bonds has taken place on 21 July 2025.
5. The subject issuance of convertible bonds had been duly passed at the relevant shareholders' meeting, however no relevant announcement has been published regarding the completion of the issuance.

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As shown in the above table, we noted that the conversion prices of the Comparable Issues, ranged from (i) a discount of approximately 20.0% to a premium of approximately 5.8% over the respective closing prices of the shares on the last trading day/on the date of the relevant announcement/agreement (the “**Market Range**”), with a median discount of approximately 5.3% (the “**Market Median**”) and an average discount of approximately 5.1% (the “**Market Average**”); and (ii) a discount of approximately 18.9% to a premium of approximately 2.8% to the respective average closing prices of the shares on the last five trading days up to and including the date of the respective announcement/agreement (the “**5-Day Market Range**”), with a median discount of approximately 13.4% (the “**5-Day Market Median**”) and an average discount of approximately 8.8% (the “**5-Day Market Average**”).

We noted that the Conversion Price represented the closing price of HK\$0.0730 per Share as quoted on the Stock Exchange on 31 March 2025, being the last trading day prior to the date of the Settlement Agreements and a discount of approximately 7.36% to the average closing price for the last five consecutive trading days immediately prior to the date of the Settlement Agreements, which was within the Market Range and the 5-Day Market Range, and higher than the Market Average, the Market Median, the 5-Day Market Average and the 5-Day Market Median.

As shown in the above table, we noted that the Conversion Price represents a discount of approximately 18.35% to the net asset value while all of the Comparable Issues, save for Dingyi Group Investment Limited, were in net liabilities position. In consideration of factors including (i) the unsatisfactory financial performance and position of the Group and inability to carry out bank or equity financing to settle the Outstanding Debt; and (ii) less discount of conversion price comparing with the Comparable Issues in terms of the Market Average, the Market Median, the 5-Day Market Average and the 5-Day Market Median; we are of the view that the above factors outweighed the discount to the net asset value, therefore such discount is acceptable.

The adjustment terms of the Convertible Bonds

In assessing the fairness and reasonableness of the adjustment terms of the Convertible Bonds with regard to the Conversion Price, we compared such adjustment terms with the relevant adjustment terms of the Comparable Issues as disclosed above and noted that the conversion prices of a majority of the Comparable Issues are subject to the similar adjustments terms to the Convertible Bonds upon occurrence of dilutive events, which includes consideration, subdivision or re-classification; capitalisation of profits or reserves; capital distribution; rights issues of Shares; and options, warrants or other rights to subscribe for or purchase Shares.

Summary

In view of (i) the Conversion Price was within the Market Range and the 5-Day Market Range, and higher than the Market Average, the Market Median, the 5-Day Market Average and the 5-Day Market Median; (ii) the Conversion Price represented the closing price of HK\$0.0730 per Share as quoted on the Stock Exchange on 31 March 2025, being the last trading day prior to the date of the Settlement Agreements; (iii) the adjustment mechanisms to the Conversion Price is consistent with recent market practice; and (iv) the imminent funding need of the Group, we are of the view that the Conversion Price is aligned with general market conditions and is fair and reasonable so far as the Independent Shareholders are concerned.

6.4 Analysis of the Interest rate

We noted that, the interest rates for the Comparable Issues range from 2.0% to 6.0% per annum (the “**Interest Range**”), with an average of approximately 2.8% per annum and a median of approximately 2.0% per annum. The interest rate of the Convertible Bonds therefore falls within the Interest Range and broadly in line with the average interest rate of the Comparable Issues.

Taking into account that (i) the Convertible Bonds bears interest at 3% per annum, which is within the Interest Range and broadly in line with the average of the Comparable Issues, which is consistent with normal market practice; (ii) the 3% per annum rate is lower than the interest rate of the Outstanding Debt of 7% per annum; and (iii) the lower interest rate is expected to reduce the Group’s overall finance costs. Based on above, we are of the view that the interest rate of Convertible Bonds is fair and reasonable so far as the Independent Shareholders are concerned.

6.5 Analysis of the Maturity Period

As shown in the above table, all of the Comparable Issues have a term to maturity of 3 years. The maturity of the Convertible Bonds of 2 years is shorter than the maturity period of the Comparable Issues. Considering the Company’s urgent liquidity needs, we are of the view that the maturity period of the Convertible Bonds is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Taking into account the principal terms of the Convertible Bonds as discussed above, considering (i) the imminent need to settle the Outstanding Debt; (ii) the difficulties in conducting further debt or equity fundraising exercise; (iii) the Conversion Price equals to the closing price of HK\$0.0730 per Share as quoted on the Last Trading Day; (iv) the analysis of the Comparable Issues as discussed above, we consider that the terms of the Convertible Bonds are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned.

7. EXPECTED FINANCIAL EFFECTS OF THE SUBSCRIPTIONS AND THE ISSUE OF CONVERTIBLE BONDS

Working capital

According to the Annual Report 2024 and Interim Report 2025, the bank balances and cash of the Group amounted to approximately HK\$3.6 million as at 31 December 2024 and HK\$9.5 million as at 30 June 2025. The Debt Restructuring and the Convertible Bonds will not involve a change in the bank balances and cash.

Upon completion of the Debt Restructuring and the subsequent conversion of the Convertible Bonds, the Company's liquidity position is expected to improve as the Outstanding Debt will be settled without utilising the Group's cash resources, which, in turn, enables the Group to retain its existing bank balances and cash for ongoing operations and business development.

Net assets

According to the Annual Report 2024 and the Interim Report 2025, the net assets value of the Company amounted to approximately HK\$82.0 million as at 31 December 2024 and approximately HK\$87.8 million as at 30 June 2025. The Convertible Bonds, when being booked into the financial statements of the Group, will consist of an equity portion of approximately HK\$50.9 million and a liability portion of approximately HK\$127.7 million, respectively (for indicative purpose only), as at the Latest Practicable Date, subject to future assessment and valuation by a professional valuer in accordance with the Hong Kong Financial Reporting Standards. The liability portion of the Convertible Bonds is expected to record at a value lower than the Outstanding Debt, thereby reducing the Group's net liabilities and improving its financial position. Upon subsequent conversion of the Convertible Bonds, the allotment and issuance of the Conversion Shares to settle the indebtedness owed to the Creditors under the Debt Restructuring would reduce the Company's liabilities and increase the net asset position without any cash outflow. Assuming there is no material change in the Group's asset position compared to that as of 31 December 2024, the completion of the Debt Restructuring is expected to reduce the Group's liabilities upon conversion of the Convertible Bonds into Conversion Shares, thereby improving its financial position.

Gearing

According to the Annual Report 2024 and the Interim Report 2025, the Group's gearing ratio is calculated as net debts divided by total equity, was approximately 2.4 times as at 31 December 2024 and 2.5 times as at 30 June 2025. Net debts is calculated as sum of bank and other borrowings, promissory notes, convertible bonds, corporate bonds and lease liabilities, less bank balances and cash. Under the Debt Restructuring, the issuance of the Convertible Bonds will set off the Outstanding Debt. While the Convertible Bonds will introduce a new financial instrument to the Group, the Convertible Bonds comprise both liability portion and equity portion, with the amount of the liability portion is expected lower than the Outstanding Debt. Therefore, reducing the Group's net debt position and improving its gearing ratio. Upon subsequent conversion of the Convertible Bonds into Conversion Shares, the liability portion will be fully transferred to equity, further reducing the net debt and improving the gearing ratio. The capital base of the Group is thus expected to be enlarged upon the conversion of the Convertible Bonds. Accordingly, the gearing ratio of the Group is expected to improve as a result of the Debt Restructuring upon the conversion of the Convertible Bonds.

Based on the above analysis, we noted that the Debt Restructuring is expected to have a positive effect on the Group's working capital and gearing position. The Debt Restructuring is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

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8. POTENTIAL DILUTION EFFECTS ON THE SHAREHOLDING INTEREST OF THE INDEPENDENT SHAREHOLDERS

As at the Latest Practicable Date, there were no outstanding options, warrants, derivatives or other securities carrying rights to subscribe for or be converted into Shares.

For illustrative purpose only, the table below illustrates the shareholding structures of the Company (i) as at the Latest Practicable Date; (ii) assuming the conversion and issuance of the Conversion Shares to Rosy Benefit only in full, ; (iii) assuming the conversion and issuance of the Conversion Shares to Forever Brilliance only in full; and (iv) assuming the conversion and issuance of the Conversion Shares to all of the Creditors in full at Completion (assuming no change to the number of issued Shares from the Latest Practicable Date up to the date of the Completion) are as follows:

	As at the Latest Practicable Date		Assuming the conversion and issuance of the Conversion Shares to Rosy Benefit only in full (Note 1)		Assuming the conversion and issuance of the Conversion Shares to Forever Brilliance only in full (Note 1)		Assuming the conversion and issuance of the Conversion Shares to all of the Creditors in full (Note 1)	
	Approximate		Approximate		Approximate		Approximate	
	Number of Shares	% of issued Shares	Number of Shares	% of issued Shares	Number of Shares	% of issued Shares	Number of Shares	% of issued Shares
Rosy Benefit	—	—	717,173,014	42.21%	—	—	717,173,014	20.92%
Forever Brilliance	—	—	—	—	602,308,123	38.02%	602,308,123	17.57%
Sunshine Flame	—	—	—	—	—	—	274,606,877	8.01%
Lumina Investment	—	—	—	—	—	—	136,986,301	4.00%
Mr. Zheng	40,000	0.01%	40,000	0.01%	40,000	0.01%	280,353,384	8.18%
Ms. Tian	—	—	—	—	—	—	191,780,822	5.59%
Ms. Li	—	—	—	—	—	—	136,986,301	4.00%
Mr. Chen	—	—	—	—	—	—	52,906,178	1.54%
Mr. Wang	—	—	—	—	—	—	53,725,836	1.57%
Creditors Concert Group	<u>40,000</u>	<u>0.01%</u>	<u>717,213,014</u>	<u>42.22%</u>	<u>602,348,123</u>	<u>38.03%</u>	<u>2,446,783,836</u>	<u>71.36%</u>
Triumph Hope Limited (Note 2)	<u>501,330,000</u>	<u>51.05%</u>	<u>501,330,000</u>	<u>29.50%</u>	<u>501,330,000</u>	<u>31.64%</u>	<u>501,330,000</u>	<u>14.62%</u>
Public Shareholders								
Shanxi Coking Coal Electric (Hong Kong) Company Limited (Note 3)	58,800,000	5.99%	58,800,000	3.46%	58,800,000	3.71%	58,800,000	1.74%
Mr. Ke Xin Hai	57,000,000	5.80%	57,000,000	3.35%	57,000,000	3.60%	57,000,000	1.66%
Other Shareholders	<u>364,830,000</u>	<u>37.15%</u>	<u>364,830,000</u>	<u>21.46%</u>	<u>364,830,000</u>	<u>23.03%</u>	<u>364,830,000</u>	<u>10.64%</u>
Total	<u>982,000,000</u>	<u>100.00%</u>	<u>1,699,173,014</u>	<u>100.00%</u>	<u>1,584,308,123</u>	<u>100.00%</u>	<u>3,428,783,836</u>	<u>100.00%</u>

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Notes:

1. As the conversion right under the Convertible Bonds shall only be exercisable provided that any such conversion would not result in the public float of the Shares falling below the minimum public float requirements under the Listing Rules or as required by the Stock Exchange immediately after such conversion, the number of Conversion Shares to be allotted and issued in full are set out for illustrative purpose only.
2. Triumph Hope Limited is wholly-owned by Mr. Chan Chung Shu, an executive Director and chairman of the Board until 2 July 2019. As such, Mr. Chan Chung Shu is deemed to be interested in 501,330,000 Shares held by Triumph Hope Limited. On 24 April 2018, Triumph Hope Limited had pledged 501,330,000 Shares as security for a Secured Facility provided to Triumph Hope Limited by Great Wall International Investment XX Limited which was wholly owned by China Great Wall AMC (International) Holdings Company Limited which was, in turn, wholly-owned by China Great Wall Asset Management Co., Ltd, a state-owned enterprise in the PRC ultimately beneficially owned by the Ministry of Finance of the PRC. Based on the understanding of the Company, PwC, at the capacity as a receiver, would exercise the voting rights of the Shares held by Triumph Hope Limited. On 13 October 2025, Fighton Fund become the holder of the Secured Facility. Fighton Fund is wholly owned by Fighton Capital Limited, a corporation licensed to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.
3. Shanxi Coking Coal Group Company Limited, a state-owned enterprise in the PRC ultimately and beneficially owned by the State-owned Assets Supervision and Administration Commission of Shanxi Provincial Government, is the beneficial owner of 100% of the issued share capital of Shanxi Coking Coal Electrical (Hong Kong) Company Limited and is deemed to be interested in the 58,800,000 Shares held by Shanxi Coking Coal Electrical (Hong Kong) Company Limited under the SFO.

As set out in the above table, the shareholding interest of the existing Public Shareholders would be diluted from approximately 48.9% as at the Latest Practicable Date to (i) assuming the conversion and issuance of the Conversion Shares to Rosy Benefit only in full, approximately 28.3% immediately after the Conversion, representing a dilution effect of approximately 20.7%; (ii) assuming the conversion and issuance of the Conversion Shares to Forever Brilliance only in full, approximately 30.3% immediately after the Conversion, representing a dilution effect of approximately 18.6%; and (iii) assuming the conversion and issuance of the Conversion Shares to all of the Creditors in full, approximately 14.0% immediately after the Conversion, representing a dilution effect of approximately 34.9%.

As discussed in the section headed “6.3 COMPARABLE ANALYSIS OF THE CONVERSION PRICE,” we noted that the dilution effects immediately after the full conversion of the subject convertible bonds of the Comparable Issues, ranged from approximately 23.2% to approximately 59.5%, with a median of approximately 50.5% and an average of approximately 45.9%. The Company’s expected dilution effect falls within this market range and is below both the market median and the market average.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Having considered the above and the reasons for and benefits of the Debt Restructuring as discussed in the section headed “3. REASONS FOR AND BENEFITS OF THE DEBT RESTRUCTURING”, in particular:

- (i) the imminent funding needs of the Group given the limited bank balances and cash of approximately HK\$3.57 million as at 31 December 2024, which is insufficient to settle the aggregate amount of the Outstanding Debt that is due imminently in June 2025, which amounted to approximately HK\$178.62 million as at 30 June 2025, and the existing cash balance of the Group will be required for maintaining the Group’s businesses and operations;
- (ii) the Debt Restructuring enables the Group to maintain its capital base by reducing the financial burden without a significant amount of cash outflow and easing the liquidity pressure caused by the current liabilities, thus enable to utilise the Group’s internal resources on existing business operations or support future development;
- (iii) the Group’s finance costs will be reduced given that the interest rate of Convertible Bonds is substantially lower as compared to the interest rate of promissory notes and corporate bonds under the Outstanding Debt; and
- (iv) the Conversion Price is within the range of the dilution effect of Comparable Issues, details of which are set out in the paragraphs headed “6.3 COMPARABLE ANALYSIS OF THE CONVERSION PRICE” in this letter,

we are of the view that the aforesaid level of dilution effect being inevitable but acceptable.

9. SPECIFIC MANDATE

In view of (i) the aforesaid reasons for and benefits of the Debt Restructuring; and (ii) the Specific Mandate is one of the conditions precedent for the allotment and issuance of Conversion Shares, we are of the view that the Specific Mandate is fair and reasonable so far as the Independent Shareholders are concerned, and the Specific Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Specific Mandate and the transactions contemplated thereunder.

10. THE SPECIAL DEAL IN RELATION TO REPAYMENT OF SHAREHOLDER'S LOAN

Based on the records available to the Company and the Latest Practicable Date, Mr. Zheng, being one of the Creditors, is a Shareholder holding 40,000 Shares, representing less than 0.01% of the issued Shares as at the Latest Practicable Date. The Company is also indebted to Triumph Hope Limited, which holds 501,330,000 Shares, representing approximately 51.05% of the issued Shares as at the Latest Practicable Date.

Triumph Hope Limited is wholly-owned by Mr. Chan Chung Shu. As such, Mr. Chan Chung Shu is deemed to be interested in 501,330,000 Shares held by Triumph Hope Limited. On 24 April 2018, Triumph Hope Limited had pledged 501,330,000 shares of the Company as security for a Secured Facility provided to Triumph Hope Limited by Great Wall which was wholly owned by China Great Wall AMC (International) Holdings Company Limited which was, in turn, wholly-owned by China Great Wall Asset Management Co., Ltd, a state-owned enterprise in the PRC ultimately beneficially owned by the Ministry of Finance of the PRC. On 13 October 2025, Fighton Fund become the holder of the Secured Facility. Fighton Fund is wholly owned by Fighton Capital Limited, a corporation licensed to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.

Reference is made from the Board Letter, in the course of negotiations with the Creditors regarding the Debt Restructuring, the Company had discussed with Great Wall to understand whether and how Great Wall would participate or otherwise be affected. Great Wall had not expressed any decision in respect of the Shares held by Triumph Hope Limited that was charged in favor of Great Wall. Also, the Company did not receive any request on the immediate repayment of the Loan from Ultimate Holding Company up to the Latest Practical Date and Triumph Hope Limited, PwC and Great Wall were not involved or have any role in the Settlement Agreements and the Debt Restructuring.

As the proposed settlement of the indebtedness to Mr. Zheng under the Debt Restructuring is not extended to all the other Shareholders, such as Triumph Hope Limited, the purposed settlement of indebtedness constitutes Special Deal under Rule 25 of the Takeovers Code. An application had been made to the Executive for the consent to proceed with the Special Deal under Rule 25 of the Takeovers Code. Such consent, if granted, will be subject to (i) the Joint Independent Financial Advisers publicly stating in its opinion to the Independent Shareholders that the respective terms of the Special Deal are fair and reasonable; and (ii) approval of the Special Deal by the Independent Shareholders at the SGM, in which Mr. Zheng will be required to abstain from voting in respect of the resolution to approve the Special Deal.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

The settlement to be made to Mr. Zheng under the Debt Restructuring is, by its nature, not capable of being extended to the other Shareholders that are not Creditors. Given that (i) the Company has certain indebtedness owed to Mr. Zheng, being one of the Creditors and a Shareholder holding only 40,000 Shares, representing approximately 0.01% of the issued Shares as at the Latest Practicable Date, and the settlement under the Debt Restructuring will only be made in his capacity of being a Creditor; (ii) the settlement to Mr. Zheng will be made in accordance with the terms of the Debt Restructuring which apply equally to all other Creditors; (iii) the imminent funding needs of the Group as discussed in the section headed 3. REASONS FOR AND BENEFITS OF THE DEBT RESTRUCTURING in this letter; (iv) the proposed Convertible Bonds provide a mechanism for the Creditors to support the recapitalisation of the Company and to participate in any potential growth of the Company's business consistent with those offered to other Creditors; (v) the terms of the Convertible Bonds are fair and reasonable and the Debt Restructuring is in the interests of the Company and the Shareholders as a whole, taking into account the Group's financial position, the need to address the Outstanding Debt, reducing the financial burden without a significant amount of cash outflow and easing the liquidity pressure caused by the current liabilities, we concur with the Directors' view that the terms of the Special Deal are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

11. APPLICATION OF THE WHITEWASH WAIVER

As at the Latest Practicable Date, save for (i) Mr. Zheng, one of the Creditors, holds 40,000 Shares, representing approximately 0.01% of the issued Shares), (ii) the remaining Creditors, being Rosy Benefit, Forever Brilliance, Sunshine Flame, Lumina Investment, Ms. Tian, Ms. Li, Mr. Wang or Mr. Chen do not hold any Shares.

Assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Completion:

- (i) upon full conversion of the Convertible Bonds at the initial Conversion Price, 2,446,783,836 Conversion Shares (including the 717,173,014 Conversion Shares and 602,308,123 Conversion Shares to be allotted and issued to Rosy Benefit and Forever Brilliance respectively) will be allotted and issued to the Creditors and the interest of the Creditors Concert Group in the voting rights of the Company will increase from approximately 0.01% to approximately 71.36% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares;

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

- (ii) upon full conversion of the Convertible Bonds at the initial Conversion Price in full by Rosy Benefit only, 717,173,014 Conversion Shares will be allotted and issued to Rosy Benefit and (1) the interest of Rosy Benefit in the voting rights of the Company will increase from nil to 42.21%; and (2) the interest of the Creditors Concert Group in the voting rights of the Company will increase from approximately 0.01% to 42.22% of the issued share capital of the Company as enlarged by the allotment and issue of the 717,173,014 Conversion Shares; and
- (iii) upon full conversion of the Convertible Bonds at the initial Conversion Price in full by Forever Brilliance only, 602,308,123 Conversion Shares will be allotted and issued to Forever Brilliance and (1) the interest of Forever Brilliance in the voting rights of the Company will increase from nil to 38.02%; and (2) the interest of the Creditors Concert Group in the voting rights of the Company will increase from approximately 0.01% to 38.03% of the issued share capital of the Company as enlarged by the allotment and issue of the 602,308,123 Conversion Shares.

As such, Rosy Benefit, Forever Brilliance and/or the Creditors Concert Group will therefore be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it and its concert parties pursuant to Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is granted.

In this regard, Rosy Benefit and Forever Brilliance had applied to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensation from Rule 26 of the Takeovers Code in respect of the allotment and issue of the Conversion Shares. The Whitewash Waiver, if granted by the Executive, would be subject to (i) the approval by more than 50% of the votes cast by the Independent Shareholders at the SGM by way of poll in respect of the Debt Restructuring, the Settlement Agreements and the transaction contemplated thereunder, and the Specific Mandate; and (ii) the approval of the Whitewash Waiver by at least 75% of the votes cast by the Independent Shareholders at the SGM by way of poll. Save for Mr. Zheng, no other Shareholders will be required to abstain from voting on the relevant resolutions to approve the Debt Restructuring, the Settlement Agreements, the allotment and issue of the Conversion Shares under the Specific Mandate, the Special Deal and the Whitewash Waiver.

Completion of the Debt Restructuring involving issue of Convertible Bonds, the Settlement Agreements and the transaction contemplated under the Specific Mandate, the Special Deal is conditional upon, among other things, the Whitewash Waiver being approved by the Independent Shareholders. If the Whitewash Waiver is not approved by the Independent Shareholders, the Debt Restructuring involving issue of convertible bonds, the Settlement Agreement and the transaction contemplated thereunder will terminate forthwith.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Having considered that (i) the Debt Restructuring is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Convertible Bonds and the Settlement Agreements, and the Specific Mandate, are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) approval of the Whitewash Waiver by the Independent Shareholders is a non-waivable condition precedent to completion of the Debt Restructuring, we are of the view that the grant of the Whitewash Waiver is fair and reasonable and in the interests of the Independent Shareholders, and we recommend that the Independent Shareholders vote in favour of the relevant resolutions at the SGM.

Recommendation

As set out in this letter above and having considered the factors, in particular:

- (i) our work and analysis as set out under the section headed “1. INFORMATION OF THE GROUP” in this letter, including the net loss financial performance for FY2024 and the cash position of the Group as at 31 December 2024, indicated that the imminent funding needs of the Group given the limited bank balances and cash, which is insufficient to settle the Outstanding Debt that is due imminently in June 2025; and the existing cash balance of the Group will be required for maintaining the Group’s businesses and operations;
- (ii) our analysis on the financing alternatives, including equity fundraising and debt financing, considered by the Management, but were assessed to be unfeasible and not cost-effective for the Group due to various reasons as discussed under the section headed “4. OUR ANALYSIS OF THE GROUP’S FINANCIAL NEEDS AND FINANCING ALTERNATIVES”. In contrast, the Debt Restructuring, which involves the issuance of the Convertible Bonds, would not only allow settlement of the amounts due to the Creditors, but also strengthen the capital base;
- (iii) based on our work and analysis of the Comparable Issues, we consider the terms of the Convertible Bonds to be fair and reasonable;
- (iv) the interest rate of 3% per annum rate is lower than the highest interest rate of the Outstanding Debt (7% per annum), resulting in lower finance costs for the Company;
- (v) the Debt Restructuring is expected to improve the Company’s liquidity position, net asset value and reduce its gearing ratio;
- (vi) the possible dilution effects of the Convertible Bonds being acceptable as discussed in the section head “8. POTENTIAL DILUTION EFFECTS ON THE SHAREHOLDING INTEREST OF THE INDEPENDENT SHAREHOLDERS” above; and

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

(vii) the analysis on the fairness and reasonableness of the Whitewash Waiver as discussed in the section headed “11. APPLICATION OF THE WHITEWASH WAIVER” above,

we are of the opinion that (i) the Debt Restructuring involving issue of Convertible Bonds and Settlement Agreements and transaction contemplated thereunder, the Specific Mandate, the Special Deal and the Whitewash Waiver are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned; (ii) the approval of the Whitewash Waiver and the Special Deal, which is a prerequisite for the completion of the subscription of Convertible Bonds, are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend the Independent Shareholders to vote in favour of the relevant resolutions on the Settlement Agreements, the Specific Mandate, the Special Deal and the Whitewash Waiver to be proposed at the SGM.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Yours faithfully,
For and on behalf of
RaffAello Capital Limited
Ricky Tsang
Managing Director

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Note: Mr. Ricky Tsang is a licensed person registered with the Securities and Futures Commission and a responsible officer of RaffAello Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has around 20 years of experience in the investment banking industries.

Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has over 25 years of experience in corporate finance industry.

1. CONSOLIDATED FINANCIAL STATEMENTS

Details of the audited consolidated financial statements of the Group for the three years ended 31 December 2022, 2023 and 2024 respectively are disclosed in the following documents; which have been published on the website of the Stock Exchange (www.hkexnews.hk).

The audited financial information of the Group for the year ended 31 December 2024 is disclosed in the annual report of the Company for the year ended 31 December 2024 published on 31 July 2024, from pages 68 to 160:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0731/2025073101092.pdf>

The audited financial information of the Group for the year ended 31 December 2023 is disclosed in the annual report of the Company for the year ended 31 December 2023 published on 26 April 2024, from pages 47 to 120:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042602492.pdf>

The audited financial information of the Group for the year ended 31 December 2022 is disclosed in the annual report of the Company for the year ended 31 December 2022 published on 27 April 2023, from pages 51 to 126:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042700059.pdf>

The unaudited financial information of the Group for the six months ended 30 June 2025 is disclosed in the interim report of the Company for the six months ended 30 June 2025 published on 12 September 2025, from pages 5 to 30:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0912/2025091200029.pdf>

The following is a summary of (i) the audited consolidated financial information of the Group for each of the three years ended 31 December 2022, 2023 and 2024, as extracted from the annual reports of the Company for the year ended 31 December 2022, 2023 and 2024; and (ii) the unaudited consolidated financial information of the Group for the six months ended 30 June 2025 as extracted from the interim results announcement of the Company for the six months ended 30 June 2025.

	For the six months ended 30 June 2025 HK\$'000 (unaudited)	For the year ended 31 December 2024 HK\$'000 (audited)	2023 HK\$'000 (audited)	2022 HK\$'000 (audited)
Revenue	256,127	630,131	761,781	327,721
Cost of sales	<u>(242,661)</u>	<u>(599,278)</u>	<u>(711,584)</u>	<u>(304,579)</u>
Gross profit	13,466	30,853	50,197	23,142
Other operating (expense)/ income, net	20	(10,450)	8,143	363
Change in fair value of financial asset at fair value through profit or loss	(10)	(60)	(68)	(137)
Administrative and other expenses	(3,828)	(8,807)	(12,314)	(9,210)
Selling and distribution expenses	—	—	—	(19)
Loss on disposals of subsidiaries	—	—	—	(24)
Reversal of impairment loss on finance lease receivables	—	12	146	765
Impairment loss on trade receivables	—	(16,457)	(6,472)	3,192
Impairment loss on other receivables and deposits	<u>—</u>	<u>(4,641)</u>	<u>(5,742)</u>	<u>(782)</u>
(Loss)/profit from operation	9,648	(9,550)	33,890	17,290
Finance costs	<u>(5,964)</u>	<u>(11,349)</u>	<u>(8,523)</u>	<u>(870)</u>
(Loss)/profit before tax	3,684	(20,899)	25,367	16,420
Income tax expense	<u>(115)</u>	<u>(2,382)</u>	<u>(5,822)</u>	<u>(1,239)</u>

	For the six months ended 30 June 2025 <i>HK\$'000</i> (unaudited)	For the year ended 31 December		
		2024 <i>HK\$'000</i> (audited)	2023 <i>HK\$'000</i> (audited)	2022 <i>HK\$'000</i> (audited)
(Loss)/profit for the year/period	3,569	(23,281)	19,545	15,181
Other comprehensive expense/ (income) for the year/period, net of tax:				
Item that may be reclassified to profit or loss:				
Exchange differences on translating foreign operations	<u>2,269</u>	<u>(2,616)</u>	<u>(2,581)</u>	<u>(8,636)</u>
Total comprehensive (expense)/ income for the year/period	<u>5,838</u>	<u>(25,897)</u>	<u>16,964</u>	<u>6,545</u>
(Loss)/profit for the year/period attributable to:				
—the owners of the Company	3,590	(22,345)	20,346	15,297
—non-controlling interests	<u>(21)</u>	<u>(936)</u>	<u>(801)</u>	<u>(116)</u>
	<u>3,569</u>	<u>(23,281)</u>	<u>19,545</u>	<u>15,181</u>
Total comprehensive (expense)/ income for the year/period attributable to:				
—the owners of the Company	5,804	(24,878)	17,847	6,928
—non-controlling interests	<u>34</u>	<u>(1,019)</u>	<u>(883)</u>	<u>(383)</u>
	<u>5,838</u>	<u>(25,897)</u>	<u>16,964</u>	<u>6,545</u>
(Loss)/earnings per share (<i>HK cents</i>)				
Basic and diluted	<u>0.37</u>	<u>(2.28)</u>	<u>2.07</u>	<u>1.56</u>

No dividend was paid or proposed for the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2025.

Save as disclosed above, the Group did not have any item of income or expense which was material for each of the three years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2025.

The Company's auditors, McMillan (Hong Kong) CPA Limited, have not issued any qualified opinion modified opinion, emphasis of matter or material uncertainty related to going concern on the Group's financial statements for each of the three years ended 31 December 2022, 2023 and 2024.

There was no change in the Group's accounting policy during the three years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2025 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

2. INDEBTEDNESS

As at the close of business on 31 August 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining the information contained in this indebtedness statement, the Group had the following total indebtedness:

	<i>HK\$'000</i>
Loan from the ultimate holding company	50,000
Bank and other borrowings	1,552
Promissory notes	127,320
Corporate bonds	<u>52,240</u>
	<u><u>231,112</u></u>

Save as disclosed above and normal trade payables during the ordinary course of business, the Group did not, at the close of business on 31 August 2025, have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, charges or debentures, mortgages, borrowings or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptance, acceptance credits, or any guarantees or other material contingent liabilities.

3. MATERIAL CHANGES

The Directors confirm that there was no material change in the financial or trading position or outlook of the Group subsequent to 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules and the Takeovers Code for the purpose of giving information with regard to the Settlement Agreements and the Debt Restructuring contemplated thereunder, the allotment and issue of the Conversion Shares under the Specific Mandate, the Special Deal and the Whitewash Waiver.

As at the Latest Practicable Date, the Board comprises one executive Director, Mr. Chu Kin Wang Peleus and three independent non-executive Directors, namely, Mr. Sin Ka Man, Ms. Liang Lina and Mr. Chen Yifan.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and Shares to be issued upon the completion of the Debt Restructuring were and will be as follows:

	Number of Shares	Nominal value HK\$
Authorised:		
As at the Latest Practicable Date	<u>20,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
As at the Latest Practicable Date	982,000,000	4,910,000
Conversion Shares to be issued	<u>2,446,783,836</u>	<u>12,233,919</u>
Upon the completion of the Debt Restructuring	<u>3,428,783,836</u>	<u>17,143,919</u>

All the issued Shares rank *pari passu* in all respects with each other, including, as to dividends, voting rights and return of capital. No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

The Conversion Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Conversion Shares.

Since 31 December 2024 (the date to which the latest published audited financial statements of the Company were made up), and up to the Latest Practicable Date, no new Shares had been issued by the Company and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares.

There has been no alteration in the issued capital of the Company or proposed to be issued since 31 December 2024 (the date to which the latest published audited financial statements of the Company were made up).

As at the Latest Practicable Date, the Company had no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into Shares.

3. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (a) the last trading day in each of the calendar months during the Relevant Period; (b) the last trading day prior to the date of the Announcement; and (c) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
28 February 2025	0.129
31 March 2025 (being the last trading date immediately preceding the date of the Announcement)	0.073
30 April 2025	0.073
30 May 2025	0.073
30 June 2025	0.073
31 July 2025	0.073
29 August 2025	0.460
30 September 2025	0.340
17 October 2025 (being the Latest Practicable Date)	0.295

The highest and lowest closing market prices of the Shares recorded on the Stock Exchange during the Relevant Period were HK\$0.48 on 1 and 5 September 2025 and HK\$0.073 from 28 March 2025 to 4 August 2025, respectively.

4. DISCLOSURE OF INTERESTS

(1) Interests of Directors

As at the Latest Practicable Date, none of the Directors, chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, or required to be disclosed under the Takeovers Code.

(2) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company and as required by Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company or as recorded in the register required to be kept under Section 336 of the SFO, the interests or long positions of persons in the Shares and underlying Shares of the Company were as follows:

Name of Director	Nature	Number of ordinary Shares held	Approximate % of shareholding
Triumph Hope Limited (Note 1)	Beneficial owner	501,330,000	51.05
Mr. Chan Chung Shu (Note 1)	Interest in controlled corporation	501,330,000	51.05
Fighton Asia Master Fund Limited (Note 1)	Corporation having security interest in shares	501,330,000	51.05
Fighton Capital Limited (Note 1)	Interest in controlled corporation	501,330,000	51.05
Ms. Wu Na (Note 1)	Interest in controlled corporation	501,330,000	51.05

Name of Director	Nature	Number of ordinary Shares held	Approximate % of shareholding
Shanxi Coking Coal Electrical (Hong Kong) Company Limited (<i>Note 2</i>)	Beneficial interest	58,800,000	5.99
Mr. Ke Xin Hai	Beneficial owner	57,000,000	5.80

Notes:

1. Mr. Chan Chung Shu is deemed to be interested in 501,330,000 shares of the Company held by Triumph Hope Limited by virtue of it being controlled by him.

On 24 April 2018, Triumph Hope Limited had pledged 501,330,000 shares of the Company as security for a term loan facility provided to Triumph Hope Limited by Great Wall. On 13 October 2025, Fighton Fund became the holder of the Secured Facility. Fighton Fund is wholly owned by Fighton Capital Limited, a corporation licensed to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. The ultimate beneficial owner of Fighton Capital Limited is Ms. Wu Na.

2. Shanxi Coking Coal Group Company Limited is the beneficial owner of 100% of the issued share capital of Shanxi Coking Coal Electrical (Hong Kong) Company Limited and is deemed to be interested in the 58,800,000 Shares held by Shanxi Coking Coal Electrical (Hong Kong) Company Limited under the SFO.

5. DIRECTORS' OTHER INTERESTS

As at the Latest Practicable Date, no Director was interested in any business (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which were considered to compete or were likely to compete, whether directly or indirectly, with the businesses of the Group.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by, or leased to, any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, there is no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and significant to the business of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with the Company or any of its subsidiaries or associated companies (as defined under the Takeovers Code), which (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the date of the Announcement; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

7. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit was or would be given to any Directors as compensation for loss of office or otherwise in connection with the Debt Restructuring, the Specific Mandate, the Special Deal and/or the Whitewash Waiver;
- (b) there was no agreement or arrangement between any Directors and any other person which is conditional on or dependent upon the outcome of the Debt Restructuring, the Specific Mandate, the Special Deal and/or the Whitewash Waiver or otherwise connected with the Debt Restructuring, the Specific Mandate, the Special Deal and/or the Whitewash Waiver; and
- (c) no material contracts had been entered into by any member of the Creditors Concert Group which any Directors had any material personal interest.

8. ADDITIONAL DISCLOSURE OF SHAREHOLDING AND DEALINGS PURSUANT TO THE TAKEOVERS CODE

As at the Latest Practicable Date,

- (i) the Company and the Directors did not own any shares of any members of the Creditors Concert Group or convertible securities, warrants, options and derivatives in respect of the shares of any members of the Creditors Concert Group;
- (ii) none of the Directors had any interest (within the meaning of Part XV of the SFO) in the Shares or convertible securities, warrants, options and derivatives in respect of the Shares;
- (iii) none of the Directors had any interest (within the meaning of Part XV of the SFO) in the shares of any members of the Creditors Concert Group, or convertible securities, warrants, options and derivatives in respect of the shares of any members of the Creditors Concert Group;

- (iv) no Shares, convertible securities, warrants, options and derivatives in respect of the Shares were owned or controlled by any subsidiary of the Company or by a pension fund of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” (for the avoidance of doubt, except in the capacity of an exempt principal trader or exempt fund manager) or who is an associate of the Company by virtue of class (2) of the definition of “associate” (for the avoidance of doubt, except in the capacity of an exempt principal trader or exempt fund manager) under the Takeovers Code;
- (v) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert”, or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code;
- (vi) no Shares or convertible securities, warrants, options and derivatives in respect of the Shares were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (vii) none of the Directors held any shareholdings in the Company which would entitle them to vote for or against the resolutions approving the Debt Restructuring, Settlement Agreements and the transactions contemplated thereunder, the Specific Mandate, the Special Deal and/or the Whitewash Waiver;
- (viii) none of the Company or the Directors had dealt for value in (i) any shares of any members of the Creditors Concert Group or convertible securities, warrants, options and derivatives in respect of the shares of any members of the Creditors Concert Group; or (ii) any Shares or convertible securities, warrants, options and derivatives in respect of the Shares during the Relevant Period; and
- (ix) there were no Shares or convertible securities, warrants, options and derivatives in respect of the Shares which the Company or the Directors has/have borrowed or lent.

9. MATERIAL CONTRACT

During the two years before the date of the Announcement and up to the Latest Practicable Date, save for the Settlement Agreements, no contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) was entered into by the Company and/or members of the Group and is or may be material to the Group.

10. MATERIAL LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance was pending or threatened against any member of the Group.

11. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

12. EXPERT AND CONSENT

The following is the qualification of the experts who have been named in this circular and has given opinions and advice which are contained in this circular:

Name	Qualification
RaffAello Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Red Sun Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

RaffAello Capital Limited and Red Sun Capital Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date.

As at the Latest Practicable Date, RaffAello Capital Limited and Red Sun Capital Limited did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up.

RaffAello Capital Limited and Red Sun Capital Limited have given and have not withdrawn its written consent to the issue of this circular, with the inclusion therein of their letter or the references to their name in the form and context in which they appears respectively.

13. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The principal members of the Creditors Concert Group are Rosy Benefit and Forever Brilliance. The registered address of Rosy Benefit and Forever Brilliance are Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The addresses of the ultimate beneficial owner of Rosy Benefit and Forever Brilliance are Room F, Floor 10, Tower 8B, Park Yoho Bologna, Yuen Long, Hong Kong, and Room 704, 7/F., Tower A, New Mandarin Plaza, 14 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong, respectively.
- (c) The secretary of the Company is Mr. Chou Chiu Ho.
- (d) The head office and principal place of business of the Company in Hong Kong is situated at Room 510, 5/F Wayson Commercial Building 28 Connaught Road West Sheung Wan, Hong Kong.
- (e) The Company's principal share registrar and transfer office in Bermuda is Codan Services Limited at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (f) The Hong Kong branch share registrar and transfer office of the Company is Union Registrars Ltd. at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (g) The Joint Independent Financial Advisers are (i) RaffAello Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, with its registered office situated at Room 902, 9th floor, Wing Fu Building, Nos. 18–24 Wing Kut Street, Central, Hong Kong; and (ii) Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, with its registered office situated at Room 2701–2704, 27/F, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong.
- (h) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

14. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection (i) on the website of the Company (www.1152.com.hk); (ii) on the website of the Securities and Futures Commission (www.sfc.hk); and (iii) on the website of the Stock Exchange (www.hkexnews.hk) from the date of this circular up to and including the date of the SGM (being not less than 14 days):

- (i) the memorandum of association and the bye-laws of the Company;
- (ii) the memorandum of associate and the bye-laws of Rosy Benefit and Forever Brilliance;
- (iii) the annual reports of the Company for the three financial years ended 31 December 2022, 2023 and 2024;
- (iv) the written consent referred to under the paragraph headed “12. Experts and Consent” in this Appendix;
- (v) the Letter from the Board, the text of which is set out on pages 7 to 45 of this circular;
- (vi) the Letter from the Independent Board Committee, the text of which is set out in this circular;
- (vii) the Letter from the Joint Independent Financial Advisers, the text of which is set out in this circular;
- (viii) the Settlement Agreements; and
- (ix) this circular.

NOTICE OF SPECIAL GENERAL MEETING



MOMENTUM FINANCIAL
HOLDINGS LIMITED
正乾金融控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1152)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of shareholders of Momentum Financial Holdings Limited (the “**Company**”) will be held at Units 5906–5912, 59th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Monday, 10 November 2025 at 11:00 a.m., to consider and, if thought fit, to pass with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT** subject to the conditions set out in the letter from the board under the heading “Conditions precedent to the Settlement Agreements” in the circular of the Company dated 20 October 2025 (the “**Circular**”):
 - (a) the agreements dated 4 August 2025 (the “**Settlement Agreements**”) entered into between the Company and the Creditors in relation to the Debt Restructuring (as defined in the Circular) and all transactions contemplated thereunder, be and are hereby approved, ratified and confirmed;
 - (b) subject to the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting permission to deal in, the Conversion Shares (as defined in the Circular), the Directors be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot and issue the Conversion Shares subject to the terms of the Settlement Agreements, with such Specific Mandate being in addition to and not prejudicing or revoking any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and
 - (c) any one of the Directors be and is hereby authorised to do all such acts and things and sign, execute and deliver all documents (including affixing the common seal of the Company if appropriate) he or she considers necessary, desirable or expedient to give effect to the Settlement Agreements and the transactions contemplated thereunder.”
2. “**THAT** the repayment of the shareholder loan to Mr. Zhang which constitutes a special deal under Rule 25 of the Hong Kong Code on Takeovers and Mergers, be and are hereby approved, ratified and confirmed.”

NOTICE OF SPECIAL GENERAL MEETING

SPECIAL RESOLUTION

3. **“THAT** the waiver (the **“Whitewash Waiver”**) granted or to be granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (or any delegate of the Executive Director) pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers in respect of the obligation of the Creditors and any parties acting in concert with it, to make a mandatory general offer to shareholders of Company for all the issued shares of the Company not already owned or agreed to be acquired by them upon any conversion of the Convertible Bonds (as defined in the Circular) by any of the Creditors be and is hereby approved and that the Directors be and are generally and unconditionally authorised to prepare and execute all documents and to do all such other things as they consider necessary, expedient and appropriate to give effect to any matters relating to, or incidental to, the Whitewash Waiver.”

Yours faithfully
By order of the Board
Momentum Financial Holdings Limited
Chu Kin Wang Peleus
Executive Director

Hong Kong, 20 October 2025

Notes:

1. A member of the Company entitled to attend and vote at the SGM is entitled to appoint another person as his proxy to attend and to vote on his behalf. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead.
2. Where there are joint registered holders of any share, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon must be deposited with the Company's branch share registrar in Hong Kong, Union Registrars Ltd. at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority.
4. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.
5. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the SGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

NOTICE OF SPECIAL GENERAL MEETING

6. In order to be qualified to attend and vote at the SGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Union Registrars Ltd. at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 4 November 2025. The register of members of the Company will be closed from Wednesday, 5 November 2025 to Monday, 10 November 2025 (both days inclusive), during which period no transfer of shares will be effected.
7. The voting at the SGM shall be taken by way of poll.