17 November 2025

To the Shareholders

Dear Sir or Madam,

CONNECTED AND DISCLOSEABLE TRANSACTION INVOLVING DISPOSAL OF INNOVAX CREDIT AND INNOVAX MANAGEMENT AND SPECIAL DEAL; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

In the Joint Announcement, the Company and the Offeror jointly announced that:

(a) on 25 September 2025 (after trading hours), the Vendor (as vendor) and the Offeror (as purchaser) entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase, 110 Sale Shares, representing the entire issued share capital of Billion Shine as at the date of the Sale and Purchase Agreement. Immediately upon Completion, the Offeror (through Billion Shine) and parties acting in concert with him will own an aggregate of 45,000,000 Shares, representing 75% of the entire issued share capital of the Company as at the Latest Practicable Date; and

(b) on 25 September 2025, CPL, a wholly-owned subsidiary of the Company, and MSL, which is wholly-owned by the Vendor, entered into the Disposal Agreement, pursuant to which MSL has conditionally agreed to acquire and CPL has conditionally agreed to sell, or procure the sale of, the entire issued share capital of Innovax Credit and Innovax Management for a total consideration of HK$58.2 million (subject to adjustment).

The purpose of this circular is to provide you with details of, among others, (i) the Disposal Agreement and the Special Deal, (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Disposal Agreement; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Disposal Agreement and the transactions contemplated thereunder; and (iv) a notice of the EGM.

2. THE DISPOSAL AGREEMENT

Date	:	25 September 2025
Parties	:	CPL, as vendor; and MSL, as purchaser.

CPL is a wholly-owned subsidiary of the Company. MSL is wholly-owned by Mr. Chung. Mr. Chung (through Billion Shine) is a controlling Shareholder holding 45,000,000 Shares, representing 75% of the entire issued share capital of the Company. As such, Mr. Chung is a connected person of the Company as defined under the Listing Rules and hence, the Disposal Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Subject matter of the Disposal

On 25 September 2025, MSL has conditionally agreed to acquire and CPL has conditionally agreed to sell, or procure the sale of, the entire issued share capital of Innovax Credit and Innovax Management for a total consideration of HK$58.2 million (subject to adjustment).

The Disposal Completion is conditional in all respects upon fulfilment of the Disposal Conditions Precedent as set out under the paragraph headed "Conditions Precedent under the Disposal Agreement" of this circular.

Disposal Consideration

The Disposal Consideration was initially HK$58.2 million, which represents the sum of:

(a) In respect of Innovax Credit:

(i) approximately HK$33.3 million, being the amount of loan receivables held by Innovax Credit as of the date of the Disposal Agreement; and

(b) In respect of Innovax Management:

(i) approximately HK$16.8 million, being the value of 11,700,000 H shares of Taizhou Water Group Co., Ltd. (台州市水務集團股份有限公司)(Stock Code: 1542) ("**Taizhou Water**") held by Innovax Management as of the date of the Disposal Agreement (representing approximately 23.4% and 5.9% of the total number of issued H shares and of all shares of Taizhou Water, respectively), based on the average closing prices per share as quoted on the Stock Exchange for the last five consecutive trading days prior to and excluding the date of the Disposal Agreement;

(ii) approximately HK$2.5 million, being the value of 12,902,058 shares of DreamEast Group Ltd (Stock Code: 593) ("**DreamEast Group**") held by Innovax Management as of the date of the Disposal Agreement (representing approximately 2.4% of the total number of issued shares of DreamEast Group), based on the closing price per share of DreamEast Group as quoted on the Stock Exchange as of the last trading day of the shares of DreamEast Group before the date of the Disposal Agreement;

(iii) approximately HK$0.2 million, being the value of 550,000 shares of Clarity Medical Group Holding Ltd (Stock Code: 1406) ("**Clarity Medical**") held by Innovax Management as of the date of the Disposal Agreement (representing approximately 0.1% of the total number of issued shares of Clarity Medical), based on the closing price per share of Clarity Medical as quoted on the Stock Exchange as of the last trading day of the shares of Clarity Medical before the date of the Disposal Agreement; and

(iv) approximately HK$5.4 million, being the fair value of Innovax Management's 9.09% investment in Element Investment (Hong Kong) Limited ((元素投資(香港)有限公司)("**Element Investment**") as recorded in the Group's audited consolidated financial statements as of 28 February 2025.

Since the shares of DreamEast Group and Clarity Medical had been under a prolonged suspension as of the Disposal Agreement date, and in the absence of more recent market data, the Company considers their last closing price to be the most recent publicly available market-based value.

The Disposal Consideration shall be adjusted on the following basis:

(a) if the Disposal Adjusted Value is less than the Disposal Consideration, the difference between the Disposal Consideration and the Disposal Adjusted Value shall be paid in cash by CPL to MSL (or its nominees) within seven (7) Business Days of Disposal Completion; and

(b) if the Disposal Adjusted Value is higher than the Disposal Consideration, the difference between the Disposal Consideration and the Disposal Adjusted Value shall be paid in cash by MSL to CPL (or its nominees) within seven (7) Business Days of Disposal Completion.

The disposal adjusted value (the "**Disposal Adjusted Value**") represents the sum of:

(a) In respect of Innovax Credit:

(i) the amount of loan receivables held by Innovax Credit as at the Disposal Completion Date, as recorded in the management accounts of Innovax Credit as at the Disposal Completion Date; and

(b) In respect of Innovax Management:

(ii) the number of shares of Taizhou Water held by Innovax Management as of the Disposal Completion Date, multiplied by the average of the closing prices per share of Taizhou Water as quoted on the Stock Exchange for the last five consecutive trading days prior to and excluding the Disposal Completion Date;

(iii) the number of shares of DreamEast Group held by Innovax Management as of the Disposal Completion Date, multiplied by the average of the closing prices per share of DreamEast Group as quoted on the Stock Exchange for the last five consecutive trading days prior to and excluding the Disposal Completion Date. If the shares of DreamEast Group are suspended from trading on the Stock Exchange on the Disposal Completion Date, no adjustment is required;

(iv) the number of shares of Clarity Medical held by Innovax Management as of the Disposal Completion Date, multiplied by the average of the closing prices per share of Clarity Medical as quoted on the Stock Exchange for the last five consecutive trading days prior to and excluding the Disposal Completion Date. If the shares of Clarity Medical are suspended from trading on the Stock Exchange on the Disposal Completion Date, no adjustment is required; and

(v) the fair value of the investment of Innovax Management in Element Investment as of 31 August 2025, as recorded in the Group's unaudited consolidated financial statements as of 31 August 2025.

Conditions Precedent under the Disposal Agreement

The Disposal Completion is conditional upon the fulfilment of the following conditions:

(a) the Disposal and the performance of the obligations of MSL and CPL hereunder in compliance with the Listing Rules and all other applicable laws and regulations;

(b) the passing of the ordinary resolutions approving the Disposal Agreement and the transactions contemplated thereunder by the Independent Shareholders at the EGM;

(c) the consent of the Executive in relation to the Disposal Agreement and the transactions contemplated hereunder as a "special deal" under Rule 25 of the Takeovers Code having been obtained, and any condition for the giving of such consent having been fulfilled, and such consent not having been revoked prior to the Disposal Completion;

(d) all other necessary regulatory consents and approvals required to be obtained on the part of the Company, MSL, CPL, Innovax Credit and Innovax Management in respect of the Disposal Agreement and the transactions contemplated thereunder having been obtained and such consents and approvals not having been revoked;

(e) the warranties given by CPL are true, correct in all respects upon Disposal Completion; and

(f) the Sale and Purchase Agreement having become unconditional.

Save for Disposal Condition Precedent (e) which may be waived by MSL, none of the Disposal Conditions above are capable of being waived by any party to the Disposal Agreement. As at the Latest Practicable Date, save for Disposal Condition Precedent (c) above, no other regulatory consents and approvals are required to be obtained and all other Disposal Conditions Precedent had not been satisfied.

If the Disposal Conditions Precedent set out above have not been satisfied (or, as appropriate, waived) on or before the Disposal Long Stop Date, the Disposal Agreement shall lapse and be of no further effect (save for the confidentiality and other general provisions under the Disposal Agreement which shall continue to take effect), and no party to the Disposal Agreement shall have any liability and obligation to the other parties, save in respect of any antecedent breaches of the Disposal Agreement.

Completion under the Disposal Agreement

Upon fulfilment (or, as appropriate, waiver) of all the Disposal Conditions Precedent, the Disposal Completion shall take place on the day of the Disposal Completion Date. Upon Disposal Completion, the Company will no longer have any interest in Innovax Credit and Innovax Management. Innovax Credit and Innovax Management will cease to be accounted as subsidiaries of the Group.

3. INFORMATION ON THE GROUP

The Company is incorporated in the Cayman Islands with limited liability and its issued shares have been listed on the Stock Exchange since 14 September 2018. The Company is an investment holding company and its subsidiaries are principally engaged in provision of financial and securities services including corporate finance advisory services, placing and underwriting services, securities dealing and brokerage services, securities financing services, asset management services and money lending services. The Group is an integrated financial and securities services provider licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and money lending business under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

4. INFORMATION ON INNOVAX CREDIT AND INNOVAX MANAGEMENT

Innovax Credit was incorporated in Hong Kong with limited liability in 2019 and is a direct wholly-owned subsidiary of the Company as at the Latest Practicable Date. Innovax Credit is principally engaged in money lending business under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

Innovax Management was incorporated in the British Virgin Islands with limited liability in 2018 and is an investment holding company. The assets of Innovax Management, on Disposal Completion, will consist of investment in (i) Taizhou Water; (ii) DreamEast Group; (iii) Clarity Medical; and (iv) Element Investment.

Set out below is a summary of the key financial data of Innovax Credit based on its audited financial statements for the financial years ended 29 February 2024 and 28 February 2025:

	For the year ended	
	28 February 2025	**29 February 2024**
	(audited)	*(audited)*
	HK$('000)	*HK$('000)*
Revenue	1,746	1,126
Net (loss) before tax	(600)	(735)
Net (loss) after tax	(600)	(735)
Loss and total comprehensive expenses for the year	(600)	(734)

As at 28 February 2025, the audited net liabilities of Innovax Credit were approximately HK$1.7 million.

Set out below is a summary of the key financial data of Innovax Management based on its audited financial statements for the financial years ended 29 February 2024 and 28 February 2025:

	For the year ended	
	28 February 2025	**29 February 2024**
	(audited)	*(audited)*
	HK$('000)	*HK$('000)*
Revenue	–	–
Net (loss)/profit before tax	(25,984)	7,612
Net (loss)/profit after tax	(25,984)	7,612
(Loss)/profit and total comprehensive (expenses)/income for the year	(25,984)	7,612

As at 28 February 2025, the audited net liabilities of Innovax Management were approximately HK$20.7 million.

It is expected that upon the Disposal Completion, the Disposal will result in the estimated gain of approximately HK$3.8 million. This estimation is derived from the difference between (i) the gross proceeds from the Disposal of approximately HK$58.2 million and (ii) the total of the audited net liabilities of Innovax Credit and Innovax Management of approximately HK$22.5 million as at 28 February 2025, which have been further adjusted to approximately HK$54.3 million, as if the following streamlining of the financial positions of Innovax Credit and Innovax Management, which were approved by the Board and completed prior to the Disposal Completion, had taken place as at 28 February 2025: (a) the amount due to the Company of approximately HK$105.5 million by Innovax Credit and Innovax Management as at 28 February 2025 being waived by the Company; (b) disposal of certain investments held by Innovax Management, the market value as at 28 February 2025 of which was approximately HK$18.7 million; and (c) repayment of the amount due to the Company by cash and cash equivalent of approximately HK$10.0 million held by Innovax Management.

Shareholders should note that the actual gain or loss on the Disposal will be calculated based on the actual direct expenses incurred, the net asset values of the loan receivables held by Innovax Credit and the value of listed and unlisted securities held by Innovax Management as at the Disposal Completion Date. Therefore, the actual gain or loss on the Disposal may be different from the amount disclosed above. The Company intends to use the proceeds from the Disposal for its general working capital.

5. REASONS FOR AND BENEFIT OF THE DISPOSAL AGREEMENT

The main reason for the Disposal is that, during the negotiations between the parties to the Sale and Purchase Agreement, the Offeror had expressed its intention to dispose of the assets held by Innovax Credit and Innovax Management while the Vendor (through MSL) had expressed his intention to retain these assets. Having considered the above, the Board considers that the Disposal will facilitate the Completion.

The Disposal Agreement was negotiated between the CPL and MSL on an arm's length basis and based on normal commercial terms. The initial Disposal Consideration of HK$58.2 million was determined with reference to (i) the loan receivables held by Innovax Credit as at the date of the Disposal Agreement; and (ii) investments held by Innovax Management as at the date of Disposal Agreement comprising (a) the value of Taizhou Water with reference to the average of the closing prices per share as quoted on the Stock Exchange for the last five consecutive trading days prior to and excluding the date of the Disposal Agreement and the value of DreamEast Group and Clarity Medical with reference to their respective closing price per share as quoted on the Stock Exchange as of the last trading day of the shares before the date of the Disposal Agreement; and (b) the fair value of Element Investment held by Innovax Management as recorded on the Group's audited consolidated financial statements as at 28 February 2025. The Disposal Consideration will be adjusted based on the Disposal Adjusted Value.

After the Disposal Completion, the Group will no longer be engaged in money lending business. The Group will continue to more fully focus on its provision of financial and securities services. The Group intends to enhance its development of the following services:

(i) Corporate finance advisory services: the Group has been actively maintaining frequent contacts with existing clients to identify business opportunities with them. Leveraging on the resources and network of the Group's senior management, the Group has been proactively approaching new clients from different geographical locations and with demand for different corporate finance advisory services so as to broaden its project reserves. With the continuous improvement in the market sentiment and regulatory enhancements, the Group expects that its corporate finance advisory business, especially the IPO sponsorship services, will continue to improve and record a higher growth in revenue and project pipeline.

(ii) Placing and underwriting services: the Group will leverage its expertise and extensive industry network to secure more placing and underwriting projects and will continue to further expand its product and service coverage. The anticipated growth in the Group's IPO sponsorship business, coupled with sustained improvements in IPO market sentiment and stock market liquidity in Hong Kong, is expected to fuel the Group's placing and underwriting business in both IPO and secondary fundraising.

(iii) Securities dealing and brokerage services: the Group is continuously expanding its service range to include discretionary account management services, wealth management services and trading and brokerage services for securities listed in the US or other overseas stock markets. The Group will allocate more resources to expand its client base and is confident that its securities dealing and brokerage business will continue to grow.

(iv) Securities financing services: the Group has been cautiously expanding its margin loan portfolio since the second quarter of 2025 and will continue to develop this business.

(v) Asset management services: the Group aims to provide more comprehensive investment solutions by establishing additional investment funds, including hedge funds and private equity funds and venture capital funds. It has also expanded its discretionary management services to cater to evolving client needs, resulting in a continuous increase in the number of discretionary securities accounts and the total value of assets under management.

6. INDEPENDENT BOARD COMMITTEE OF THE COMPANY AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising Dr. Wu Kwun Hing, Mr. Kwong Hon Nan, Eric and Ms. Chan Ka Lai, Vanessa, being all the independent non-executive Directors, has been established by the Board to advise the Independent Shareholders as to whether the Special Deal are fair and reasonable and as to the voting action at the EGM.

Merdeka has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Disposal Agreement and, in particular, as to whether the Disposal Agreement are fair and reasonable. The Independent Board Committee has approved the appointment of Merdeka as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code.

7. LISTING RULES AND TAKEOVERS CODE IMPLICATIONS

The Disposal Agreement and the transactions contemplated thereunder constitute a Special Deal. The Disposal Agreement and the transactions contemplated thereunder are therefore subject to the approval of the Independent Shareholders in general meeting and require the consent of the Executive. An application has been made to the Executive for consent under Rule 25 of the Takeovers Code in relation to the Disposal Agreement and the transactions contemplated thereunder.

Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the Disposal Agreement and the transactions contemplated thereunder are fair and reasonable; and (ii) the approval of the Disposal Agreement and the transactions contemplated thereunder by the Independent Shareholders by way of a poll at the general meeting of the Company. The Offeror and parties acting in concert with him and shareholders including the Vendor and parties acting in concert with him, those Shareholders who are involved in and/or interested in the Disposal, their respective associates and parties acting in concert with any of them, will be required to abstain from voting on the resolution in respect of the Disposal Agreement at the EGM.

In addition, as one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the entering into of the Disposal Agreement and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company.

CPL is a wholly-owned subsidiary of the Company. MSL is wholly-owned by Mr. Chung. Mr. Chung (through Billion Shine) is a controlling Shareholder holding 45,000,000 Shares, representing 75% of the entire issued share capital of the Company. As such, Mr. Chung is a connected person of the Company as defined under the Listing Rules and hence, the Disposal Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Disposal Agreement and the transactions contemplated thereunder is subject to reporting, announcement and Independent Shareholders' approval requirements.

8. EGM

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder. The Offeror and parties acting in concert with him and shareholders including the Vendor and parties acting in concert with him, those Shareholders who are involved in and/or interested in the Disposal, their respective associates and parties acting in concert with any of them, will be required to abstain from voting on the resolution in respect of the Disposal Agreement at the EGM.

As disclosed in the Takeovers Bulletin Issue No.60 March 2022, the Executive expects all meetings with Codes-related resolutions requiring approval of disinterested or independent shareholders to be chaired by a person who is disinterested and independent (as defined under the relevant provisions of the Codes). Given that Mr. Chung has interest in the Special Deal, he will not act as the chairman of the EGM. Mr. Poon Siu Kuen, Calvin, the executive Director, who is a disinterested Director will act as the chairman of the EGM.

A notice convening the EGM to be held at Unit A to C, 20/F, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong on Friday, 5 December 2025 at 2:00 p.m. for the purpose of considering and, if thought fit, passing the resolution as set out therein, is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Union Registrars Limited 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 no less than 48 hours before the time appointed for the holding of the EGM (i.e. before 2:00 p.m. on Wednesday, 3 December 2025) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish and, in such event, the form of proxy shall be deemed to be revoked.

For the purpose of determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 2 December 2025 to Friday, 5 December 2025, both dates inclusive, during which period no transfer of Shares will be registered. The record date for determination of entitlements of the members of the Company to attend and vote at the EGM will be on Friday, 5 December 2025. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Monday, 1 December 2025.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, voting on the resolution as set out in the notice of EGM at the EGM will be taken by way of poll.

After the conclusion of the EGM, the poll results will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.innovax.hk).

9. RECOMMENDATION

The Board (including the Independent Board Committee after taking into account the advice from the Independent Financial Adviser) considers that the Disposal Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Independent Shareholders. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Disposal Agreement and the transactions contemplated thereunder.

10. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser, and the additional information contained in the appendices to this circular.

Yours faithfully,
By order of the Board
Innovax Holdings Limited

Chau Lok Yi
Company Secretary