



# 匯成國際控股有限公司

Huicheng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1146)

*Board of Directors Executive Directors*

Mr. Zhang Yongli

*(Chairman and Chief Executive Officer)*

Mr. Sun David Lee

Ms. Huang Xiaoyun

*(Chief Financial Officer)*

*Non-executive Director*

Mr. Wang Wei

*Independent Non-executive Directors*

Mr. Kwong Wilson Wai Sun

Mr. Yeung Chi Wai

Mr. Ho Ka Wang

*Registered Office*

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Cayman Islands

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Kowloon, Hong Kong

10 July 2026

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO  
THE SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE;  
(2) APPLICATION FOR WHITEWASH WAIVER; AND  
(3) NOTICE OF THE EGM**

**I. INTRODUCTION**

Reference is made to the Announcement. On 26 May 2026 (after trading hours), the Company and the Subscriber entered into the Share Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 100,000,000 Subscription Shares at the Subscription Price of HK\$0.10 per Subscription Share for a total consideration of HK\$10,000,000 in cash.

This circular sets out, among other things, (i) details of the Share Subscription Agreement (including the Specific Mandate); (ii) the Whitewash Waiver; (iii) recommendation of the Independent Board Committee to the Independent Shareholders; (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver; (v) the valuation report of the properties of the Group; and (vi) a notice of the EGM.

## II. THE SHARE SUBSCRIPTION

The principal terms of the Share Subscription Agreement are set out below:

<b>Date</b>	26 May 2026
<b>Parties</b>	(a) the Company (as issuer) (b) the Subscriber (as subscriber)
<b>Total Subscription consideration</b>	HK\$10,000,000
<b>Subscription price per Subscription Share</b>	HK\$0.10
<b>Par value of Subscription Shares</b>	Ordinary shares of the Company, with a par value of HK\$0.10 each

### The Subscription Shares

100,000,000 Shares will be issued at the Subscription Price per Subscription Share under the Share Subscription, which represent:

- (a) approximately 2.9% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (b) approximately 2.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after Completion.

The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

### Ranking

The Subscription Shares, when allotted and issued, shall rank pari passu in all respects among themselves and with the Shares in issue (including the rights as to dividends, voting and return of capital).

## The Subscription Price

The Subscription Price of HK\$0.10 per Subscription Share represents:

- (a) a premium of approximately 100.0% to the closing price of HK\$0.050 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (b) a premium of approximately 88.7% to the closing price of HK\$0.053 per Share as quoted on the Stock Exchange on the date of the Share Subscription Agreement;
- (c) a premium of approximately 93.8% to the average closing price of HK\$0.0516 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the date of the Share Subscription Agreement;
- (d) a premium of approximately 92.7% to the average closing price of HK\$0.0519 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately prior to and including the date of the Share Subscription Agreement;
- (e) a premium of approximately 113.2% to the average closing price of HK\$0.0469 per Share as quoted on the Stock Exchange for the last sixty consecutive trading days immediately prior to and including the date of the Share Subscription Agreement;
- (f) a discount of approximately 65.1% to the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2025 (“**audited NAV per Share**”) of approximately HK\$0.2863 per Share calculated based on the audited consolidated net asset value of the Group attributable to the Shareholders of approximately RMB891,140,000 as at 31 December 2025 as extracted from the annual report of the Company for the year ended 31 December 2025 and 3,445,450,000 Shares then in issue (based on the exchange rate of HK\$1: RMB0.90322 as at 31 December 2025 published by the State Administration of Foreign Exchange for illustration purposes); and
- (g) a discount of approximately 74.1% to the reassessed net asset value per Share attributable to the Shareholders as at 31 December 2025 of approximately HK\$0.3962 per Share (the “**Reassessed NAV per Share**”) calculated based on the consolidated net asset value of the Group attributable to the Shareholders as at 31 December 2025 as adjusted by the property valuation report set out in Appendix II. Please refer to Appendix I of this circular for the calculation and analysis of the Reassessed NAV per Share.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber taking into account (i) the recent and historical market prices of the Shares – the average closing price of the Shares of approximately HK\$0.0519 over the past 30 consecutive trading days immediately prior to and including the date of the Share Subscription Agreement and continued decline in the Share price of over 25% since 2025; (ii) the liquidity of Shares – the Company's average daily trading volume for the 30 consecutive trading days immediately prior to and including the date of the Share Subscription Agreement represented only approximately 0.06% of the total issued share capital of the Company, indicating relatively limited market liquidity for the Shares; (iii) the business prospects and financial position of the Group; and (iv) the current equity capital market conditions.

**The Directors noted that**

1. although the Subscription Price represents a discount of approximately 65.1% to audited NAV per Share and approximately 74.1% to Reassessed NAV per Share, both the audited NAV per Share and the Reassessed NAV per Share are accounting-based measures and primarily reflect historical carrying values and valuation adjustments of the Group's assets, including non-current assets such as properties. They do not represent the trading value or market valuation of the Company's Shares and do not reflect the liquidity, earnings performance or market sentiment of the Company. In addition, the Group's audited NAV per Share and Reassessed NAV per Share are significantly influenced by property-related assets and other non-cash items. Such assets are not readily realisable in the ordinary course of business and their carrying values or reassessed values do not directly translate into distributable value or market capitalisation. Moreover, the Group has recorded net losses in recent financial years and negative operating cash flows, and therefore the market valuation of the Company is primarily driven by its trading performance, liquidity and future business prospects rather than asset backing. As such, the audited NAV per Share and Reassessed NAV per Share are not appropriate benchmarks for assessing the Subscription Price; the Subscription Price of HK\$0.10 per Subscription Share represents a significant premium to the Company's historical share price. For example, it is approximately 88.7% above the closing price on the date of the Share Subscription Agreement and significantly above the average closing prices over the prior 5, 30, and 60 trading days. These market-based indicators are considered more relevant and appropriate than the NAV-based metrics for assessing the fairness of the Subscription Price.
2. recent comparable transactions of connected subscriptions under a specific mandate based on the following criteria: (a) transactions announced by companies listed on the Main Board of the Stock Exchange during the period from 26 May 2025, being approximately one year preceding the Last Trading Date, up to and including the Last Trading Date; (b) transactions involving a connected subscription of new shares under the specific mandate; and (c) transactions that did not involve acquisitions, issuance of convertible bond, A shares or warrants, rights issues, open offers, loan capitalisation, or restructuring, show that the Subscription Price is above the median and average premiums. The premium/discount of the subscription price under the said comparable transactions relative to the prevailing market prices at the time of pricing generally ranged from a discount of approximately 5%–20% to a premium of approximately 0%–10%, depending on the specific structure and market conditions. The Company notes that these comparable transactions are provided for reference purposes only and are not the sole determinant of the Subscription Price. The Subscription Price was primarily determined with reference to prevailing market trading prices of the Shares, historical trading performance, and the overall market conditions at the time of negotiation. Having considered the above, the Board is of the view that the

methodology adopted is consistent with market practice for similar transactions and supports the fairness and reasonableness of the Subscription Price.

Given the above, the Directors consider that the Subscription Price is fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

Save for the 2025 Final Dividend, as at the Latest Practicable Date, the Company does not intend to declare, pay and/or make any dividend or other distribution between the date of the Announcement up to the Completion Date. As at the Latest Practicable Date, the Company does not have any declared but unpaid dividend or other distribution. For the avoidance of doubt, pursuant to the Share Subscription Agreement, the declaration and distribution of the 2025 Final Dividend would not affect the Subscription Price. As the Subscription Price has been determined after arm's length negotiations between the Company and the Subscriber taking into account with full consideration of the 2025 Final Dividend, the subsequent payment of the 2025 Final Dividend would not affect the Subscription Price. The cash outflow arising from the dividend declaration has already been reflected in the Subscription Price. The Subscription Shares will be issued after the ex-dividend date of the 2025 Final Dividend on 11 June 2026 and, therefore, will not be entitled to the 2025 Final Dividend. The Subscription Price has taken into account the ex-dividend effect of the 2025 Final Dividend.

#### **Conditions precedent**

Completion is conditional upon satisfaction or (if applicable) waiver of the following conditions:

- (a) the approval by (i) more than 50% of the votes cast by the Independent Shareholders at the EGM in respect of the Share Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate; and (ii) at least 75% of the votes cast by the Independent Shareholders at the EGM in respect of the Whitewash Waiver, in accordance with the Takeovers Code, the Listing Rules, the company law of Cayman Islands, the articles of association of the Company and/or other requirements;
- (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Subscription Shares and such approval and permission remaining in full force and effect;
- (c) the granting of the Whitewash Waiver by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the Subscriber to make a mandatory general offer for all the Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and its concert parties) as a result of the allotment and issue of Shares pursuant to the Share Subscription, and the Whitewash Waiver remaining in full force and effect;
- (d) no suspension in the trading of Shares (other than any temporary suspension relating to the clearance of any announcement in respect of the Subscription Agreement or other reasons agreed by the Subscriber) for a consecutive period of five (5) Business Days and no indication from Stock Exchange and/or the SFC that the Company's listing status on the Stock Exchange might be revoked or opposed (whether conditionally or unconditionally) as a result of the transaction contemplated under the Subscription Agreement;

- (e) the compliance of all applicable laws and regulations (including Listing Rules and the Takeovers Code) relating to the Share Subscription in all material respects;
- (f) no regulatory authority having implemented or enacted any legislation, regulations or decrees to prohibit the Share Subscription, and no courts with competent jurisdiction having issued any order or injunction prohibiting or preventing the Share Subscription; and
- (g) the representations and warranties given by the Company under the Share Subscription Agreement remaining true, complete and accurate in all material respects and not misleading.

The Subscriber shall be entitled to waive any of the conditions as set out in paragraph (d) and (g) above. The conditions as set out in paragraphs (a) to (c), (e) and (f) are non-waivable. As at the Latest Practicable Date, none of the conditions as set out above has been satisfied or (if applicable) waived.

If any of the conditions as set out above are not satisfied or waived (applicable to paragraphs (d) and (g) only) on or before 31 December 2026 (or such other time and date as may be agreed by the Company and the Subscriber in writing), the Share Subscription Agreement and the transactions contemplated thereunder (including the Share Subscription) shall terminate and lapse, and the Company and the Subscriber shall be released from all obligations thereunder and neither party shall have claim against the other, save for any rights and obligations accrued prior to such termination. The long stop date of 31 December 2026 has been set to allow sufficient time for the completion of the Share Subscription, taking into account the need to finalise all legal documentation, conduct necessary due diligence, obtain relevant internal and regulatory approvals, and facilitate the administrative arrangements required for completion. It represents the latest date by which the Company expects the transaction to be completed, and the Directors expect completion to occur well in advance of such date. The Specific Mandate granted by the Independent Shareholders is intended to cover the period up to the long stop date. In the event that completion is materially delayed beyond the long stop date, or if there is any material change in the market price of the Shares, the net asset value or financial position of the Company, or any material terms of the Share Subscription prior to completion, the Company will assess whether it is appropriate to seek fresh approval from the Independent Shareholders in accordance with the Listing Rules and applicable regulations.

#### **Completion of the Share Subscription**

Completion of the Share Subscription shall take place within 5 Business Days (or such other date and time as may be agreed by the Company and the Subscriber) upon the satisfaction or (if applicable) waiver of the conditions under the Share Subscription Agreement, upon which the Company shall allot and issue the Subscription Shares to the Subscriber and the Subscriber shall pay to the Company the total consideration for the Subscription Shares.

### Termination of the Share Subscription Agreement

The Share Subscription Agreement may be terminated:

- (a) by the non-defaulting party, if a party failed to satisfy the completion deliverables on Completion;
- (b) in the manner as described in the paragraph “Conditions Precedent” in the Announcement and this circular; and
- (c) upon agreement in writing between the parties.

### Information of the Company

The Company is principally engaged in the business of design, manufacturing, marketing and sale of apparel products and accessories in the PRC, with a focus on menswear, and property development.

The following is a summary of the key financial data of the Group for each of the years ended 31 December 2024 and 31 December 2025 based on the audited consolidated financial statements prepared in accordance with all applicable IFRS Accounting Standards:

	For the year ended	
	31 December 2024	31 December 2025
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	156,082	139,437
Loss before taxation	(111,816)	(95,738)
Loss attributable to the Shareholders	(109,413)	(93,443)

As at 31 December 2025, the audited consolidated total assets of the Group was approximately RMB1,103,117,000 and the net assets attributable to the Shareholders was approximately RMB891,140,000 respectively.

### Information of the Subscriber

The Subscriber is Ms. ZHANG Kailun (the daughter of Mr. ZHANG Yongli) and, as at the Latest Practicable Date, directly holds approximately 5.02% of the issued shares of the Company. Mr. ZHANG Yongli, an executive Director, the chairman and chief executive officer of the Company who is interested in approximately 24.74% of the issued shares of the Company.

### III. REASONS FOR AND BENEFITS OF THE SHARE SUBSCRIPTION AND USE OF PROCEEDS

#### Reasons for and benefits of the Share Subscription

The Group is principally engaged in apparel products and accessories segment and property development business. For the year ended 31 December 2025, the Group has recorded net loss attributable to owners of the parent of approximately RMB93.4 million with an operating cash outflow of approximately RMB27.2 million.

*(i) Replenishment of cash resources for exploring business & investment opportunities to promote growth*

In view of the continued underperformance of the Group's business, in particular, the loss-making of the Group's products and accessories segment and property development business over the past five consecutive financial years, the management of the Company has been actively seeking other business growth and investment opportunities to enhance the value of the Company and its Shareholders as a whole.

For example, for the year ended 31 December 2025, the Group's financial assets at fair value through profit or loss increased from approximately RMB11.9 million to approximately RMB33.0 million. As disclosed in the 2025 annual result announcement of the Company, one of the notable successful investments by the Company was Shanghai Biren Technology Co., Ltd. (6082.HK), whose shares were listed on the Stock Exchange on 2 January 2026 and a gain on change in fair value of approximately RMB7.8 million was recognized in 2025. Given the Company's negative operating cash flow since the financial year of 2021, the Share Subscription at a significant premium to the market price not only allows the Company to replenish its financial resources but also provides an additional offshore cash resources buffer to explore business development and investment opportunities to enhance Shareholders' value.

*(ii) Further support from the controlling shareholder and alignment of interests*

Upon Completion, the aggregate shareholding percentage of the Subscriber and her associate and party acting in concert with her, Mr. Zhang Yongli, will increase from 29.75% to approximately 31.74%. The Subscriber and Mr. Zhang Yongli will become the controlling shareholder of the Company (the "Incoming Controlling Shareholder") and the interest of the Controlling Shareholder will be further aligned with the performance of the Company. The Share Subscription will enable the Incoming Controlling Shareholder, to devote more business and financial resources in supporting the long-term business development of the Company, which in turn facilitates the Company to realize its own long-term development strategy.

The Share Subscription, at a significant premium to the prevailing market price of the Shares, demonstrates the Incoming Controlling Shareholder's confidence in, and commitment to, the Company's long-term development and growth prospects, and will further strengthen the Company's capital base by raising additional funds for the Group.

*(iii) Consideration of other fund-raising alternatives*

The Board has considered other fundraising alternatives, including a pre-emptive offer to existing Shareholders. The Board noted that, as a matter of prevailing market practice, pre-emptive offers or rights issues are generally conducted at a discount to the prevailing market price in order to encourage shareholder participation and improve the likelihood of successful fundraising. In contrast, the Subscription Price under the connected transaction represents a significant premium to the recent closing prices and the average historical share prices of the Company.

Accordingly, the Board considers that the Share Subscription is more favourable to the Company and the Independent Shareholders than a pre-emptive offer, as it enables the Company to raise capital at a substantially higher price per Share while avoiding the dilution that would typically result from a discounted pre-emptive fundraising exercise.

The Board has considered alternative fundraising methods and is of the view that debt financing is not appropriate in the circumstances for the following reasons: (i) the amount to be raised under the Share Subscription is relatively modest and the costs, time associated with obtaining debt financing may not be cost-effective relative to the amount to be raised; (ii) debt financing would create interest and repayment obligations that reduce financial flexibility; and (iii) given the Group's loss-making performance, it is prudent to maintain a conservative capital structure. The Share Subscription provides a more efficient and certain means of raising capital without additional repayment obligations or financial covenants, and is in the interests of the Company and Shareholders as a whole.

**Use of Proceeds**

The maximum gross proceeds from the Share Subscription will be approximately HK\$10,000,000. The maximum net proceeds (after deducting placing commission and other relevant costs and expenses) from the Share Subscription are estimated to be approximately HK\$9,040,000 and the net subscription price of each Subscription Share will be approximately HK\$0.0904.

The net proceeds from the Share Subscription are intended to be used as to (i) approximately 50% of the net proceeds (being approximately HK\$4,520,000) for exploring business development and investment opportunities to enhance Shareholders' value; and (ii) approximately 50% of the net proceeds (being approximately HK\$4,520,000) for replenishing cash resources resulted from the negative operating cash outflow and following the payment of the 2025 Final Dividend and strengthening the Group's capital base, general working capital and financial flexibility. In relation to (i) above, the Company will mainly focus on expanding its existing businesses in the Greater China region (Mainland China, Hong Kong, Macau and Taiwan) by utilization of the Group's portfolio of trademarks in these regions, including developing apparel and other lifestyle product licensing or wholesale businesses. In addition, the Company will allocate resources to evaluate and implement investment opportunities that are complementary to its existing businesses to expand its licensing and wholesale operations through strategic cooperation and investment opportunities, which includes market research, feasibility studies and preliminary discussions with potential partners in Hong Kong, Macau and Taiwan to identify suitable licensing, wholesale, investment arrangements. As of the Latest Practicable Date, no specific business or investment targets have been identified, nor are there any ongoing negotiations. In relation to (i) above, the tentative allocation in net proceeds is:

<b>Use of proceeds</b>	<b>Amount (HK\$)</b>	<b>Timing of deployment</b>
Exploring business development opportunities	Approximately 2,520,000	Within the next 24 months
Investment opportunities	Approximately 2,000,000	Within the next 24 months

In relation to (ii) above, although the Group has no imminent funding requirement or immediate liquidity shortage, following the payment of the 2025 Final Dividend, the Board considers it prudent from a treasury management perspective to maintain an appropriate level of liquidity buffer to ensure continued financial flexibility in managing the Group's general working capital requirements and capital allocation decisions. The Share Subscription is therefore intended to strengthen the Company's overall liquidity position and enhance its financial flexibility for general corporate purposes. For the avoidance of doubt, the net proceeds are not designated, earmarked or committed for the payment of dividends, and dividend distributions will continue to be determined in accordance with the Group's financial performance, cash position and capital needs at the relevant time and in compliance with applicable legal and regulatory requirements. The proposed net proceeds of approximately HK\$9.04 million represent a modest level of funding relative to the Group's audited net assets of approximately RMB891.1 million and its overall cash resources as at 31 December 2025. The Board considers the size of the Share Subscription appropriate after taking into account the Group's internal assessment of its liquidity requirements and the need to maintain a prudent but not excessive cash buffer, while minimising dilution to existing Shareholders.

Based on the aforesaid, the Directors (other than Mr. ZHANG Yongli, the executive Director, who have material interest in the Subscription Agreement and have abstained from voting on the resolutions in relation thereto but including members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee), are of the view that the Share Subscription is fair and reasonable, on normal commercial terms and is in the interests of the Company and its Shareholders (including the Independent Shareholders) as a whole.

#### **IV. FUTURE INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP**

The Subscriber considers and confirms that:

- (a) it is intended that the Group will continue its existing business following Completion;
- (b) it shares the view of the Company that the Share Subscription is in the interests of the Group, as disclosed in the paragraphs headed "Reasons for and Benefits of the Share Subscription and Use of Proceeds" above; and
- (c) there is no intention to introduce any major changes to the existing business of the Group or the continued employment of the Group's employees, and there is no intention to redeploy the fixed assets of the Group other than in its ordinary course of business.

## V. FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company had not conducted any fund-raising activities involving the issue of its equity securities in the twelve months immediately preceding the Latest Practicable Date.

## VI. EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (a) as at the Latest Practicable Date; and (b) immediately after completion of the Share Subscription, assuming that there is no other change to the share capital and shareholding structure of the Company from the Latest Practicable Date up to the Completion Date, are set out below:

Shareholders	As at the Latest Practicable Date		Immediately after Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<b>Subscriber and parties acting in concert with her</b>				
The Subscriber ( <i>Note 1</i> )	173,000,000	5.02%	273,000,000	7.70%
CEC Outfitters Limited ( <i>Note 2</i> )	839,748,000	24.37%	839,748,000	23.69%
Mr. ZHANG Yongli	12,570,000	0.37%	12,570,000	0.35%
<b>Subtotal</b>	<u>1,025,318,000</u>	<u>29.76%</u>	<u>1,125,318,000</u>	<u>31.74%</u>
<b>Class (6) Presumption concert parties</b>				
Mr. SUN David Lee ( <i>Note 3 and 6</i> )	3,852,000	0.11%	3,852,000	0.11%
Ms. HUANG Xiaoyun ( <i>Note 3 and 6</i> )	497,896,000	14.45%	497,896,000	14.04%
Mr. WANG Wei ( <i>Note 4 and 6</i> )	3,400,000	0.10%	3,400,000	0.10%
Tingli Limited ( <i>Note 5 and 6</i> )	140,000,000	4.06%	140,000,000	3.95%
<b>Subtotal (for the Subscriber and parties acting in concert with her)</b>	<u>1,670,466,000</u>	<u>48.48%</u>	<u>1,770,466,000</u>	<u>49.94%</u>
<b>Public Shareholders</b>	<u>1,774,984,000</u>	<u>51.52%</u>	<u>1,774,984,000</u>	<u>50.06%</u>
<b>Total</b>	<u><u>3,445,450,000</u></u>	<u><u>100%</u></u>	<u><u>3,545,450,000</u></u>	<u><u>100%</u></u>

*Notes:*

- (1) The Subscriber is the daughter of Mr. Zhang Yongli.
- (2) CEC Outfitters Limited is wholly owned by Vinglory Holdings Limited and Vinglory Holdings Limited is wholly owned by Mr. Zhang Yongli.
- (3) Mr. Sun David Lee and Ms. Huang Xiaoyun are executive Directors.
- (4) Mr. Wang Wei is a non-executive Director.
- (5) Tingli Limited is wholly owned by Mr. Gu Lin who is the son of Ms. Huang Xiaoyun, an executive Director.
- (6) Each of Mr. Sun David Lee, Ms. Huang Xiaoyun, Mr. Wang Wei and Tingli Limited is presumed to be acting in concert with the Subscriber under the Class (6) Presumption until Completion. This Class (6) Presumption will cease to apply after Completion. Other than such presumption, none of Mr. Sun David Lee, Ms. Huang Xiaoyun, Mr. Wang Wei and Tingli Limited is a party acting in concert with the Subscriber under the definition of "acting in concert" under the Takeovers Code.
- (7) The percentage figures as set out above are subject to rounding adjustments.

As at the Latest Practicable Date, other than the 3,445,450,000 Shares in issue, the Company has no other convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

## **VII. APPLICATION FOR LISTING**

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 Subscription Shares.

## **VIII. TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER**

As at the Latest Practicable Date, the Subscriber and the parties acting in concert with her hold an aggregate of 1,670,466,000 Shares, representing approximately 48.48% of the issued share capital of the Company (or 1,025,318,000 Shares, representing approximately 29.76% of the issued share capital of the Company if shareholding of the concert parties under the Class (6) Presumption is excluded). Upon completion of the Share Subscription, assuming that there is no other change in the issued share capital of the Company between the Latest Practicable Date and the date of completion (save and except for the Share Subscription), the shareholding of the Subscriber or parties acting in concert with her will increase to approximately 49.94% of the issued share capital of the Company as enlarged by the Subscription Shares (or 31.74% of the issued share capital of the Company if shareholding of the concert parties under the Class (6) Presumption is excluded).

As such, under Rule 26.1 of the Takeovers Code, the allotment and issuance of the Subscription Shares under the Share Subscription Agreement to the Subscriber will give rise to an obligation on the part of the Subscriber to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with her), unless the Whitewash Waiver is granted by the Executive.

The Subscriber has applied to the Executive for the Whitewash Waiver from compliance with the obligations to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with her) under Rule 26.1 of the Takeovers Code as a result of the allotment and issuance of the Subscription Shares to the Subscriber. The Executive has indicated that it is minded to grant the Whitewash Waiver subject to, amongst others, the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Share Subscription, respectively, at the EGM.

The Subscriber, her associates, and any parties acting in concert with the Subscriber, and the Shareholders who are involved in or interested in the Share Subscription and/or the Whitewash Waiver, will be required to abstain from voting in respect of the resolution(s) to approve the Share Subscription and the Whitewash Waiver at the EGM.

As at the Latest Practicable Date, the Company confirms that the Share Subscription will not 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 Share Subscription does not comply with other applicable rules and regulations. The Share Subscription will not proceed if the Whitewash Waiver is not granted or approved.

#### **IX. LISTING RULES IMPLICATIONS**

As described in the section headed “Information of the Subscriber” in this circular, the Subscriber (who is the daughter of Mr. ZHANG Yongli) is an associate of Mr. ZHANG Yongli, an executive Director, the chairman and chief executive officer of the Company who holds 24.74% of the issued shares of the Company, and is therefore a connected person of the Company. Accordingly, the Share Subscription constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and will be subject to announcement, reporting and the Independent Shareholders’ approval requirements. The Company will re-comply with applicable Listing Rule requirements and seek further Independent Shareholders’ approval where there is any material change to the transaction or circumstances contemplated under the Share Subscription Agreement that would affect the basis on which Independent Shareholders approved the Share Subscription.

#### **X. ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Pursuant to the Listing Rules and Rule 2.8 of the Takeovers Code, the Independent Board Committee (comprising all the independent non-executive Directors who have no direct or indirect interest in the Share Subscription, namely Mr. Kwong Wilson Wai Sun, Mr. Yeung Chi Wai and Mr. Ho Ka Wang) has been formed to advise the Independent Shareholders as to whether the Share Subscription and the Whitewash Waiver are fair and reasonable and make recommendation as to voting. As Mr. Wang Wei, being a non-executive Director, is presumed to be acting in concert with the Subscriber under the Class (6) Presumption, he will not be a member of the Independent Board Committee.

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Financial Adviser has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the Share Subscription Agreement and the transactions contemplated thereunder (including the Share Subscription), the grant of the Specific Mandate and the Whitewash Waiver are fair and reasonable and make recommendation on voting.

## XI. GENERAL

The EGM will be convened to consider and, if thought fit, pass the requisite resolutions to approve, among other things: (i) the Share Subscription Agreement (including the transactions contemplated thereunder and the Specific Mandate); and (ii) the Whitewash Waiver.

Resolutions approving the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver will be proposed at the EGM to be approved by the Independent Shareholders. The Whitewash Waiver will be proposed by way of a resolution to be passed by at least 75%, and the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) will be proposed by way of resolution(s) to be passed by more than 50%, of the votes cast by the Independent Shareholders that are cast either in person or by proxy, respectively, at the EGM. The voting at the EGM will be conducted by way of poll.

The Subscriber, her associates, and any parties acting in concert with her, and all other Shareholders who are interested or involved in the Share Subscription and/or the Whitewash Waiver (if any) are required to abstain from voting on the resolutions approving the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver at the EGM.

Save as disclosed above and in the section headed “VI. Effects on Shareholding Structure of the Company”, as at the Latest Practicable Date, no other Shareholder had any material interest in the Share Subscription and the Whitewash Waiver, and no other Shareholder was required to abstain from voting at the EGM on the resolutions approving the Share Subscription and the Whitewash Waiver.

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Pursuant to the Listing Rules, Rule 2.9 of the Takeovers Code and the Articles of Association, all votes of Shareholders at a general meeting must be taken by poll. An announcement on the poll results will be published on the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.hcihl.com](http://www.hcihl.com)) after the conclusion of the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.hcihl.com](http://www.hcihl.com)). Whether or not you intend to attend and vote at the EGM, you are requested to complete and sign the form of proxy in accordance with the instructions printed thereon and return it together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than 2:00 p.m. on Saturday, 1 August 2026) or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

## XII. RECOMMENDATION

Your attention is drawn to: (i) the letter from the Independent Board Committee set out on pages 20 to 21 of this circular, containing its recommendation to the Independent Shareholders in respect of the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver and (ii) the letter from the Independent Financial Adviser set out on pages 22 to 40 of this circular, containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver.

The Directors (other than Mr. ZHANG Yongli, the executive Director, who have material interest in the Subscription Agreement and have abstained from voting on the resolutions in relation thereto but including members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee) consider that the terms and conditions of the Share Subscription Agreement (including the Subscription Price) are fair and reasonable, on normal commercial terms, and although not in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM.

As Mr. ZHANG Yongli, the executive Director, is the father of the Subscriber who have material interest in the Subscription Agreement, Mr. ZHANG Yongli has therefore abstained from voting on the board resolutions of the Company for approving the Share Subscription and the Whitewash Waiver. Save as disclosed above, none of the Directors had a material interest in the Share Subscription and the Whitewash Waiver and no Director has abstained from voting on the relevant resolutions of the Board.

## XIII. ADDITIONAL INFORMATION

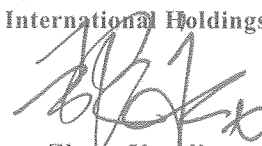
Your attention is also drawn to the information set out in the appendices to this circular.

**Since Completion is subject to the fulfilment or waiver (as applicable) of the conditions as set out in the Share Subscription Agreement, the Share Subscription may or may not proceed.**

The Whitewash Waiver may or may not be granted by the Executive and if granted, will, among others things, be subject to the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Share Subscription and the grant of the Specific Mandate, respectively, at the EGM. Completion is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

By Order of the Board  
Huicheng International Holdings Limited



Zhang Yongli  
Chairman