



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

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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

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.

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	Outstanding amount as at	
			Principal 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.

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.

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.

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

- (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.

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.

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

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.

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.

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;

- (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

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.

- (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

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.

- (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.

- (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:

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

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;

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.

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;

- (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 within 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.

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

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 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.

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

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)	2023 HK\$'000 (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

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.

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>

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

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.

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.

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;

- (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);

- (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

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.

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;

- (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

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.

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