

**China Castson 81 Finance Company Limited**

**中國鑄晨81金融有限公司**

27 January 2026

*To the Shareholders,*

Dear Sir or Madam,

**(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
FIVE (5) RIGHTS SHARES FOR EVERY TWO (2) SHARES  
HELD ON THE RECORD DATE  
ON A NON-FULLY UNDERWRITTEN BASIS;**

**(II) CONNECTED TRANSACTION  
IN RELATION TO THE UNDERWRITING AGREEMENT;**

**(III) APPLICATION FOR WHITEWASH WAIVER;**

**AND**

**(IV) NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcement in relation to, among other things, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.

The purpose of this circular is to provide you with, among other things, (i) further details of the Rights Issue (including the Placing Agreement), the Underwriting Agreement and the respective transactions contemplated thereunder as well as the Whitewash Waiver; (ii) a letter of recommendation from the Independent Board Committee in respect of the Rights Issue (including the Placing Agreement), the Underwriting Agreement and the respective transactions contemplated thereunder as well as the Whitewash Waiver and to advise the Independent Shareholders on how to vote at the SGM; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regard to the aforesaid; (iv) other information required under the Listing Rules and the Takeovers Code; and (v) a notice convening the SGM.

## **PROPOSED RIGHTS ISSUE**

The Company proposes to raise gross proceeds of up to approximately HK\$51.93 million (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date) by issuing up to 509,107,967 Rights Shares at the Subscription Price of HK\$0.102 per Rights Share on the basis of five (5) Rights Shares for every two (2) Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholder(s) (if any).

Details of the Rights Issue are set out below:

### **Rights Issue statistics**

Basis of the Rights Issue	: five (5) Rights Shares for every two (2) Shares held on the Record Date
Subscription Price	: HK\$0.102 per Rights Shares
Number of Shares in issue as at the Latest Practicable Date	: 203,643,187 Shares
Number of Rights Shares	: up to 509,107,967 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Nominal value of the Rights Shares	: Up to HK\$5,091,079.67 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	: 712,751,154 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

Gross proceeds from the Rights Issue	: approximately HK\$51.93 million before expenses (assuming full subscription under the Rights Issue and assuming no change in number of Shares in issue on or before the Record Date)
Net proceeds from the Rights Issue	: approximately HK\$49.24 million after expenses (assuming full subscription under the Rights Issue and assuming no change in number of Shares in issue on or before the Record Date)
Net price (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	: approximately HK\$0.0967 per Rights Share (assuming full subscription under the Rights Issue and no change in the number of Shares)
Rights of excess application	: There will be no excess application arrangements in relation to the Rights Issue.
Compensatory Arrangements	: Any Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) will be placed to the Independent Placees on a best effort basis under the Compensatory Arrangements.
	Any Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) which are not placed under the Compensatory Arrangements will be underwritten by Goodchamp up to 381,000,000 Rights Shares.
Number of Underwritten Shares	: Up to 381,000,000 Rights Shares, representing approximately 74.84% of the total Rights Shares, to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement

As at the Latest Practicable Date, the Group had no outstanding derivatives, options, warrants, conversion rights or other similar rights which were convertible into or giving rights to subscribe for, convert or exchange into any Shares.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 509,107,967 Rights Shares to be issued pursuant to the terms of the Rights Issue represent (i) 250% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) 71.43% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

### **Non-fully underwritten basis**

The Rights Issue is only partially underwritten by the Underwriter. Pursuant to the Bye-laws and the laws of Bermuda, there is no minimum requirement on the minimum subscription level or minimum amount to be raised under the Rights Issue. Subject to fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) will be placed to the Independent Placees on a best effort basis by the Placing Agent under the Compensatory Arrangements. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) which are not placed under the Compensatory Arrangements will be underwritten by Goodchamp up to 381,000,000 Rights Shares.

### **Subscription Price**

The Subscription Price is HK\$0.102 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 25.00% to the closing price of HK\$0.1360 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 26.62% to the closing price of HK\$0.1390 per Share as quoted on the Stock Exchange on the Last Trading Day (i.e., 19 December 2025);
- (iii) a discount of approximately 30.80% to the average of the closing prices of HK\$0.1474 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 31.08% to the average of the closing prices of approximately HK\$0.1480 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 9.41% to the theoretical ex-rights price of approximately HK\$0.1126 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.1390 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 22.73% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$0.1156 per Share and the benchmarked price of approximately HK\$0.1496 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.1390 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.1496 per Share);
- (vii) a discount of approximately 46.32% to the Group's audited consolidated net assets attributable to the Shareholders per Share of approximately HK\$0.19 as at 31 December 2024 (based on a total of 169,707,187 Shares as at the 31 December 2024 and the Group's audited consolidated total equity attributable to owners of the Company of approximately HK\$31,862,000 as at 31 December 2024);
- (viii) a discount of approximately 21.54% to the unaudited consolidated net asset value per Share of approximately HK\$0.13 as at 31 December 2025 as disclosed in the Company's announcement dated 15 January 2026 as required under the Listing Rules, calculated based on the Group's unaudited consolidated net assets value attributable to owners of the Company of approximately HK\$27,156,000 and 203,643,187 Shares in issue as at 31 December 2025); and
- (ix) a discount of approximately 27.14% to the unaudited adjusted consolidated net asset value per Share of approximately HK\$0.14 (calculated based on the Company's unaudited adjusted consolidated net asset value attributable to owners of the Company of approximately HK\$27,743,000 as at 31 December 2025 (the “**Adjusted NAV**”) and 203,643,187 Shares in issue as at 31 December 2025. The Adjusted NAV is calculated based on the Group's unaudited consolidated net assets value attributable to owners of the Company of approximately HK\$27,156,000 as at 31 December 2025, plus the net difference (i.e. approximately HK\$587,000) between the unaudited book value of the properties of the Group as at 31 December 2025 (i.e. approximately HK\$7,203,000) and market value (i.e. approximately HK\$7,790,000) of the properties of the Group as at 30 November 2025 as set out in the valuation report under Appendix III of this circular).

#### **Determination of the Subscription Price**

The Subscription Price was determined by the Company with reference to, among others, (i) recent closing prices of the Shares under prevailing market conditions; (ii) recent liquidity of the Shares; (iii) current business performance and financial position of the Group; and (vi) the reasons as discussed in the section headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” below in this circular.

In determining the Subscription Price, the Excluded Board considered, among other thing as mentioned above, the fluctuated closing price and low liquidity of the Shares over the six months preceding the Last Trading Day (i.e., from 19 June 2025 to the day before Last Trading Day, the “**Review Period**”). During the Review Period, the highest closing price per Share was HK\$0.165 on 6 October 2025, while the lowest closing price per Share was HK\$0.130 on 20 June 2025 respectively. The closing price per Share on Last Trading Day of HK\$0.139, decreased by approximately 15.76% as compared to the highest closing price per Share of HK\$0.165 on 6 October 2025, although the closing price per Share on the Last Trading Day represents an increase of approximately 6.92% compared to the lowest closing price per Share of HK\$0.130 on 20 June 2025 respectively. The Excluded Board noticed that there were fluctuation of closing price of the Share during October 2025. The closing price of the Share increased from HK\$0.135 on 3 October 2025 to HK\$0.165 on 6 October 2025, being the first trading day following the Company announced placing of new shares (details of which please refer to the Company’s announcement dated 3 October 2025), subsequently fell to HK\$0.143 on 13 October 2025, and then rose to HK\$0.164 on 17 October 2025, following the Company announced the net asset value of the Group as at 30 September 2025 on 15 October 2025 (details which please refer to the Company’s announcement dated 15 October 2025). In addition, the average daily trading volume of the Shares during the Review Period was approximately 698,621 Shares, representing approximately 0.34% of the total issued shares as at the Last Trading Day, representing a low trading volume of the Shares.

Furthermore, according to the annual report of the Company for the year ended 31 December 2024, the loss for the year attributable to owners of the Company was approximately HK\$21.60 million, representing an increase of approximately 242.31% compared to approximately HK\$6.31 million for the year ended 31 December 2023. According to the interim report of the Company for the six months ended 30 June 2025, the loss for the period attributable to owners of the Company narrowed from approximately HK\$14.37 million for the six months ended 30 June 2024 to approximately HK\$3.82 million for the six months ended 30 June 2025. However, the bank and cash balances of the Group decreased from approximately HK\$4.27 million as at 31 December 2024 to approximately HK\$304,000 as at 30 June 2025 and the unaudited net assets of the Company as at 30 June 2025 were approximately HK\$28.05 million, representing a decrease of approximately 11.96% compared to approximately HK\$31.86 million as at 31 December 2024.

To assess the fairness and reasonableness of the Subscription Price, the Excluded Board conducted market research for rights issue transactions announced by companies listed on the Stock Exchange from 1 September 2025 up to the Last Trading Day (the “**Criteria**”). The Review Period of approximately three months prior to and including the Last Trading Day was determined to illustrate recent practices in rights issue transactions conducted by Hong Kong listed companies during a period close to and including the Last Trading Day. Based on the search on the Stock Exchange’s website, the Excluded Board identified 27 rights issue transactions (the “**Comparables**”) which met the aforesaid Criteria, and they are exhaustive. The Excluded Board considered that notwithstanding that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables and without any independent verification with regard to the businesses and operations of such companies, the Comparables illustrate recent rights issue transactions conducted by Hong Kong listed companies during a period close to and including the Last Trading Day.

The Set out below is an exhaustive list of the Comparables announced during the Review Period:

	Company	Stock code	Date of initial announcement	Rights issue basis	Expected maximum gross proceeds HK\$ million	Premium/(discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately up to and including the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "LTD Discount")	Premium/(discount) of the subscription price to the average closing price per share for the last ten consecutive trading days immediately up to and including the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "5-Day Discount")	Premium/(discount) of the subscription price to the average closing price per share for the last consecutive trading days immediately up to and including the last trading day immediately prior to publication of announcement in relation to the respective rights issue (the "10-Day Discount")	Premium/(discount) of the subscription price to the average closing price per share based on the closing Company in relation to the respective rights issue (the "TERP Discount")	Excess application/ Compensation arrangements	Theoretical dilution effect %	Excess application/ Compensation arrangements	Theoretical dilution effect %	Excess application/ Compensation arrangements	Underwriting arrangement	Underwriting commission
1.	Shun Wo Group Holdings Limited	1391	12/12/2025	1 for 3	18.67	(6.70)	(3.40)	(3.40)	NA	(54.80)	1.67	Excess application	No	NA	NA	
2.	Hang Yick Holdings Company Limited	1894	11/12/2025	4 for 1	84.70	(28.13)	(27.67)	(26.75)	(7.26)	(84.67)	22.5	Compensatory arrangements	No	NA	NA	
3.	Crown International Corporation Limited	727	21/11/2025	3 for 1	62.00	(19.75)	(26.14)	(27.00)	(5.80)	(44.85)	19.53	Excess application	No	NA	NA	
4.	SILKWAVE INC	471	19/11/2025	3 for 1	174.34	(31.06)	(32.29)	(31.58)	(0.13)	(62.81)	24.51	Excess application	No	NA	NA	
5.	Domaine Power Holdings Limited	442	12/11/2025	1 for 2	61.0	(17.44)	(15.88)	(17.15)	(12.35)	65.12	5.81	Excess application	No	NA	NA	
6.	Winto Group (Holdings) Limited	8238	6/11/2025	3 for 1	52.25	(6.98)	(6.10)	NA	(1.96)	NA	5.12	Compensatory arrangements	No	NA	NA	
7.	Zhongshi Minan Holdings Limited	8283	4/11/2025	5 for 1	100.8	(23.91)	(25.69)	(25.69)	(4.89)	(64.68)	21.67	Compensatory arrangements	No	NA	NA	
8.	RNT Holdings Limited	1025	2/11/2025	1 for 1	40.4	(9.09)	(10.71)	(13.79)	(4.76)	48.15	9.39	Compensatory arrangements	No	NA	NA	

Company	Stock code	Date of initial announcement	Rights issue basis	Expected maximum gross proceeds HK\$ million	Premium/(discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately prior to and including the last trading day	Premium/(discount) of the subscription price to the average closing price per share for the last ten consecutive trading days immediately up to and including the last trading day	Premium/(discount) of the subscription price to the theoretical ex-rights publication of announcement in relation to the respective rights issue (the "LTD Discount") %	Premium/(discount) of the subscription price to the theoretical ex-rights publication of announcement in relation to the respective rights issue (the "5-Day Discount") %	Premium/(discount) of the subscription price to the theoretical ex-rights publication of announcement in relation to the respective rights issue (the "10-Day Discount") %	Premium/(discount) of the subscription price to the theoretical ex-rights publication of announcement in relation to the respective rights issue (the "TERP Discount") %	Premium/(discount) of the subscription price to the net assets attributable to owners of the Company in relation to the respective rights issue (the "NAV Discount") %	Excess application/ Compensation arrangements %	Theoretical dilution effect %	Underwriting arrangement %	Underwriting commission %		
					Premium/(discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately prior to and including the last trading day	Premium/(discount) of the subscription price to the average closing price per share for the last ten consecutive trading days immediately up to and including the last trading day	Premium/(discount) of the subscription price to the theoretical ex-rights publication of announcement in relation to the respective rights issue (the "LTD Discount") %	Premium/(discount) of the subscription price to the theoretical ex-rights publication of announcement in relation to the respective rights issue (the "5-Day Discount") %	Premium/(discount) of the subscription price to the theoretical ex-rights publication of announcement in relation to the respective rights issue (the "10-Day Discount") %	Premium/(discount) of the subscription price to the theoretical ex-rights publication of announcement in relation to the respective rights issue (the "TERP Discount") %	Premium/(discount) of the subscription price to the net assets attributable to owners of the Company in relation to the respective rights issue (the "NAV Discount") %	Excess application/ Compensation arrangements %	Theoretical dilution effect %	Underwriting arrangement %	Underwriting commission %		
9. IRC Limited	1029	24/10/2025	1 for 2	355.9	(16.39)	(17.21)	(17.21)	(17.21)	(17.21)	(17.21)	(17.21)	(61.10)	9.76	Compensatory arrangements	No	NA	
10. Sandmatrix International Holdings Limited	482	24/10/2025	1 for 1	92.3	2.70	(9.00)	(11.50)	(11.50)	(11.50)	(11.50)	(11.50)	NA	5.99	Excess application	No	NA	
11. Jiading International Group Holdings Limited	8153	24/10/2025	1 for 2	6.93	(38.78)	(37.11)	(37.11)	(37.11)	(37.11)	(37.11)	(37.11)	(29.69)	NA	12.93	Compensatory arrangements	No	NA
12. Crocodile Garments Limited	122	22/10/2025	1 for 2	53.3	(22.68)	(22.44)	(22.44)	(22.44)	(22.44)	(22.44)	(22.44)	(16.34)	(92.46)	7.56	Excess application	No	NA
13. World Super Holdings Limited	8612	17/10/2025	3 for 1	31.1	23.46 (Note 1)	19.05 (Note 1)	NA (Note 1)	NA (Note 1)	NA (Note 1)	NA (Note 1)	NA (Note 1)	5.26 (Note 1)	66.23 (Note 1)	Nil (Note 1)	Compensatory arrangements	Yes	2.50
14. Syntone Communication Corporation	1613	15/10/2025	2 for 1	121.2	(35.71)	(35.71)	(35.71)	(35.71)	(35.71)	(35.71)	(35.71)	(15.63)	(41.55)	23.81	Compensatory arrangements	No	NA
15. Winshine Science Company Limited	209	15/10/2025	7 for 1	182	(23.50)	(24.30)	(24.30)	(24.30)	(24.30)	(24.30)	(24.30)	(4.10)	NA	21.1	Excess application	Yes	2.50
16. Hao Bai International (Cayman) Limited	8431	9/10/2025	4 for 1	38.21	(19.23)	(27.08)	(27.08)	(27.08)	(27.08)	(27.08)	(27.08)	(4.55)	59.99	23.24	Compensatory arrangements	No	NA

Company	Stock code	Date of initial announcement	Rights issue basis	Expected maximum gross proceeds HK\$ million	Premium/(discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately up to and including the last trading day	Premium/(discount) of the subscription price to the average closing price per share for the last ten consecutive trading days immediately up to and including the last trading day	Premium/(discount) of the subscription price to the theoretical ex-rights price based on the closing price in relation to Company in relation to the respective rights issue (the "TERP Discount")	Premium/(discount) of the subscription price to the net assets attributable to owners of the Company in relation to the respective rights issue (the "NAV Discount")	Excess application/ Compensation arrangements	Underwriting arrangement	Underwriting commission
					%	%	%	%	%	%	%
17. CCIAM Future Energy Limited	145	9/10/2025	1 for 2	18.68	(18.62)	(19.05)	(19.90)	(13.07)	(6.13)	6.63	Compensatory arrangements
18. Fire Rock Holdings Limited	1909	5/10/2025	1 for 2	51.68	(20.20)	(27.85)	(24.40)	(14.59)	195.74 <i>(Note 2)</i>	9.13	Compensatory arrangements
19. Macau Legend Development Limited	1680	3/10/2025	1 for 2	93.00	(45.45)	(44.44)	(46.43)	(36.17)	(88.46)	15.79	Excess application
20. China New Economy Fund Limited	80	21/9/2025	1 for 2	230.95	(29.29)	(21.23)	(28.13)	(21.70)	775.00 <i>(Note 2)</i>	9.7	Excess application
21. Perfectch International Holdings Limited	765	26/9/2025	1 for 2	48.22	(18.06)	(20.70)	(19.84)	(12.72)	152.4 <i>(Note 2)</i>	6.99	Excess application
22. Gameone Holdings Limited	8282	23/9/2025	1 for 2	11.40	1.69	(0.99)	(2.91)	1.12	(3.23)	0.55	Excess application
23. Immunotech Biopharm Ltd	6978	19/9/2025	1 for 5	307.84	(47.70)	(47.79)	(50.23)	(43.18) <i>(Note 2)</i>	NA	8.05	Excess application
24. Zhong Jia Guo Xin Holdings Company Limited	899	15/9/2025	2 for 1	43.33	(33.64)	(35.23)	(42.59)	(14.45) <i>(97.87)</i>	24.78 Compensatory arrangements	NA	1.45

Company	Stock code	Date of initial announcement	Rights issue basis	Expected maximum gross proceeds HK\$ million	Premium/(discount) of the subscription price to the average closing price per share for the last five consecutive trading days	Premium/(discount) immediately up to and including the last trading day	Premium/(discount) immediately prior to publication of announcement in relation to the respective rights issue (the "LTD Discount")	Premium/(discount) immediately prior to publication of announcement in relation to the respective rights issue (the "5-Day Discount")	Premium/(discount) of the subscription price to the theoretical ex-rights price per share based on the closing price in relation to Company in relation to the respective rights issue (the "10-Day Discount")	Premium/(discount) of the subscription price to the net assets attributable to owners of the Company in relation to the respective rights issue (the "TERP Discount")	Premium/(discount) of the subscription price to the net assets attributable to owners of the Company in relation to the respective rights issue (the "NAV Discount")	Excess application/underwriting arrangements %	Theoretical dilution effect %	Compensatory arrangements %	Underwriting arrangement %	Underwriting commission
					%	%	%	%	%	%	%	%	%	%	%	%
25. China Automotive Interior Decoration Holdings Limited	48	10/9/2025	3 for 2	34.1	(29.73)	(29.27)	(28.81)	(14.47)	(14.47)	(88.3)	(88.3)	(88.3)	17.84	Compensatory arrangements	Yes	4.5
26. Aeso Holding Limited	8341	4/9/2025	2 for 1	17.6	(25.70)	(23.10)	(26.00)	(10.35)	(10.35)	(83.60)	(83.60)	(83.60)	17.12	Compensatory arrangements	No	NA
27. Many Idea Cloud Holdings Limited	6696	4/9/2025	6 for 1	273.8	(22.08)	(24.56)	(26.88)	(4.94)	(4.94)	(90.33)	(90.33)	(90.33)	20.63	Compensatory arrangements	No	NA
Minimum				6.93	(47.70)	(47.79)	(50.23)	(43.18)	(43.18)	(97.87)	(97.87)	(97.87)	Nil		Nil	
Median				53.30	(22.08)	(25.56)	(26.16)	(12.26)	(12.26)	(61.96)	(61.96)	(61.96)	9.76	0.27		
Maximum				621.00	23.46	19.05	(2.91)	5.26	5.26	65.12	65.12	65.12	24.78	4.50		
Average				117.10	(20.81)	(22.29)	(25.13)	(12.36)	(12.36)	(44.12)	(44.12)	(44.12)	13.03	1.08		
Company				5.93	(26.62)	(30.80)	(31.08)	(9.41)	(9.41)	(27.14)	(27.14)	(27.14)	22.73	Compensatory arrangements	Yes	Nil

*Notes:*

1. The premium rates of the subscription price over the net asset value per issued share of the relevant Comparables are exceptionally high and considered as outliers, and are therefore excluded from the calculation of the premium/discount rates of the subscription price relative to the net assets value per share of the Comparables.
2. The relevant comparable shows a premium of approximately HK\$2.223 over the unaudited consolidated net liabilities attributable to the shareholders as at 30 June 2025. Accordingly, such a premium rate over the net liabilities is considered an outlier and has therefore been excluded from the calculation of the premium/discount rates of the subscription price relative to the net asset value per share of the relevant comparables.

As shown in the above table, the expected maximum gross proceeds from the Comparables range from HK\$6.93 million to HK\$620.00 million, with an average of approximately HK\$117.10 million, where the size of the fundraising of the Company is within the range of the comparables. It observed that the discounts of the LTD Discount, 5-Day Discount, 10-day Discount, TERP Discount and the NAV Discount of the Company of approximately 26.62%, 30.80%, 31.08%, 9.41% and 27.14%, respectively, are below the minimum of the Comparables of approximately 47.70%, 47.79%, 50.23%, 43.18% and 97.87%, respectively. The theoretical dilution effect of the Company of approximately of 22.73% is below the maximum of the Comparables of approximately 24.78%.

Taking into account the fluctuated closing prices and low liquidity of the Shares during the Review Period, as well as the weak financial performance of the Group as analysed above, the Excluded Board believes that it is reasonable for the Company to offer the Subscription Price, determined at a discount to the prevailing closing prices of the Shares, with the aim of lowering the investment cost of the Qualifying Shareholders. This is intended to encourage them to take up their entitlements to maintain their shareholdings in the Company, thereby minimising any dilution impact.

In addition, having considered (i) all Qualifying Shareholders are provided with an equal opportunity to subscribe for their assured entitlements under the Rights Issue at a relatively low price as compared to the historical market price of the Shares and at a discount to the recent closing prices of the Shares; and (ii) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid Rights Shares in the market. As such, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the Excluded Board considers that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Qualifying Shareholders**

The Company will make available the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Excluded Shareholders. To qualify for the Rights Issue, a Shareholder must at the close of business on the Record Date: (i) be registered as a Shareholder of the Company on the register of members of the Company; and (ii) not be an Excluded Shareholder.

Beneficial owners whose Shares are held by nominee companies (or held in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Beneficial owners with their Shares held by nominee companies (or held in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of the Share(s) (with the relevant share certificates) for registration with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 pm on Thursday, 5 March 2026.

The last day of dealing in the Shares on cum-rights basis is Tuesday, 3 March 2026. The Shares will be dealt with on an ex-rights basis from Wednesday, 4 March 2026.

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.**

#### **Rights of Overseas Shareholders**

The Prospectus will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders, if any, may not be eligible to take part in the Rights Issue. For the avoidance of doubt, the Overseas Shareholders, if any, are entitled to attend and vote at the SGM regardless of their eligibility to participate in the Rights Issue.

The Company notes the requirements specified in the notes to Rule 13.36(2)(a) of the Listing Rules and is in the process of making reasonable enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders present on the Record Date. If, after such enquiries, the Company is of the opinion that it would be necessary or expedient, on account of the legal restrictions or prohibitions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory body or stock exchange in such jurisdictions, not to offer the Rights Shares to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. Such Overseas Shareholders will be regarded as Excluded Shareholders and will not qualify for the Rights Issue. The basis of exclusion of Excluded Shareholders, if any, will be disclosed in the Prospectus.

As at the Latest Practicable Date, there were no Overseas Shareholder.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Company pursuant to the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.**

#### **The Excluded Shareholders**

The Company will not extend the Rights Issue to the Excluded Shareholders. Accordingly, no provisional allotment of Rights Shares will be made to the Excluded Shareholders and the Excluded Shareholders will not be entitled to apply for Rights Shares.

The Company will send the Prospectus Documents to the Qualifying Shareholders only and will, subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant overseas jurisdictions of Overseas Shareholders, if any, and to the extent reasonably practicable, send the Prospectus (excluding the PAL) to the Excluded Shareholders for information purposes only.

As at the Latest Practicable Date, there were no Excluded Shareholder.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be five (5) Rights Shares for every two (2) Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

### **Entitlements to the Rights Shares**

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and rounded down to the nearest whole number and will be disposed by the Company in the open market if a premium (net of expenses) can be obtained.

### **Odd lot arrangement**

In order to facilitate the trading of odd lots (if any) of the Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their holding of odd lots of the Shares. Details of the odd lots arrangement will be set out in the Prospectus to be despatched to the Shareholders.

**Holders of odd lots of the Shares should note that the matching of the sale and purchase of odd lots of the Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.**

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, shall rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the Rights Shares in their fully-paid form.

### **Procedures in respect of the Unsubscribed Rights Shares and ES Unsold Rights Shares and the Compensatory Arrangements**

Goodchamp, a substantial shareholder of the Company as at the time of conducting the Rights Issue, will act as the Underwriter. Pursuant to Rule 7.21(2) of the Listing Rules, the Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) by offering the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) to the Independent Placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 19 December 2025 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) to the Independent Placees on a best effort basis.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) during the Placing Period to the Independent Placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Monday, 13 April 2026, subscribers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any). Any Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) which are not placed under the Compensatory Arrangements will be underwritten by Goodchamp up to 381,000,000 Rights Shares.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Excluded Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefits.

#### **Placing Agreement for the Unsubscribed Rights Shares and ES Unsold Rights Shares**

Principal terms of the Placing Agreement are summarised as follows:

<b>Date</b>	:	19 December 2025 (after trading hours of the Stock Exchange)
<b>Issuer</b>	:	The Company
<b>Placing Agent</b>	:	Kingston Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO, was appointed as the Placing Agent to procure, on a best effort basis, placees to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares during the Placing Period.

The Placing Agent has confirmed that it is the Independent Third Party, and not acting in concert with Goodchamp (being the Underwriter), and/or Dr. Lam and any parties acting in concert with either of them.

<b>Placing Period</b>	:	The period commencing from Thursday, 2 April 2026 and ending at 4:00 p.m. on Monday, 13 April 2026.
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| <b>Commission and expenses</b>  | : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong Dollars, of 2.5% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) that have been successfully placed by the Placing Agent and/or its sub-placing agent(s) pursuant to the terms of the Placing Agreement. Assuming none of the Qualifying Shareholders has taken up their entitled Rights Shares (other than those subscriptions pursuant to the Irrevocable Undertaking) and all Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) have been placed by the Placed Agent, the total placing commission will be approximately HK\$1.07 million in cash to be deducted from the gross proceeds of the Rights Issue. |
| <b>Placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares</b>  | : The placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) shall be not less than the Subscription Price.<br><br>The final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) during the process of placement.  |
| <b>Placees</b>  | : The Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) are expected to be placed to the Independent Placee(s).<br><br>The Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing. The Company will continue to comply with the Public Float Requirement upon completion of the Placing and the Rights Issue. The Placing Agent shall also ensure the Placing will not result in the Company incapable of complying with the Public Float Requirements immediately following the Placing.  |
| <b>Ranking of the placed Unsubscribed Rights Shares and ES Unsold Rights Shares</b> | : The placed Unsubscribed Rights Shares and ES Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank <i>pari passu</i> in all respects among themselves and with the Shares in issue as at the date of completion of the Rights Issue.   |
| <b>Conditions of the Placing Agreement</b>  | : The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:  |

- (i) the passing of the Independent Shareholders at the SGM of (a) ordinary resolution to approve the Underwriting Agreement, the Rights Issue and the respective transactions contemplated thereunder (more than 50% of the Independent Shareholders either in person or by proxy at the SGM by way of poll); and (b) special resolution to approve the Whitewash Waiver (at least 75% of the Independent Shareholders either in person or by proxy at the SGM by way of poll) in accordance with the Listing Rules and the Takeovers Code by no later than the Prospectus Posting Date;
- (ii) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of any condition attached to the Whitewash Waiver granted;
- (iii) the Underwriting Agreement having been entered into by the parties thereto and having become unconditional and not terminated pursuant to the terms of the Underwriting Agreement;
- (iv) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;
- (v) all necessary consents and approvals to be obtained on the part of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated hereunder having been obtained;
- (vi) none of the representations, warranties or undertakings contained in this Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the Placing Completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect as if it were repeated as at the time of the Placing Completion; and
- (vii) the Placing Agreement not having been terminated in accordance with the provisions thereof.

None of the above conditions is capable of being waived.

In the event that the above condition precedents have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination.

**Termination**

- : Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Unsubscribed Rights Shares and the ES Unsold Rights Shares or otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:
  - (a) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industry, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or
  - (b) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would affect the success of the Placing; or
  - (c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or

- (d) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or
- (e) any breach of any of the representations and warranties given by the Company as set out in the Placing Agreement having come to the knowledge of the Placing Agent or any event having occurred or any matter having arisen on or after the date of the Placing Agreement and prior to the completion of the Rights Issue which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (f) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

The terms of the Placing Agreement (including the placing commission thereof) were determined after arm's length negotiation between the Company and the Placing Agent with reference to the size of the Rights Issue and the prevailing market rate of commission and are on normal commercial terms. The Excluded Board considers that the terms of the Placing Agreement are fair and reasonable.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the No Action Shareholders, the Excluded Board considers that the Compensatory Arrangements are in the interest of the Shareholders.

#### **Share certificates and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses, at their own risks, on or before Tuesday, 21 April 2026. If the Rights Issue does not become unconditional, refund cheques are expected to be despatched on or before Tuesday, 21 April 2026 to the applicants without interest to their registered addresses by ordinary post at their own risks.

#### **The Irrevocable Undertaking**

As at the Latest Practicable Date, Goodchamp is legally and beneficially interested in 35,305,770 Shares. Pursuant to Irrevocable Undertaking, each of Goodchamp and its ultimate beneficial owner, Dr. Lam has given an irrevocable undertaking in favour of the Company, that:

- (i) Goodchamp will, and Dr. Lam will procure Goodchamp to, subscribe for 88,264,425 Rights Shares which comprise the full acceptance of his provisional entitlement in respect of the 35,305,770 Shares held by it;
- (ii) Goodchamp will not, and Dr. Lam will procure Goodchamp not to, dispose of any of the 35,305,770 Shares comprising the current shareholding in the Company owned by them and such Shares will remain wholly and beneficially owned by them up to and including the Record Date; and
- (iii) Goodchamp will, and Dr. Lam will procure Goodchamp to, lodge the acceptance of the 88,264,425 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

Save for the Irrevocable Undertaking, as at the Latest Practicable Date, the Board has not received any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

#### **Application for listing of the Rights Shares**

The Company will apply to the Stock Exchange for the approval for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No securities of the Company in issue or the Rights Shares for which listing or permission to deal is to be sought is listed or dealt in on any other stock exchange.

Rights Shares in both their nil-paid and fully-paid forms will be traded in board lots of 6,000 Shares.

#### **Rights Shares will be eligible for admission into CCASS**

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

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

### **Stamp duty and other applicable fees**

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

### **Taxation**

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

## **THE UNDERWRITING AGREEMENT**

The Rights Issue will be partially underwritten by Goodchamp as the Underwriter in accordance with the terms and conditions of the Underwriting Agreement. The principal terms and conditions of the Underwriting Agreement are set out below:

**Date** : 19 December 2025

**Parties** : (i) the Company; and

(ii) Goodchamp as the Underwriter

**Underwriter** : Goodchamp, which is a substantial Shareholder interested in 35,305,770 Shares, representing approximately 17.34% of the issued share capital of the Company as at the Latest Practicable Date, and is ultimately owned by Dr. Lam (who is the chairman of the Board and a non-executive Director as at the Latest Practicable Date). Therefore, the Underwriter and Dr. Lam are connected persons of the Company according to Chapter 14A of the Listing Rules.

The Underwriter is not in the ordinary course of business to underwrite securities and confirms that it has complied with Rule 7.19(1)(b) of the Listing Rules.

The Underwriter shall ensure the underwriting will not result in the Company incapable of complying with the Public Float Requirements immediately following the Placing and the underwriting.

<b>Number of Rights Shares to be underwritten by the Underwriter</b>	: Up to 381,000,000 Rights Shares (being all the Underwritten Shares excluding the 88,264,425 Shares under the Irrevocable Undertaking), being approximately 74.84% of the total Rights Shares.
<b>Underwriting commission</b>	: The Underwriter will not receive any underwriting commission.

The terms of the Underwriting Agreement were determined after arm's length negotiations between the parties, taking into account the financial position of the Group, the size of the Rights Issue, the current and expected market conditions and the prevailing market rates of underwriting commission.

To assess the fairness and reasonableness of the underwriting commission, the Excluded Board conducted market research to identify an exhaustive list of 27 Comparables as set out in the paragraph headed "Determination of the Subscription Price" under the section headed "Proposed Rights Issue" above.

The Excluded Board noted that the underwriting commissions for these Comparables ranged from nil to 4.50%. Having considered the terms of the Underwriting Agreement, including that no commission is payable to the Underwriter, the Excluded Board is of the view that term of the Underwriting Agreement (including the underwriting commission) is fair and reasonable as far as the Shareholders are concerned, and the transactions contemplated under the Underwriting Agreement are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Underwriting Agreement**

The Underwriting Agreement is conditional upon the fulfilment (or waiver, if applicable, by the Underwriter) of the following conditions:

- (i) the passing by the Independent Shareholders at the SGM of (a) ordinary resolution to approve the Underwriting Agreement, the Rights Issue and the respective transactions contemplated thereunder (more than 50% of the Independent Shareholders either in person or by proxy at the SGM by way of poll); and (b) special resolution to approve the Whitewash Waiver (at least 75% of the Independent Shareholders either in person or by proxy at the SGM by way of poll) in accordance with the Listing Rules and the Takeovers Code by no later than the Prospectus Posting Date;
- (ii) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of any condition attached to the Whitewash Waiver granted;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (iv) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of the Prospectus Documents each duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolutions of the Directors (and all other documents required to be attached) in electronic format and otherwise in compliance

with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date;

- (v) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purposes only explaining the circumstances in which they are not permitted to participate in the Rights Issue by no later than the Prospectus Posting Date;
- (vi) the Underwriting Agreement not having been terminated by the Underwriter pursuant to the terms of the Underwriting Agreement on or before the Latest Time for Termination; and
- (vii) due compliance with and performance by the Company of all undertakings and obligations in all material respects under the terms of the Underwriting Agreement and all representations and warranties thereunder remain to be true and accurate in all material respects.

None of the above conditions can be waived. If any of the conditions referred to above are not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed.

As at the Latest Practicable Date, none of the conditions have been satisfied.

#### **Termination of the Underwriting Agreement**

If, prior to the Latest Time for Termination, there shall develop, occur, arise, exist, or come into effect:

- (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever after the signing of the Underwriting Agreement that materially and adversely affects the Company;
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring before the signing of the Underwriting Agreement and/or continuing after the signing of the Underwriting Agreement) of a social, political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets;
- (iii) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of any member of the Group;
- (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, act of terrorism, strike or lock-out;

- (v) the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise, other than the publication of the announcement(s) relating to the Rights Issue;
- (vi) any change or any development involving a prospective change or any event or circumstance likely to result in a change or development involving a prospective change, in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the People's Republic of China or other jurisdiction relevant to any member of the Group and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States) occurs;
- (vii) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or the Takeovers Code or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company in compliance with the Listing Rules;
- (viii) any order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;
- (ix) any litigation, dispute, legal action, arbitration, proceeding or claim of any third party being threatened or instigated against any member of the Group that materially and adversely affects the Company;
- (x) a creditor takes possession of all or a material part of the business or asset of any member of the Group or any execution or other legal process is enforced against all or a material part of the business or assets of any member of the Group and is not discharged within (7) days or such longer period as the Underwriter may approve, or
- (xi) any event which, individually or in aggregate, in the absolute opinion of the Underwriter:
  - (a) has had or is/are likely to have a material adverse effect on the business or financial or trading position or prospects of the Group as a whole; or
  - (b) is/are likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares "taken up"; or
  - (c) make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any breach of any of the warranties or undertakings or any omission to observe any of the obligations or undertakings contained in the Underwriting Agreement above comes to the knowledge of the Underwriter; or
- (ii) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

**If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.**

#### **CLOSURE OF REGISTER OF MEMBERS FOR SGM**

The register of members of the Company will be closed from Tuesday, 24 February 2026 to Monday, 2 March 2026 (both days inclusive) for determining the Shareholders' entitlements to attend and vote at the SGM. No transfer of Shares will be registered during the above book closure period. The record date will be Monday, 2 March 2026.

#### **CLOSURE OF REGISTER OF MEMBERS FOR RIGHTS ISSUE**

The register of members of the Company will be closed from Friday, 6 March 2026 to Thursday, 12 March 2026 (both dates inclusive) for determining the Shareholders' entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure period. The record date will be Thursday, 12 March 2026.

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

The Company is an investment company listed on the Main Board of the Stock Exchange under Chapter 21 of the Listing Rules. It is principally engaged in investment in equity and debt securities of listed and unlisted companies.

The primary objective of Company is to achieve capital appreciation as well as generate income from interests and dividends by investing in listed and unlisted companies in the PRC, Hong Kong and Macau, United States, Asia-Pacific Region and any other appropriate countries and/or capital markets as the Board may direct from time to time. The Company also intends to invest in unlisted companies with the potential to seek a listing on the Stock Exchange or any overseas stock exchanges.

Since the second half of 2024, capital market sentiment in Hong Kong and the PRC has shown signs of recovery despite the continuing geopolitical tension and other macroeconomic uncertainties. Hang Seng Stock Index has steadily increased and exceeded 27,000 level in October 2025 for the first time in four years. At the Central Economic Work Conference of the PRC, the PRC Government intends to promote industrial innovation through scientific and technological innovation, especially using disruptive and cutting-edge technologies to give birth to new industries, new models, new momentum, and to enhance productivity. To deliver better returns to its Shareholders and expand its investment portfolio, the Group has adopted prudent but proactive approach, actively identifying and pursuing potential business opportunities.

According to the annual report of the Company for the year ended 31 December 2024, the Group has incurred administrative expenses and general operation expenses of approximately HK\$11.76 million for the year ended 31 December 2024. However, the bank and cash balances were low and recorded approximately HK\$304,000 as at 30 June 2025, according to the interim report of the Company. Accordingly, the net proceeds from the Rights Issue are essential to address the Group's funding needs and to cover ongoing operational needs. At the same time, the net proceeds from the Rights Issue will also strengthen the Group's financial position, enabling it to pursue attractive growth opportunities in line with its principal business of investment management.

### **Use of Proceeds**

The Company has identified a potential investment opportunity and entered into a memorandum of understanding with the target company in relation to the possible investment of not more than HK\$5,500,000 to acquire equity interest in the target company on 1 September 2025. The target company is a company incorporated in the PRC with limited liabilities. It is mainly engaged in providing high-quality integrated new energy solutions, specializing in the investment, construction and operation of new energy sectors (photovoltaics, inverters, energy storage, charging stations microgrids and hydrogen energy). Photovoltaics is inevitable trend in the development of the global energy industry and industrial structure adjustment, often referred to as the “third industry revolution (第三次工業革命)”. China, as one of the largest energy consumers in the world, has included “photovoltaic poverty alleviation & distributed photovoltaics (光伏扶貧& 分佈式光伏)” in its economy strategy, actively encouraging the development of distributed photovoltaics at the policy level. Taking into above, the Board believes that the target company will be a valuable investment opportunity. Details of the memorandum of undertaking are set out in the announcement of the Company dated 1 September 2025.

As at the Latest Practicable Date, the Company is conducting a due diligence review on the target company and has not entered into any undertaking or formal agreement for the investment.

Besides, the Board considers that investment in artificial intelligence (AI) technologies may yield strong returns, particularly as costs continue to decline and applications expand from digital platforms into physical environments. In addition, the Stablecoins Ordinance (Cap. 656 of the laws of Hong Kong), which came into effect on 1 August 2025, has established a licensing regime for fiat-referenced stablecoin issuers in Hong Kong. This Ordinance represents a significant step forward in enhancing the regulatory framework for digital asset activities, safeguarding monetary and financial stability, and further strengthening Hong Kong's position as an international financial centre. Accordingly, the Board will consider investment opportunities in these sectors where appropriate.

The Board will continue to explore other investment opportunities for the Company, seek to expand the Company's business. In the implementation of the aforesaid intentions, the Company will ensure compliance with the requirements under Chapter 21 of the Listing Rules (including the restrictions under Rules 21.04(3)(a) and (b) of the Listing Rules).

Save for the above, the Company has not identified any particular potential investments or opportunities and currently does not have any intention, negotiation, agreement, arrangement and understanding (concluded or otherwise) in relation thereto. In addition, as at the Latest Practicable Date, neither Goodchamp, Dr. Lam nor any person acting in concert with either of them has made any arrangements with Shareholders or enter into arrangements to purchase or sell securities of the Company.

Owing to the business nature of the Company, being an investment company, the Company requires extensive cash to grow. Unlike other companies with regular cash revenues from operations, investments of investment companies under Chapter 21 of the Listing Rules do not necessarily generate sufficient cash for its operations and its cash position is largely dependent on the market conditions and its investment strategies. The Excluded Board considers that the cash position on hand will not be sufficient for the Company to capture suitable investment opportunities as they arise in the near future, hence the Rights Issue is being undertaken with a view to strengthening the capital base of the Company and providing it with readily available funds for capturing suitable investment opportunities in a timely fashion to provide investment returns to the Company and Shareholders as well as additional financial resources to support its long-term business strategy and investment objectives.

In view of above, the Excluded Board considers that it is commercially reasonable to obtain external financing to strengthen its capital structure and expand its investment portfolio with a view to achieving improvement of the Group's future business prospects, and to facilitate its general working capital.

The Excluded Board considers that the Rights Issue provides a good opportunity for the Group to strengthen its capital base and to enhance its financial position, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company on equal terms. Since the Rights Issue will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and therefore avoid dilution, the Excluded Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

**However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings will be diluted.**

The net proceeds of the Rights Issue, assuming full subscription, will be up to approximately HK\$49.24 million (assuming no change in number of Shares in issue on or before Record Date). Having considered the above, the Company intends to apply the net proceeds from the Rights Issue as follows:

- (i) approximately 70% (or approximately HK\$34.47 million) for investment in listed securities and unlisted securities, including but not limited to the acquisition of equity interest in the target company engaged in new energy solutions (companies that engaged in principal businesses including but not limited to photovoltaics, renewable energy, hydrogen energy, energy storage, and related innovative fields), AI and digital assets as mentioned above. As at the Latest Practicable Date, save for the memorandum of undertaking entered into by the Company in relation to the potential investment in the acquisition of an equity interest in the target company as mentioned above, no formal agreement has been entered into in respect of any potential investment; and
- (ii) approximately 30% (or approximately HK\$14.77 million) for the general working capital of the Group, including the payment for staff costs, professional fees, administrative expenses and other operating expenses.

In the event that there is an undersubscription of the Rights Issue, the use of proceeds raised from the Rights Issue will be allocated on a pro rata basis for the purposes disclosed above, i.e. (i) approximately 70% of the net proceeds from the Rights Issue will be used for investment in listed securities and unlisted securities, including but not limited to investment prospects in the acquisition of equity interest in the target company engaged in new energy solutions, AI and digital assets as mentioned above; and (ii) approximately 30% of the net proceeds from the Rights Issue will be used for the general working capital of the Group, including the payment for staff cost, professional fees, administrative expenses and other operating expenses. Further details of the use of proceeds will be disclosed by the Company in the announcement of results of the Rights Issue.

#### **Rights Issue as the preferred fundraising activity of the Group**

The Excluded Board has considered various ways of raising funds and believes that the Rights Issue is the most efficient way in terms of time and costs for the Company. The Excluded Board considers it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity which will not increase the Group's finance costs.

The Excluded Board has considered other fundraising alternatives before resolving the Rights Issue, including but not limited to the disposal of the Group's existing listed securities investments, debt financing, placing and open offer. The Group's investment portfolio had a carrying amount of approximately HK\$20.23 million as at 30 June 2025 (details of which are set out in Appendix V of this circular). Even if the entire portfolio were disposed of, the proceeds would be insufficient to meet the targeted net proceeds of the Rights Issue (approximately HK\$49.24 million). Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner. As for equity fundraising, such as placing of new Shares, it is relatively smaller in scale as compared to fundraising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue and offer Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. On the other hand, the Excluded Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

The Excluded Board considers that the terms of the Rights Issue are fair and reasonable and raising funds through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

#### **EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE**

Assuming there is no further issue or repurchase of Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance by all Shareholders; (iii) immediately upon completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (other than those subscriptions pursuant to the Irrevocable Undertaking) and all the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) have been placed by the Placing Agent; and (iv) immediately upon completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (other than those subscriptions pursuant to the Irrevocable Undertaking) and none of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) have been placed by the Placing Agent, all the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) were subscribed for through the Underwriter up to the Underwritten Shares, for illustrative purpose:

	(i) As at the Latest Practicable Date		Qualifying Shareholders					
Shareholders	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Goodchamp, Dr. Lam and parties acting in concert with either of them (note 1)	35,305,770	17.34	123,570,195	17.34	123,570,195	17.34	504,570,195 (note 2)	74.98
The Independent Placees	-	-	-	-	420,843,542	59.04	-	-
Other public Shareholders	168,337,417	82.66	589,180,959	82.66	168,337,417	23.62	168,337,417	25.02
	203,643,187	100.00	712,751,154	100.00	712,751,154	100.00	672,907,612	100.00

*Notes:*

1. The issued share capital of Goodchamp is wholly and beneficially owned by Dr. Lam, the chairman of the Board and a non-executive Director.
2. As at the Latest Practicable Date, Goodchamp has provided the Irrevocable Undertaking to the Company, irrevocable undertaking to subscribe for the Rights Shares to be provisionally allotted to it (i.e., 88,264,425 Rights Shares); and Goodchamp, as the Underwriter, has conditionally agreed to subscribe for up to 381,000,000 Rights Shares (i.e., the Underwritten Shares). Immediately upon completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any of their entitlement under the Rights Shares (other than those subscriptions pursuant to the Irrevocable Undertaking) and none of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) have been placed by the Placing Agent, all the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) were subscribed for through the Underwriter up to the Underwritten Shares, Goodchamp will hold 504,570,195 Shares, representing approximately 74.98% of the total issued Shares of the Company as enlarged by the allotment and issue of the Rights Share. Goodchamp will apply for the Whitewash Waiver to the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. An application has been made by Goodchamp to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.
3. Save for Dr. Lam (through Goodchamp), no Director holds any relevant securities of the Company as at the Latest Practicable Date.
4. The percentage of shareholding in the above table is for illustrative purpose only. The Company will take all appropriate steps to ensure that sufficient public float be maintained in compliance with the Public Float Requirement.
5. Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

### **FUNDRAISING EXERCISE IN THE PAST TWELVE MONTHS**

Except for the equity fund raising activities as mentioned below, there has not been any other equity fund raising activities in the past twelve months immediately prior to the date of the Announcement.

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
3 October 2025	Placing of new Shares under general mandate	HK\$3.61 million	(i) as to approximately HK\$2.00 million for potential investments; and  (ii) as to approximately HK\$1.61 million for general working capital.	Fully utilised as intended

## **INTERESTS IN AND DEALINGS OF THE SHARES BY THE UNDERWRITER AND PARTIES ACTING IN CONCERT WITH IT**

As at the Latest Practicable Date, Goodchamp, Dr. Lam and parties acting in concert with either of them:

- (i) did not hold, owned, had control or direction over any other voting rights, rights over Shares, any outstanding options, warrants, or any securities that are convertible into Shares or held any outstanding derivatives in respect of the securities of the Company, or held any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for the 35,305,770 Shares held by Goodchamp and save as disclosed in the section headed "Effect on the shareholding structure of the Company arising from the Rights Issue" in this circular;
- (ii) have not received any irrevocable commitment to vote for or against the Rights Issue, the Underwriting Agreement, and/or the Whitewash Waiver;
- (iii) had not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (iv) had not paid and will not pay other consideration, compensation or benefit in whatever form to the Company in connection with the Rights Issue and the Underwriting Agreement, save for the Rights Shares to be subscribed under the Irrevocable Undertaking and the Underwritten Shares to be underwritten by Goodchamp under the Underwriting Agreement;
- (v) did not have any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Underwriting Agreement, and/or the Whitewash Waiver, with any other persons, save for the Irrevocable Undertaking and the Underwriting Agreement;
- (vi) did not have any agreement or arrangement to which it is a party which relates to circumstances in which it may or may not invoke or seek a pre-condition or a condition to the Rights Issue, the Underwriting Agreement, and/or the Whitewash Waiver, save for the Rights Issue and the Underwriting Agreement being conditional upon obtaining of the Whitewash Waiver by Goodchamp as set out in the section headed "Conditions of the Underwriting Agreement" of this circular;
- (vii) had not acquired or entered into any agreement or arrangement to acquire any voting rights in the Company and had not dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period; and
- (viii) have not entered into any derivative in respect of the relevant securities in the Company which are outstanding.

As at the Latest Practicable Date:

- (i) save for the Irrevocable Undertaking and the Underwriting Agreement, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between Goodchamp, Dr. Lam or parties acting in concert with either of them on one hand, and the Company on the other hand; and
- (ii) save for the Irrevocable Undertaking and the Underwriting Agreement, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholders on one hand; and (a) Goodchamp, Dr. Lam or parties acting in concert with either of them; or (b) the Company, its subsidiaries or associated companies on the other hand;
- (iii) there was no agreement, arrangement or understanding (including any compensation arrangement) between Goodchamp, Dr. Lam and parties acting in concert with either of them and other persons in relation to the transfer, charge or pledge of the Shares that may be allotted and issued to Goodchamp, Dr. Lam and parties acting in concert with either of them under the Rights Issue or as a result of the obligations under the Underwriting Agreement;
- (iv) save as disclosed in the paragraph headed "4. Disclosure of Interests" in the appendix IV to this circular, none of the Directors was interested in any Shares, convertible securities, warrants, options or derivatives of the Company or similar rights which are convertible or exchangeable into any Shares. In addition, none of the Directors had dealt for value in any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;
- (v) there was no benefit to be given to any Directors as compensation for loss of office in any member of the Group or otherwise in connection with the Rights Issue, the Underwriting Agreement and the Whitewash Waiver;
- (vi) there was no agreement, arrangement or understanding (including any compensation arrangement) between (i) Goodchamp and parties acting in concert with it (including Dr. Lam) and (ii) any of the Directors, recent Directors, Shareholders or recent Shareholders, having any connection with or dependence upon the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver;
- (vii) save for the Irrevocable Undertaking and the Underwriting Agreement, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver or otherwise connected therewith;
- (viii) save for Irrevocable Undertaking and the Underwriting Agreement, there was no material contract entered into by Goodchamp and parties acting in concert with it (including Dr. Lam) in which any Director had a material personal interest;

- (ix) save for the Irrevocable Undertaking and the Underwriting Agreement, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code, and none of them had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Relevant Period;
- (x) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Existing Shares or securities of the Company during the Relevant Period; and
- (xi) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares.

#### **LISTING RULES IMPLICATIONS**

Given that the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rules 7.19A and 7.27A of the Listing Rules, the Rights Issue is subject to the approval of the Independent Shareholders by way of poll at the SGM at which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the resolution approving the Rights Issue.

As at the Latest Practicable Date, there are no controlling shareholders and the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue at the SGM.

The Underwriter is a substantial Shareholder and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction for the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and circular requirements, and the approval of the Independent Shareholders under the Listing Rules.

As at the Latest Practicable Date, Dr. Lam, who is an ultimate beneficial owner of the Underwriter (being a substantial Shareholder), the chairman of the Board and a non-executive Director, is indirectly interested in 35,305,770 Shares, representing approximately 17.34% of the issued share capital of the Company through the Underwriter. Therefore, Dr. Lam, Goodchamp and parties acting in concert with either of them and their associates are required to abstain from voting on the resolution(s) in relation to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver at the SGM.

Save as the above, no other Shareholder is required to abstain from voting on the resolution(s) to approve the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder at the SGM.

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

Dr. Lam has abstained from voting at the meeting of the Board convened to consider the Rights Issue and the Underwriting Agreement due to his interest in the Rights Issue and the Underwriting Agreement arising from his shareholding in the Underwriter.

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

As at the Latest Practicable Date, Goodchamp (being the Underwriter), Dr. Lam and the parties acting in concert with either of them are interested in 35,305,770 Shares, representing approximately 17.34% of the issued share capital of the Company. As illustrated in the table under the section headed "Effect on the shareholding structure of the Company arising from the Rights Issue", assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares and assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (other than those subscriptions pursuant to the Irrevocable Undertaking) and none of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) have been placed by the Placing Agent, all the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) were subscribed for through the Underwriter up to the Underwritten Shares, Goodchamp, Dr. Lam and parties acting in concert with either of them will be interested in approximately 74.98% of the issued share capital of the Company as enlarged by the issue of the Rights Shares.

Accordingly, Goodchamp would be required to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares and other securities not already owned or agreed to be acquired by it and parties acting in concert with it, unless the Whitewash Waiver is granted.

An application has been made by Goodchamp to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the approval by at least 75% of the votes casted by the Independent Shareholders either in person or by proxy at the SGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the votes casted by the Independent Shareholders either in person or by proxy at the SGM by way of poll in respect of the Rights Issue (including the Underwriting Agreement) and the respective transactions contemplated thereunder.

As at the Latest Practicable Date, the Company does not believe that the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Whitewash Waiver and the transactions contemplated thereunder 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 Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder do not comply with other applicable rules and regulations.

**If the Whitewash Waiver is granted by the Executive and is approved by the Independent Shareholders and the completion of the Rights Issue having taken place, the shareholding of Goodchamp, Dr. Lam and parties acting in concert with either of them in the Company may exceed 50% of the issued share capital of the Company as enlarged by the Rights Shares. Goodchamp, Dr. Lam and parties acting in concert with either of them as a concert group may further increase its shareholding in the Company without incurring any further obligation to make a general offer under Rule 26 of the Takeovers Code.**

The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or the approval by the Independent Shareholders of the Whitewash Waiver is not obtained, the Rights Issue will not proceed.

## **SGM**

The register of members of the Company will be closed from Tuesday, 24 February 2026 to Monday, 2 March 2026 (both days inclusive) for determining the Shareholders' entitlements to attend and vote at the SGM. No transfer of Shares will be registered during the above book closure period. The record date will be Monday, 2 March 2026.

In order to be registered as a member of the Company on the record date for attendance and voting at the SGM, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar for registration by no later than 4:30 p.m. (Hong Kong time) on Monday, 23 February 2026.

The SGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver. The chairman of the SGM will be Mr. Tam Yuk Sang, Sammy, an independent non-executive Director who is independent from and not acting in concert with either of Goodchamp (being the Underwriter) and Dr. Lam.

A form of proxy for use at the SGM is also enclosed with this circular. Whether or not you are able to attend and vote at the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than (48) hours before the time appointed for holding the SGM, i.e. Saturday, 28 February 2026 at 11:00 a.m. (Hong Kong time), or any adjournment thereof.

Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so desire.

## **INDEPENDENT BOARD COMMITTEE**

According to Rule 2.8 of the Takeovers Code, the Independent Board Committee should comprise all non-executive Directors who have no direct or indirect interest in the Rights Issue other than as the Shareholder. Dr. Lam, the only non-executive Director, is also the chairman of the Board, and a substantial Shareholder indirectly holding approximately 17.34% of issued share capital of the Company as at the Latest Practicable Date through the Underwriter as its ultimate beneficial owner.

As such, the Independent Board Committee comprising all the non-executive Directors other than Dr. Lam (who has direct or indirect interest in the Rights Issue, the Underwriting Agreement and the respective transactions contemplated thereunder as well as the Whitewash Waiver arising from his shareholding in the Underwriter), namely Dr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy, and Ms. Law So Fun, all being independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder as well as the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and as to voting at the SGM.

Pursuant to the Listing Rules, the Independent Board Committee will also advise the Independent Shareholders as to whether the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and as to voting at the SGM.

### **THE INDEPENDENT FINANCIAL ADVISER**

Independent Financial Adviser was appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue, the Underwriting Agreement and the respective transactions contemplated thereunder as well as the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the SGM. Please refer to the letter from the Independent Board Committee set out on pages 49 to 50 of this circular which contains its recommendation to the Independent Shareholders as to voting at the SGM and the letter from the Independent Financial Adviser set out on pages 51 to 83 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the respective transactions contemplated thereunder as well as the Whitewash Waiver.

### **DESPATCH OF PROSPECTUS DOCUMENTS**

Subject to, among other things, the Rights Issue, the Underwriting Agreement and the respective transactions contemplated thereunder as well as the Whitewash Waiver having been approved by the Independent Shareholders at the SGM, the Prospectus Documents containing, among other things, details of the Rights Issue, including information on acceptances of the Rights Shares, will be despatched to the Qualifying Shareholders on or before Friday, 13 March 2026.

The Company may, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, make available the Prospectus to the Excluded Shareholders (if any) for their information only, but the Company will not send the PAL to the Excluded Shareholders (if any). For the avoidance of doubt, the Overseas Shareholders, if any, are entitled to attend and vote at the SGM regardless of their eligibility to participate in the Rights Issue.

### **RECOMMENDATION**

The Excluded Board considers that the terms of (i) the Rights Issue and the transactions contemplated thereunder as well as the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the Underwriting Agreement and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Excluded Board recommends the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Rights Issue, the Underwriting Agreement, and respective transactions contemplated thereunder as well as the Whitewash Waiver.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sections headed "Conditions of the Rights Issue" and "Termination of the Underwriting Agreement" in this circular). Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled (and the date on which the Underwriters' right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

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

## **FURTHER INFORMATION**

Your attention is drawn to the letter from the Independent Board Committee set out on pages 49 to 50 of this circular which contains its recommendation to the Independent Shareholders as to voting at the SGM and the letter from the Independent Financial Adviser set out on pages 51 to 83 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue (including the Placing Agreement), the Underwriting Agreement and the respective transactions contemplated thereunder as well as the Whitewash Waiver.

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

Yours faithfully,  
By order of the Board  
**China Castson 81 Finance Company Limited**



**Lee Kwok Leung**  
*Director*