
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Grand Talents Group Holdings Limited, you should at once hand this circular and the accompanying proxy forms to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



GRAND TALENTS GROUP HOLDINGS LIMITED 廣駿集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8516)

- (1) PROPOSED SHARE CONSOLIDATION;
(2) CHANGE IN BOARD LOT SIZE;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(4) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(5) NOTICE OF EXTRAORDINARY GENERAL MEETING

Placing Agent



Lego Securities Limited

力高證券有限公司

Capitalised terms used in this cover page shall have the meanings as those defined in this circular.

A letter from the Board is set out from pages 7 to 26 of this circular. A notice convening the EGM to be held at Function Room, 1/F, Xi Hotel, 7-9 Minden Avenue, Tsimshatsui, Kowloon, Hong Kong at 2:00 p.m. on Friday, 24 December 2021, is set out on pages EGM-1 to EGM-4 of this circular. Resolutions will be proposed at the EGM to consider, and if thought fit, to approve the Share Consolidation, the Increase in Authorised Share Capital and the Placing.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed on such form to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event no later than 48 hours before the time appointed for the holding of the EGM or any adjournment of such meeting. Completion and return of the proxy form will not preclude you from subsequently attending and voting at the EGM in person or any adjourned meeting, as the case may be, should you so desire.

PRECAUTIONARY MEASURES FOR THE EGM

Please see page i of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the EGM, including:

- compulsory body temperature checks and health declarations
- recommended wearing of a surgical face mask for each attendee
- no distribution of corporate gift or refreshment

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company reminds Shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting as an alternative to attending the meeting in person.

This circular together with the form of proxy will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the Company's website at www.grandtalentsgroup.com.hk.

8 December 2021

PRECAUTIONARY MEASURES FOR THE EGM

The health of the Shareholders, staff and stakeholders is of paramount importance to the Company. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the EGM to protect attending Shareholders, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) Each attendee must wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats.
- (iii) No refreshments or drinks will be provided, and no corporate gifts or cake coupons will be distributed.
- (iv) Every Shareholder, proxy and other attendees will be required to submit a signed and completed health declaration form prior to being admitted to the meeting venue. Any person who has given a positive confirmation(s) to any of the questions asked in the health declaration form may not be admitted to the meeting venue.

In the interest of all stakeholders' health and safety and in accordance with recent guidelines for prevention and control of the spread of COVID-19, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the EGM instead of attending the EGM in person, by completing and returning the form of proxy attached to this circular.

The form of proxy for the EGM is enclosed with this circular. Alternatively, the form of proxy can be downloaded from the Company's website at www.grandtalentsgroup.com.hk and the Stock Exchange website at www.hkexnews.hk.

Shareholders are advised to monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
PRECAUTIONARY MEASURES FOR THE EGM	i
CHARACTERISTICS OF GEM	ii
DEFINITIONS	1
EXPECTED TIMETABLE	5
LETTER FROM THE BOARD	7
NOTICE OF EGM	EGM-1

DEFINITIONS

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

“associates”	has the meaning ascribed thereto under the GEM Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	a day (other than Saturdays, Sundays, public holidays in Hong Kong or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time;
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 1,000 Existing Shares to 5,000 Consolidated Shares;
“Company”	Grand Talents Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM of the Stock Exchange (stock code: 8516);
“Completion Date”	the third Business Day following the day on which all the conditions set out in the Placing Agreement (as amended by the Supplemental Placing Agreement) are satisfied or such other date as the Company and the Placing Agent may agree in writing;
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules;

DEFINITIONS

“Consolidated Share(s)”	ordinary share(s) of the Company of HK\$0.10 each immediately after the Share Consolidation becoming effective;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve (i) the Share Consolidation; (ii) the Increase in Authorised Share Capital; and (iii) the Placing Agreement (as amended by the Supplemental Placing Agreement) and the transactions contemplated thereunder (including the grant of the Specific Mandate to allot and issue the Placing Shares);
“Existing Shares”	ordinary share(s) of the Company of HK\$0.01 each prior to the Share Consolidation having become effective;
“GEM”	GEM operated by the Stock Exchange;
“GEM Listing Committee”	the GEM Listing Committee of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange;
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

DEFINITIONS

“Increase in Authorised Share Capital”	the increase in the authorised share capital of the Company from HK\$10,000,000 divided into 100,000,000 Consolidated Shares to HK\$20,000,000 divided into 200,000,000 Consolidated Shares by the creation of an additional 100,000,000 new Consolidated Shares;
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons or their respective associates;
“Latest Practicable Date”	6 December 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Placee(s)”	any person or entity, who is professional, institutional or other investor(s), procured by the Placing Agent or its agent(s) to subscribe for any of the Placing Shares pursuant to the Placing Agreement (as amended by the Supplemental Placing Agreement);
“Placing”	the placing of up to 57,100,000 Placing Shares by the Placing Agent, on a best effort basis, subject to the terms and conditions set out in the Placing Agreement (as amended by the Supplemental Placing Agreement);
“Placing Agent”	Lego Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO;
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 24 November 2021 (as amended by the Supplemental Placing Agreement) in relation to the Placing;
“Placing Price”	HK\$0.535 per Placing Share;
“Placing Share(s)”	a maximum of 57,100,000 new Consolidated Shares to be placed pursuant to the Placing Agreement (as amended by the Supplemental Placing Agreement);

DEFINITIONS

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	the Existing Share(s) or the Consolidated Share(s), as the case may be;
“Shareholder(s)”	holder(s) of issued Share(s);
“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares into one (1) Consolidated Share;
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the EGM for the allotment and issue of the Placing Shares;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Supplemental Placing Agreement”	the supplemental agreement to the Placing Agreement entered into between the Company and the Placing Agent dated 26 November 2021; and
“%”	per cent.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Share Consolidation and the Change in Board Lot Size.

Events **2021**

Latest time for lodging transfer of the Existing Shares in order to
be qualified for attendance and voting at the EGM. 4:30 p.m. on
Monday, 20 December

Closure of register of members of the Company for determining
the identity of the Shareholders entitled to attend and vote at the
EGM (both days inclusive) Tuesday, 21 December
Friday, 24 December

Latest date and time for lodging proxy forms for the EGM 2:00 p.m. on
Wednesday, 22 December

Record date for attendance and voting at the EGM Friday, 24 December

Expected date and time of the EGM. 2:00 p.m. on
Friday, 24 December

Announcement of poll results of the EGM. Friday, 24 December

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation and the Change in Board Lot Size.

Effective date of the Share Consolidation. Wednesday, 29 December

First day of free exchange of existing share certificates of Existing
Shares for new share certificates of the Consolidated Shares. Wednesday, 29 December

Commencement of dealings in the Consolidated Shares 9:00 a.m. on
Wednesday, 29 December

Original counter for trading in the Existing Shares in board lots of
1,000 Existing Shares (in the form of existing share certificates)
temporarily closes. 9:00 a.m. on
Wednesday, 29 December

Temporary counter for trading in board lots of 100 Consolidated
Shares (in the form of existing share certificates) opens 9:00 a.m. on
Wednesday, 29 December

EXPECTED TIMETABLE

Events**2022**

Original counter for trading in Consolidated Shares in board lot of 5,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens	9:00 a.m. on Wednesday, 12 January
Parallel trading in the Consolidated Shares (in the form of existing share certificates and new share certificates for the Consolidated Shares) commences	9:00 a.m. on Wednesday, 12 January
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	9:00 a.m. on Wednesday, 12 January
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares	4:00 p.m. on Friday, 4 February
Temporary counter for trading in Consolidated Shares in board lot of 100 Consolidated Shares (in the form of existing share certificates) closes.	4:10 p.m. on Friday, 4 February
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends.	4:10 p.m. on Friday, 4 February
Last day and time for free exchange of existing share certificates of the Existing Shares for new share certificates of the Consolidated Shares	4:30 p.m. on Tuesday, 8 February

Note:

The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates.

LETTER FROM THE BOARD



GRAND TALENTS GROUP HOLDINGS LIMITED
廣駿集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8516)

Executive Directors:

Mr. Ha Chak Hung (*Chairman*)

Mr. Ip Chu Shing (*Chief Executive Officer*)

Independent Non-executive Directors:

Ms. Tang Shui Man

Dr. Fok Wai Sun

Mr. Yuk Kai Yao

Registered Office in the Cayman Islands:

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

Principal Place of Business in Hong Kong:

Office 15, 9/F., Mega Cube

No. 8 Wang Kwong Road

Kowloon Bay

Hong Kong

To the Shareholders

Dear Sir/Madam,

- (1) PROPOSED SHARE CONSOLIDATION;**
(2) CHANGE IN BOARD LOT SIZE;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(4) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

Reference is made to the announcements of the Company dated 24 November 2021 and 26 November 2021 in relation to, among others, (i) the Share Consolidation; (ii) the Change in Board Lot Size; (iii) the Increase in Authorised Share Capital; and (iv) the Placing.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with, among other things, (i) further details of the Share Consolidation, Change in Board Lot Size, the Increase in Authorised Share Capital and the Placing; (ii) other information required under the GEM Listing Rules; and (iii) a notice convening the EGM.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) Existing Shares of HK\$0.01 each be consolidated into one (1) Consolidated Share of HK\$0.10 each.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Existing Shares of HK\$0.01 each, of which 571,200,000 Existing Shares have been allotted and issued as fully paid or credited as fully paid.

Immediately upon the Share Consolidation becoming effective and assuming there will be no change in the issued Shares from the Latest Practicable Date up to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$10,000,000 divided into 100,000,000 Consolidated Shares of HK\$0.10 each, of which 57,120,000 Consolidated Shares of HK\$0.10 each will be in issue.

As at the Latest Practicable Date, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Existing Shares.

Other than the relevant expenses incurred, the implementation of the Share Consolidation will have no effect on the consolidated total asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Group or the interests of the Shareholders as a whole, save for any fractional Consolidated Shares (if any) to which the Shareholders would otherwise be entitled. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Company.

Status of the Consolidated Shares

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other, and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

LETTER FROM THE BOARD

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

1. the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
2. the GEM Listing Committee granting the approval for listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
3. the compliance with the relevant procedures and requirements under the laws of Hong Kong and the Cayman Islands (where applicable) and the GEM Listing Rules to effect the Share Consolidation.

Subject to the fulfillment of the conditions of the Share Consolidation, the Share Consolidation will become effective on Wednesday, 29 December 2021, being one clear Business Day after the date of the EGM.

Listing application

An application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

LETTER FROM THE BOARD

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling the Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed Lego Securities Limited as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares from Wednesday, 12 January 2022 to Friday, 4 February 2022 (both days inclusive). Shareholders who wish to take advantage of this service should contact Mr. Kelvin Li of Lego Securities Limited at Room 301, 3/F, China Building, 29 Queen's Road Central, Hong Kong or at telephone number (852) 3188 8055 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Holders of the Shares who would like to match odd lots are recommended to make an appointment in advance by dialing the telephone number of Lego Securities Limited set out above.

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

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be on Wednesday, 29 December 2021, being one clear Business Day immediately after the date of the EGM, the Shareholders may during the period from Wednesday, 29 December 2021 to Tuesday, 8 February 2022 (both days inclusive) submit existing share certificates for the Existing Shares (in the colour of yellow) to the Company's branch share registrar and transfer office in Hong Kong,

LETTER FROM THE BOARD

Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange for new share certificates for the Consolidated Shares (in the colour of blue) at the expense of the Company.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Consolidated Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

After 4:10 p.m. on Friday, 4 February 2022, share certificates for the Existing Shares will remain effective as documents of title and may be exchanged for share certificates for the Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Existing Shares are traded on the Stock Exchange in the board lot size of 1,000 Existing Shares. The Board proposes to change the board lot size for trading in the Consolidated Shares from 1,000 Shares to 5,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.082 per Existing Share (equivalent to HK\$0.82 per Consolidated Share) as quoted on the Stock Exchange as at the Latest Practicable Date, (i) the market value of each board lot of 1,000 Existing Shares was HK\$82; and (ii) the theoretical market value of each board lot of 5,000 Consolidated Shares, assuming the Share Consolidation and the Change in Board Lot Size had already been effective, would be HK\$4,100.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

It is worth noticing that the Existing Shares have predominantly been trading at below HK\$0.1 during the past 10 months. Under Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1

LETTER FROM THE BOARD

October 2020 has further stated that (i) market price of the shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000. As at the Latest Practicable Date, the closing price of the Existing Shares was HK\$0.082, with a board lot size of 1,000, and the existing board lot value was only HK\$82, which was less than HK\$2,000. For the purpose of reducing transaction costs, the Board proposes the Share Consolidation and the Change in Board Lot Size.

Upon the Share Consolidation and the Change in Board Lot Size becoming effective, based on the closing price of the Existing Share as at the Latest Practicable Date, the theoretical value of each new board lot would be HK\$4,100. The Share Consolidation and the Change in Board Lot Size would thus enable the Company to comply with the trading requirements under the GEM Listing Rules.

The Board also considers that the Share Consolidation and the Change in Board Lot Size will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. The Company believes that this will make investing in the Shares more attractive to a broader range of investors and thus further broaden the shareholder base of the Company. The Company also believes that the Share Consolidation and the Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade which will correspondingly increase the liquidity of the trading of the Consolidated Shares on the Stock Exchange.

Save as those disclosed in this circular, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation and/or the Change in Board Lot Size.

In light of the above reasons, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As set out in the Announcements, under the Placing, a maximum of 57,100,000 Placing Shares will be allotted and issued by the Company, through the Placing Agent, to not less than six Placees who and whose beneficial owners are Independent Third Parties in accordance with the terms of the Placing Agreement. (as amended by the Supplemental Placing Agreement (as defined below)).

LETTER FROM THE BOARD

As at the Latest Practicable Date, the existing authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Existing Shares of HK\$0.01 each, of which 571,200,000 Existing Shares have been allotted and issued as fully paid or credited as fully paid.

Immediately upon the Share Consolidation becoming effective and assuming there will be no change in the issued Shares from the Latest Practicable Date up to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$10,000,000 divided into 100,000,000 Consolidated Shares of HK\$0.10 each, of which 57,120,000 Consolidated Shares of HK\$0.10 each will be in issue.

In order to facilitate the Placing, as well as to accommodate future expansion and growth of the Group and to provide the Company with greater flexibility to raise funds by allotting and issuing Shares in the future as and when necessary, subject to the Share Consolidation having become effective, the Board proposes to increase the authorised share capital of the Company from HK\$10,000,000 divided into 100,000,000 Consolidated Shares to HK\$20,000,000 divided into 200,000,000 Consolidated Shares by the creation of an additional 100,000,000 new Consolidated Shares. The Board is of the view that the Increase in Authorised Share Capital will provide flexibility to the Company for future fundraising and expansion in the share capital of the Company, and is therefore in the interests of the Company and the Shareholders as a whole.

The proposed Increase in Authorised Share Capital is subject to (i) the approval of the Shareholders by way of an ordinary resolution at the EGM; and (ii) the Share Consolidation having become effective.

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 24 November 2021 (after trading hours), the Company entered into the Placing Agreement (as amended by the Supplemental Placing Agreement) with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 57,100,000 Placing Shares at the Placing Price of HK\$0.535 per Placing Share to not less than six Placees who are professional, institutional or other investors that are Independent Third Parties.

THE PLACING AGREEMENT

Date : 24 November 2021 (after trading hours)

Issuer : The Company

Placing Agent : Lego Securities Limited

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placing

The Placing Agent has conditionally agreed to place, or procure the placing of, up to 57,100,000 Placing Shares at the Placing Price of HK\$0.535 per Placing Share on a best effort basis and will receive a placing commission of 2% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares successfully placed by or on behalf of the Placing Agent (i.e. the gross proceeds from the Placing). Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market condition.

In order to assess the fairness and reasonableness of the placing commission of the Placing, references have been made to a total of four transactions (the "**Placing Comparables**") involve placing of new shares under specific mandate by the companies listed on the Main Board or GEM of the Stock Exchange (excluding transactions involving A-share, B-share and H-share companies whose share capital structure is different from that of the Company as not all the issued shares of A-share, B-share and H-share company can be traded in the Stock Exchange such as its A-share or domestic shares), which announced in the three months period prior to the date of the Placing Agreement on the website of the Stock Exchange (<https://www.hkexnews.hk>). The three-month timeframe was adopted to demonstrate the recent market trends with exhaustive list of Placing Comparables and thus, the Board considers the timeframe is reasonable and representative. Given the placing commission of 2% falls within the range of placing commission of the Placing Comparables from 1.0% to 5.0% and is below the average of the placing commission of the Placing Comparables of approximately 3.4%, the Directors are of the view that the placing commission of 2% is in line with the current market rate and is therefore fair and reasonable.

Placees

The Placing Shares will be placed to not less than six Placees, who and whose ultimate beneficial owners, shall be Independent Third Parties. The Placing Agent undertook that none of the Placees nor their associates would, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the GEM Listing Rules) of the Company.

LETTER FROM THE BOARD

Number of Placing Shares

Assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Completion Date, the maximum number of 57,100,000 Placing Shares represent (i) approximately 99.96% of the issued share capital of the Company as at the effective date of the Share Consolidation; and (ii) approximately 49.99% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares, after taking into account the effect of the Share Consolidation. The aggregate nominal value of the maximum number of Placing Shares will be HK\$5,710,000.

Placing Price

The Placing Price of HK\$0.535 per Placing Share represents:

- (i) a discount of approximately 29.6% to the closing price of HK\$0.76 per Share as quoted on the Stock Exchange on the date of the Placing Agreement, being the last trading day (the “**Last Trading Day**”) (assuming the Share Consolidation has taken effect);
- (ii) a discount of approximately 30.0% to the average closing price of approximately HK\$0.764 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day (assuming the Share Consolidation has taken effect);
- (iii) a discount of approximately 34.8% to the closing price of HK\$0.82 per Share as quoted on the Stock Exchange on the Latest Practicable Date (assuming the Share Consolidation has taken effect);
- (iv) a discount of approximately 17.7% to the unaudited net asset value of the Group per Share of approximately HK\$0.65 as at 30 September 2021 (assuming the Share Consolidation has taken effect) calculated based on the consolidated unaudited net assets of the Group of approximately HK\$37,223,000 as at 30 September 2021 as extracted from the interim report of the Company for the six months ended 30 September 2021 and 57,120,000 Consolidated Shares; and
- (v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 14.8%, represented by the theoretical diluted price of approximately HK\$0.651 per Share (assuming the Share Consolidation has taken effect) to the benchmarked price of approximately HK\$0.764 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.76 per Share (assuming the Share

LETTER FROM THE BOARD

Consolidation has taken effect) and the average closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.764 per Share (assuming the Share Consolidation has taken effect)).

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to, among other matters, a discount of approximately 29.6% to the closing price of HK\$0.76 per Share as quoted on the Stock Exchange on the date of the Placing Agreement (assuming the Share Consolidation has taken effect), the prevailing market sentiment (as discussed below) and the capital requirement of the Group (as discussed in the paragraph headed "Reasons for the Placing and Use of Proceeds" below).

In order to assess the fairness and reasonableness of the Placing Price, references have been made to the Placing Comparables. It is noted that the placing price of the Placing Comparables ranged from (i) a discount of approximately 20.0% to 41.9% to the respective closing price of shares on their respective last trading days prior to/on the date of the announcement/placing agreement (the "**Market Range**"); (ii) a discount of approximately 19.4% to 43.9% to the respective average closing price of shares on their respective last five consecutive trading days prior to/on the date of the announcement/placing agreement (the "**5-Day Range**"); and (iii) a discount of approximately 65.0% to a premium of approximately 364.0% to/over the respective net asset value per share (the "**NAV Range**"). Taking into consideration that (a) the discount of the Placing Price to the Last Trading Day, the discount of the Placing Price to the five consecutive trading days up to and including the Last Trading Day and the discount of the Placing Price to the net asset value per Share fall within the Market Range, the 5-Day Range and the NAV Range; and (b) the discount of the Placing Price to the net asset value per Share approximates to the median of discount/premium to/over the net asset value per share of the Placing Comparables of approximately 14.5%, the Directors consider that the Placing Price is fair and reasonable.

In view of the above, the Directors consider that the terms of the Placing Agreement (as amended by the Supplemental Placing Agreement) (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

During the 12 month period immediately preceding the Latest Practicable Date, the Company has not undertaken (whether by reference to the date of announcement or the date of share issue) any rights issue, open offer or specific mandate placing. Placing under the Specific Mandate would not result in a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of 25% or more of its own.

LETTER FROM THE BOARD

Ranking

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the GEM Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares;
- (ii) the Shares remaining listed on GEM of the Stock Exchange, and that the listing status of the Shares not being subject to or threatened with any revocation, suspension, withdrawal or cancellation at any time prior to the Completion Date;
- (iii) the passing of the resolution(s) at the EGM by the Shareholders to approve (i) the Share Consolidation; (ii) the Increase in Authorised Share Capital; and (iii) the Placing Agreement (as amended by the Supplemental Placing Agreement) and the transactions contemplated thereunder, including the grant of the Specific Mandate relating to Placing to issue and allot the Placing Shares;
- (iv) the Share Consolidation having become effective;
- (v) the Increase in Authorised Share Capital having become effective;
- (vi) the Placing Agreement (as amended by the Supplemental Placing Agreement) not being terminated in accordance with the terms thereunder including the provisions regarding force majeure event; and
- (vii) each of the Company and the Placing Agent having obtained all necessary consents and/or approvals in relation to the Placing from the relevant authorities, if applicable.

None of the conditions precedent set out in (i) to (vii) above can be waived by the parties to the Placing Agreement (as amended by the Supplemental Placing Agreement). In the event the conditions precedent above are not fulfilled at or before 4:00 p.m. (Hong Kong time) before 31 January 2022 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement (as amended by the Supplemental Placing Agreement) shall terminate and all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and none of the parties shall be bound to carry out the remaining terms of the

LETTER FROM THE BOARD

Placing Agreement (as amended by the Supplemental Placing Agreement) and no party shall have any right to damages or reimbursement for any cost and expenses that it may have incurred in connection with or arising out of the Placing Agreement (as amended by the Supplemental Placing Agreement) or the failure to complete the Placing save for any antecedent breach of the Placing Agreement (as amended by the Supplemental Placing Agreement) or any accrued rights or remedies of any party arising prior to such date.

Completion

Completion of the Placing will take place at 4:00 p.m. on the third Business Day following the date on which the above conditions are satisfied (or such later date as may be agreed between the Company and the Placing Agent in writing).

Specific Mandate to allot and issue the Placing Shares

The Placing Shares will be allotted and issued under the Specific Mandate to be obtained from the Shareholders at the EGM and therefore the Placing will be subject to the Shareholders' approval.

Application for listing of Placing Shares

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares and the Placing Shares.

Termination

Notwithstanding anything contained in the Placing Agreement (as amended by the Supplemental 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 8:00 a.m. on the Completion Date upon the occurrence of the following events:

- (i) 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, on and/or after the date hereof) of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material change in, or which may result in a material change in the political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong or any other jurisdiction relevant to the Group and which in the Placing Agent's reasonable opinion would adversely affect the success of the Placing;

LETTER FROM THE BOARD

- (ii) 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;
- (iii) the introduction of 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 materially and adversely affect the business or financial prospects of the Group and/or the success of the Placing;
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have a material effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would affect the success of the Placing;
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole;
- (vi) any material breach of any of the representations and warranties set out in the Placing Agreement (as amended by the Supplemental Placing Agreement) comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect or there has been a material breach by the Company of any other provision of the Placing Agreement (as amended by the Supplemental Placing Agreement); or
- (vii) there is any material change (whether or not forming part of a series of changes) in market conditions in Hong Kong or any other jurisdiction relevant to the Group 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.

Upon termination of the Placing Agreement (as amended by the Supplemental Placing Agreement) as described above, the Placing Agreement (as amended by the Supplemental Placing Agreement) shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement (as amended by the Supplemental Placing Agreement) save for any rights or obligations which may have accrued under the Placing Agreement (as amended by the Supplemental Placing Agreement) prior to such termination.

LETTER FROM THE BOARD

The Directors are not aware of the occurrence of any of such events as at the Latest Practicable Date.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in provision of civil engineering construction works of road and highway related infrastructures and repair and maintenance works for structures of roads and highways.

The Directors consider that the Placing represents a good opportunity for the Company to raise additional funds for the business operations of the Group and will strengthen the Group's financial position, and enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group whereby it will not increase the financial burden on interest payment as compared with debt fund raising method.

As disclosed in the annual report of the Company for the year ended 31 March 2021, the Group's loss attributable to the Shareholders increased from approximately HK\$16.5 million for the year ended 31 March 2020 to approximately HK\$29.5 million for the year ended 31 March 2021. Such increase was primarily due to the decrease in revenue of the Group as a result of (i) the negative impact arising from the outbreak of COVID-19 which affected the progress of several on-going construction projects and the number of available tenders in the industry; and (ii) the overall economic recession in Hong Kong. As at 31 March 2021, the bank balances and cash of the Group amounted to approximately HK\$13.1 million while the Group's bank and other borrowings and bank overdraft amounted to approximately HK\$13.0 million and HK\$9.9 million, respectively. The Board considers that the Group's existing cash together with the cash generated from the Group's operation may not be sufficient to meet the need for both repayment of liabilities and general operation. Taking into account of the financial position of the Group, it is both prudent and important to retain sufficient working capital and further strengthen the financial position of the Group, so as to accommodate the operating cash expenses of the Company and to guard against any unexpected increase in costs or able to respond to any unforeseen need in capital.

LETTER FROM THE BOARD

Assuming all the Placing Shares are fully placed, the gross proceeds and net proceeds (after deduction of commission and other expenses of the Placing) from the Placing will be approximately HK\$30.5 million and HK\$29.6 million (after deduction of commission and other expenses of the Placing), respectively, representing a net issue price of approximately HK\$0.519 per Placing Share. Set out below is the breakdown of the intended use of net proceeds and respective expected timeline:

Intended use of net proceeds	Expected timeline
(i) approximately HK\$17.8 million for the repayment of the outstanding indebtedness	by February 2022
(ii) approximately HK\$6.8 million for the development of the Group's business	by July 2022
(iii) approximately HK\$5.0 million for the general working capital of the Group	by April 2022

Based on the financial condition of the Group and assuming that there would not be extraordinary events in relation to the amount payables and amount receivables of the Group, it is expected that (i) approximately HK\$17.8 million will be required to repay the outstanding other borrowings and bank overdraft in aggregate of approximately HK\$17.8 million as of the Latest Practicable Date, of which (a) approximately HK\$8.0 million of borrowings from an independent third-party financial institution will be due in February 2022 and (b) approximately HK\$9.8 million of bank overdraft, the Directors are of the view that the bank overdraft will increase the ongoing interest expenses of the Group which may in turn affect the profitability of the Company, therefore repayment of the bank overdraft can improve the gearing ratio and strengthen the financial position of the Group; (ii) approximately HK\$6.8 million for the development of the Group's business, which include the expansion of workforce and the acquisition and/or replacement of the machinery and equipment for the projects on hand and the new projects to be awarded in view of the expected increase in number of available tenders for infrastructure projects. As disclosed in the interim report of the Company for the six months ended 30 September 2021, it is expected that the annual capital works expenditure in infrastructure approximate to more than HK\$100 billion in coming years. As at the Latest Practicable Date, the Group had submitted three tenders with an aggregate estimated contract sum of approximately HK\$99.0 million, results of which are expected to be finalised in December 2021 or early 2022. As such, the Directors consider it is of imminent needs to acquire and/or replace machineries and recruit more staff to pre-COVID-19 level, which is conducive to the expansion of the Group's business in the future and in line with the Group's strategy to continuously submit tenders for projects. As disclosed in the annual report of the Company for the year ended 31 March 2021, the total staff costs of the

LETTER FROM THE BOARD

Group decreased from approximately HK\$36.7 million for the year ended 31 March 2020 to approximately HK\$22.2 million for the year ended 31 March 2021, primarily due to the reduction in number of staff in view of the outbreak of COVID-19. In light of the above and the business opportunities, the Directors consider that the expansion of workforce and the acquisition and/or replacement of the machinery and equipment can enhance the Group's competitiveness and capacity to be awarded more tenders and undertake more projects as well as (a) reduce the Group's reliance on and the cost for machinery and equipment rental service providers and subcontractors which include machinery in their execution of subcontracting works; (b) mobilise the Group's resources and relieve its difficulties in locating suitable machinery for its work execution; and (c) maintain the Group's quality and timeliness of execution of works and reputation among the customers and in the industry, which are crucial to the Group's business growth; and (iii) provide approximately HK\$5.0 million towards the Group's requirements for general working capital. Taking into consideration the outstanding indebtedness and the submitted tenders, the results of which are currently pending as discussed above, in order to capture the growth and development opportunities of the Group with an aim to improve the business performance and provide better return to the Shareholders, the Directors consider that the Group has imminent need for additional funding and the fund raising exercise is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In the event the Placing Shares are not fully placed, the net proceeds from the Placing will be reduced accordingly, where the Group intends to utilise the net proceeds from the Placing for the repayment of borrowings from an independent third-party financial institution of approximately HK\$8.0 million. The remaining amount of the net proceeds from the Placing will be utilised, on a pro-rata basis, for (i) repayment of the bank overdraft; (ii) development of the Group's business; and (iii) general working capital of the Group.

The Company expects that, barring unforeseen circumstances, the net proceeds from the Placing will be sufficient to cover the above use and would be sufficient for the Company's funding need for the next 12 months and the Company has no concrete plan to conduct any further fund raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises if and when suitable business development opportunities arise in order to enhance the financial performance of the Group and return to the Shareholders. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

LETTER FROM THE BOARD

The Board has considered various fund raising methods (such as debt financing and/or other equity financing options) to meet the liquidity needs of the Group before resolving to the Placing. However, the Board is of the view that the Placing would be the best way to satisfy the Company's capital needs because:

- (i) though the Company has considered debt financing, such as bank borrowings, to be other possible fund raising alternatives, the Company is of the view that this will depend on the prevailing market condition, and may be subject to lengthy due diligence and negotiations with banks. As such, the Company considers debt financing to be relatively uncertain and time consuming as compared to equity financing. In addition, taking into account the requirement of interest payments, working capital requirement and the maturity of the Group's borrowings, the Company is of the view that obtaining further bank borrowings is not in the interests of the Shareholders; and
- (ii) the Company has also considered other alternatives of equity financing such as rights issue and open offer. However, having considered (1) the relatively higher costs for conducting rights issue or open offer due to additional costs for engagement of underwriter(s), reporting accountants, financial advisers and/or brokerage agent(s), which the Company expects would result in additional fees of not less than approximately HK\$0.9 million to be incurred; and (2) the relatively longer time required for rights issue or open offer which usually takes three months due to more stringent documentary and registration requirements, the Board's view that the Group has imminent need for additional funding to fulfil the repayment obligations and seize the expected business opportunities as discussed above, and (3) the difficulty in identifying interested underwriters with favourable terms, the Company has approached two independent securities companies in relation to possible underwriting of rights issue or open offer in similar size as to the Placing. All of the approached securities companies had shown no interest. Taking into consideration of the above, the Board does not consider rights issue and open offer to be desirable alternatives to the Placing having considered the Group's and Shareholders' interest as a whole.

In view of the above, the Directors consider that the Placing Agreement (as amended by the Supplemental Placing Agreement) is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (as amended by the Supplemental Placing Agreement) (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activity during the 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
16 June 2021	Placing of new shares under general mandate	Approximately HK\$9.2 million	Approximately HK\$8.3 million for the repayment of outstanding indebtedness and the remaining proceeds will be used for general working capital of the Group	Used as intended

Save as disclosed above, the Company has not conducted any equity fund raising activity in the past 12 months immediately preceding the Latest Practicable Date.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the completion of the Placing and taking into account the effect of the Share Consolidation (assuming all the Placing Shares are fully placed and there is no other change in the issued share capital of the Company before the completion of the Placing) are set out below:

Name of shareholder	As at the Latest Practicable Date		Immediately after the completion of the Placing and taking into account the effect of the Share Consolidation (assuming all the Placing Shares are fully placed)	
	<i>Number of Existing Shares</i>	<i>Approx. % (Note 2)</i>	<i>Number of Consolidated Shares</i>	<i>Approx. % (Note 2)</i>
Talent Prime Group Limited ^(Note 1)	171,669,000	30.05	17,166,900	15.03
Public Shareholders				
Independent placees	—	—	57,100,000	49.99
Other public Shareholders	399,531,000	69.95	39,953,100	34.98
Total	<u>571,200,000</u>	<u>100.00</u>	<u>114,220,000</u>	<u>100.00</u>

LETTER FROM THE BOARD

Notes:

1. Talent Prime Group Limited is a company incorporated in the BVI with limited liability and is owned as to 50% each by Mr. Ha Chak Hung (“**Mr. Ha**”) being Chairman of the Board and executive Director, and Mr. Ip Chu Shing (“**Mr. Ip**”) being Chief Executive Officer and executive Director. Accordingly, Mr. Ha and Mr. Ip are deemed to be interested in all the Shares held by Talent Prime Group Limited under the SFO.
2. The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 21 December 2021 to Friday, 24 December 2021 (both days inclusive) for determining the identities of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period. In order to qualify for attending and voting at the EGM or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Monday, 20 December 2021.

EGM

A notice convening the EGM is set out on pages EGM-1 to EGM-4 of this circular. The EGM will be convened at Function Room, 1/F, Xi Hotel, 7-9 Minden Avenue, Tsimshatsui, Kowloon, Hong Kong on Friday, 24 December 2021 at 2:00 p.m. for the purpose of considering and, if thought fit, approve, among others, (i) the Share Consolidation; (ii) the Increase in Authorised Share Capital; and (iii) the Placing Agreement (as amended by the Supplemental Placing Agreement) and the transactions contemplated thereunder (including the grant of the Specific Mandate to allot and issue the Placing Shares). As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the relevant resolutions to be proposed at the EGM.

A proxy form for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed on such form and return it to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any

LETTER FROM THE BOARD

event no later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and return of the proxy form will not preclude you from attending and voting at the EGM in person or any adjourned meeting, as the case may be, should you so desire.

RECOMMENDATION

The Directors consider that the Share Consolidation, the Change in Board Lot Size, the Increase in Authorised Share Capital, the terms of Placing Agreement (as amended by the Supplemental Placing Agreement) and the transaction contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Placing Shares) are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed in the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

GENERAL

In case of any discrepancies between the Chinese and English versions of this circular, the English version shall prevail.

Given that completion of the Share Consolidation and the Placing, which is subject to fulfillment of the conditions of the Share Consolidation and conditions under the Placing Agreement (as amended by the Supplemental Placing Agreement), may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Grand Talents Group Holdings Limited
Ha Chak Hung
Chairman and Executive Director



GRAND TALENTS GROUP HOLDINGS LIMITED
廣駿集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8516)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (“**Meeting**”) of the shareholders (the “**Shareholder(s)**”) of Grand Talents Group Holdings Limited (the “**Company**”) will be held at Function Room, 1/F, Xi Hotel, 7-9 Minden Avenue, Tsimshatsui, Kowloon, Hong Kong on Friday, 24 December 2021 at 2:00 p.m. to consider and, if thought fit, transact the following business:

ORDINARY RESOLUTIONS

1. “**THAT** subject to and conditional upon, among other things, the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval for the listing of, and permission to deal in, the Consolidated Shares (as defined below) in issue, with effect from one clear business day immediately following the day of passing of this resolution, being a day on which the shares of the Company are traded on the Stock Exchange:
 - (a) every ten (10) issued and unissued shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) share of HK\$0.10 each (each a “**Consolidated Share**”), and such Consolidated Share(s) shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association and bye-laws of the Company (the “**Share Consolidation**”);
 - (b) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the directors of the Company (the “**Director(s)**”) may think fit; and

NOTICE OF EGM

- (c) any one Director be and is hereby authorised to do all such acts, deeds and things and to effect all necessary actions as he/she may consider necessary or desirable in order to effect, implement and complete any and all of the foregoing.”
2. **“THAT** subject to the passing of resolution 1 as set out in the notice of the Meeting,
- (a) the authorised share capital of the Company be and is hereby increased from HK\$10,000,000 divided into 100,000,000 Consolidated Shares to HK\$20,000,000 divided into 200,000,000 Consolidated Shares by the creation of additional 100,000,000 new Consolidated Shares (the **“Increase in Authorised Share Capital”**); and
- (b) any one Director be and is hereby authorised to sign, execute, perfect and deliver all such documents and deeds, and do all such acts, matters and things as are, in the opinion of such Director, desirable or expedient to give effect to the Increase in Authorised Share Capital.”
3. **“THAT** subject to the passing of resolutions 1 and 2 as set out in the notice of the Meeting,
- (a) the placing agreement dated 24 November 2021 (as amended by the supplemental placing agreement dated 26 November 2021) (the **“Placing Agreement”**), (a copy of which is produced to the Meeting and signed by the chairman of the Meeting for identification purpose), entered into between the Company as issuer and Lego Securities Limited (**“Lego Securities”**) as placing agent in relation to the placing of up to 57,100,000 new ordinary shares of HK\$0.10 each (the **“Placing Shares”**) in the share capital of the Company at the placing price of HK\$0.535 per Placing Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) conditional upon, among other things, the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares, any one Director be and are hereby granted a specific mandate to exercise all the powers of the Company to allot and issue the Placing Shares, subject to and in accordance with the terms and conditions set out in the Placing Agreement. This specific mandate so granted is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the Shareholders at, before or after the passing of this resolution; and

NOTICE OF EGM

- (c) any one Director be and is hereby authorised to sign, execute, perfect and deliver all such documents and deeds, and do all such acts, matters and things as are, in the opinion of such Director, desirable or expedient to give effect to the Placing Agreement, all the transactions contemplated thereunder and/or any matter ancillary or incidental thereto (including without limitation the allotment and issue of the Placing Shares pursuant thereto), to agree to such variations, amendments or waivers to or of any of the provisions of the Placing Agreement and all documents ancillary or incidental thereto as are, in the opinion of such Director, not of a material nature and in the interest of the Company, and to effect or implement any other matter referred to in this resolution.”

By Order of the Board
Grand Talents Group Holdings Limited
Ha Chak Hung
Chairman and Executive Director

Hong Kong, 8 December 2021

Notes:

1. Pursuant to Rule 17.47(4) of the GEM Listing Rules, all votes of the Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.
2. The register of members of the Company will be closed from Tuesday, 21 December 2021 to Friday, 24 December 2021, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the Meeting, shareholders of the Company must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, 20 December 2021.
3. Any Shareholder entitled to attend and vote at the Meeting is entitled to appoint another person as his or her proxy to attend and vote on his or her behalf. A Shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a Shareholder.
4. Where there are joint registered holders of any shares of the Company, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he or she was solely entitled to do so. However, if more than one of such joint holders be present at any Meeting personally or by proxy, the joint holder whose name stands first on the register of members of the Company in respect of the relevant joint holding shall alone be entitled to vote in respect of such joint holding.
5. In order to be valid, a proxy form in the prescribed form together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 48 hours before the time fixed for holding the Meeting or any adjournment of such meeting.

NOTICE OF EGM

6. If typhoon signal no. 8 or above, or a “black” rainstorm warning is hoisted on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on The Stock Exchange of Hong Kong Limited website at www.hkexnews.hk and the Company’s website at www.grandtalentsgroup.com.hk to notify Shareholders of the date, time and place of the rescheduled meeting.
7. Due to the constant COVID-19 pandemic situation in Hong Kong, the Company may be required to change the Meeting arrangements at short notice. The Shareholders should check the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) or the Company’s website (<http://www.grandtalentsgroup.com.hk>) for any future announcements and updates on the Meeting arrangements.

As at the date of this notice, the executive Directors are Mr. HA Chak Hung and Mr. IP Chu Shing; and the independent non-executive Directors are Dr. FOK Wai Sun, Mr. YUK Kai Yao and Ms. TANG Shui Man.