

---

**LETTER FROM THE BOARD**

---

**CBK Holdings Limited**

**國茂控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8428)**

*Executive Directors:*

Mr. Chow Yik  
Mr. Tsui Wing Tak

*Independent non-executive Directors:*

Mr. Chan Kwan Yung  
Mr. Chong Alex Tin Yam  
Ms. Lau Man Kei

*Registered office:*

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Principal place of business in Hong Kong:*

Unit 3205, 32/F  
West Tower Shun Tak Centre  
No. 168–200, Connaught Road Central  
Hong Kong

14 April 2023

*To the Shareholders*

Dear Sir or Madam,

**(i) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
FIVE (5) RIGHTS SHARES FOR EVERY ONE (1) SHARE  
HELD ON THE RECORD DATE;  
(ii) PROPOSED CHANGE IN BOARD LOT SIZE;  
(iii) RE-ELECTION OF DIRECTOR  
AND  
(iv) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcements of the Company dated 6 March and 28 March 2023 in relation to, among other things, the Rights Issue. The Company proposed to implement the Rights Issue on the basis of five (5) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.265 per Rights Share, to raise up to (i) approximately HK\$20.61 million by issuing 77,757,995 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$20.95 million by issuing 79,049,995 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date), to the Qualifying Shareholders. The Rights Issue is only available to the Qualifying Shareholders

---

## LETTER FROM THE BOARD

---

and will not be extended to the Non-Qualifying Shareholders (if any). On 6 March 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places on a best effort basis.

The purpose of this circular is to provide you, among other things, (i) further details of the Rights Issue; (ii) further details of the Change in Board Lot Size; (iii) re-election of Ms. Lau Man Kei as independent non-executive Director; (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (v) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; (vi) other information required under the GEM Listing Rules; and (vii) a notice convening the EGM.

### RIGHTS ISSUE

#### Issue statistics

Basis of the Rights Issue	:	Five (5) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.265 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	15,551,599 Shares
Number of Rights Shares	:	(a) Up to 77,757,995 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (b) Up to 79,049,995 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	(a) Up to HK\$777,579.95 (assuming no change in the number of Shares in issue on or before the Record Date); or (b) Up to HK\$790,499.95 (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date)

---

## LETTER FROM THE BOARD

---

- Number of Shares as enlarged by the allotment and issue of the Rights Shares : (a) Up to 93,309,594 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); or
- (b) Up to 94,859,994 Shares (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options 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)

As at the Latest Practicable Date, there are 258,400 outstanding Share Options for subscription of an aggregate amount of 258,400 Shares under the Share Option Scheme, which are exercisable during a 10-year period from 10 January 2022 (being the date of grant of the Share Options). Save for the aforesaid, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

Assuming no exercise of any outstanding Share Options and no change in the share capital of the Company on or before the Record Date, 77,757,995 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 500% of the total number of issued Shares as at the Latest Practicable Date; and (ii) 83.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Assuming that there is no change in the issued Shares other than the full exercise of the outstanding Share Options on or before the Record Date, 79,049,995 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 508.31% of the total number of issued Shares as at the Latest Practicable Date; and (ii) 83.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

### **Non-underwritten basis**

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid rights together with the NQS Unsold Rights Shares will be placed to independent places on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares which are not placed under the Compensatory

---

## LETTER FROM THE BOARD

---

Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

As at the Latest Practicable Date, the Board has not received any information from any Shareholders of their intention to take up their entitlement under the Rights Issue nor any undertaking from any Shareholders that they will undertake to subscribe for the Rights Shares.

Despite the Rights Issue is conducted on a non-underwritten basis, any Rights Shares not subscribed by the Qualifying Shareholders (i.e. the Unsubscribed Rights Shares), including the NQS Unsold Rights Shares (if any) will be placed by the Placing Agent on the market to independent places on a best effort basis. The Company considers that such placing arrangement at a placing price of not less than the Subscription Price is attractive to encourage independent places to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (if any). Based on the above, the Company is optimistic that the Qualifying Shareholders and the independent places (if any) will subscribe for the Rights Shares and raise the necessary proceeds for the Company.

### **Subscription Price**

The Subscription Price is HK\$0.265 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 15.87% to the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 14.24% to the average of the closing prices of HK\$0.309 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

---

## LETTER FROM THE BOARD

---

- (iii) a discount of approximately 13.11% to the average of the closing prices of HK\$0.305 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 14.79% to the average of the closing prices of HK\$0.311 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 2.93% to the theoretical ex-rights price of approximately HK\$0.273 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 13.23%, represented by the theoretical diluted price of approximately HK\$0.273 per Share to the benchmarked price of HK\$0.315 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.315 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the Last Trading Day of approximately HK\$0.303 per Share);
- (vii) a discount of approximately 26.39% to the closing price of HK\$0.360 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (viii) a discount of approximately 79.07% to the audited net asset value per Share of approximately HK\$1.266 (based on the latest published consolidated net asset value of the Group of approximately HK\$19,681,000 as at 31 March 2022 as disclosed in the annual report of the Company for the year ended 31 March 2022 and 15,551,599 Shares in issue as at the Latest Practicable Date).

The net price per Rights Share (i.e., Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.243. The estimated Net Proceeds (assuming no change in the number of Shares in issue on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$18.92 million.

The Subscription Price and the subscription rate (i.e. five (5) Rights Shares for every one (1) Share held on the Record Date) was determined with reference to, among others, (i) the market price of the Shares under the prevailing market conditions; (ii) the prevailing market conditions of the capital market in Hong Kong and the impact of COVID-19 pandemic; (iii) the latest business performance and financial position of the Group; and (iv) the reasons for and benefits of Rights Issue as discussed in the section headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” in this circular.

---

## LETTER FROM THE BOARD

---

In determining the Subscription Price, which represents a discount of approximately 15.87% to the closing price of HK\$0.315 per Share on the Last Trading Day, the Directors have considered, among other things, as mentioned above, market price of the Shares traded on the Stock Exchange from 28 November 2022 to the Last Trading Day, representing approximately three months prior to and including the Last Trading Day (the “**Relevant Period**”), as a benchmark to reflect the prevailing market conditions and recent market sentiment. During the Relevant Period, the Shares were traded on the Stock Exchange with closing price ranges between the lowest closing price of HK\$0.270 per Share on 3 January 2023, 4 January 2023, 17 January 2023, and 31 January 2023 and the highest closing price of HK\$0.380 per Share on 28 November 2022, 29 November 2022, 30 November 2022, 5 January 2023 and 3 March 2023. In general, the daily closing price per Share during the Relevant Period demonstrates a downward trend.

The Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in this circular after having been advised by the Independent Financial Advisers) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, 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, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company, and not be a Non-Qualifying Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited 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. Shareholders with their Shares held by nominee companies (or which are deposited 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 Share(s) (with the relevant share certificates) for registration with the Registrar at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, by 4:00 p.m. on 9 May 2023.

The last day of dealing in the Shares on cum-rights basis is 5 May 2023. The Shares will be dealt with on an ex-rights basis from 8 May 2023.

---

## LETTER FROM THE BOARD

---

The Company will dispatch the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL to them. A copy of the Prospectus will also be made available on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.cbk.com.hk](http://www.cbk.com.hk)).

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying 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.

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholder(s). Based on the register of members of the Company as at the Latest Practicable Date, there is one Overseas Shareholder holding of 80,000 Shares representing approximately 0.51% of the total number of issued Shares, whose address on register of members of the Company is in the British Virgin Islands.

### **Arrangement for the Non-Qualifying Shareholders Rights Shares**

The basis for excluding the Non-Qualifying Shareholder(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL) to the Non-Qualifying Shareholders for their information only.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholder(s). The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be offered for subscription by the Placing Agent to the Places under the Placing.

---

## LETTER FROM THE BOARD

---

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

**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 Directors pursuant to Rule 17.41(1) of the GEM Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.**

### **Closure of register of members**

The register of members of the Company will be closed from 26 April 2023 to 3 May 2023 (both days inclusive) for determining the Shareholders' entitlements to attend and vote at the EGM.

The register of members of the Company will be closed from 10 May 2023 to 16 May 2023 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

No transfer of Shares will be registered during the book closure periods.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be five (5) Rights Shares for every one (1) Share 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. There will be no excess application arrangements in relation to the Rights Issue.

### **Fractional entitlements to the Rights Shares**

On the basis of provisional allotment of five (5) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

### **Odd lots matching services**

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue and the Change in Board Lot Size, the Placing Agent has been appointed as designated broker by the Company to match the purchase and sale of odd lots of the Shares at the relevant market price per Share. The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not



---

## LETTER FROM THE BOARD

---

Shareholder; and (ii) they are Independent Third Parties. Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full board lot, may directly or through their brokers, contact the Placing Agent at (852) 2844-9876 or by facsimile at (852) 2526-0618 during the period from 9:00 a.m. on 15 June 2023 to 4:00 p.m. on 14 July 2023 (both days inclusive). Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

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

The Rights Shares, when allotted and issued, 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 after the date of allotment of the Rights Shares in their fully-paid form.

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

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on 14 June 2023 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. In the event that the Rights Issue is terminated, refund cheques are expected to be posted on 14 June 2023 by ordinary post, at their own risk, to their registered addresses.

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

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction 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 Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

---

## LETTER FROM THE BOARD

---

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

According to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 6 March 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places on a best effort basis.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to independent places 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 8 June 2023, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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 Non-Qualifying 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 benefit.

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

The Company will apply to the GEM Listing Committee for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The Rights Shares, in both their nil-paid and fully-paid forms, will be traded in the board lots of 10,000 Shares, being the new board lot size upon the Change in Board Lot Size becoming effective. No part of the securities of the Company is listed or dealt in or on which listing or permission to dealing is being or is proposed to be sought on any other stock exchange.

---

## LETTER FROM THE BOARD

---

Subject to the granting of 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 will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be 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 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 Non-Qualifying 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:

- (i) the Rights Issue having been approved by the Independent Shareholders at the EGM;
- (ii) the delivery to the Stock Exchange for authorization and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their attorneys or agents duly authorised in writing) in accordance with section 342C of the Companies (WUMP) Ordinance as having been approved by resolutions of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (WUMP) Ordinance not later than the Prospectus Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Prospectus Posting Date;
- (iv) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and the permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) by no later than the business day prior to the first day of their dealings;
- (v) compliance with the requirements under the applicable laws and regulations of Hong Kong and Cayman Islands; and
- (vi) the Placing Agreement is not terminated.

---

## LETTER FROM THE BOARD

---

The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above (to the extent it is within its power to do so), and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue. If any of the above conditions are not fulfilled on or before the Latest Time for Termination, the Rights Issue will not proceed.

### Placing Agreement for the Unsubscribed Rights Shares and NQS Unsold Rights Shares

Details of the Placing Agreement are summarised as follows:

Date : 6 March 2023 (after trading hours)

Issuer : The Company

Placing Agent : Excalibur Global Financial Group Limited

The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; and (ii) they are Independent Third Parties.

Placing Period : A period commencing from the first Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the NQS Unsold Rights Shares, which is expected to be 6 June 2023, and ending at 4:00 p.m. on 8 June 2023 or such later date as the Company and the Placing Agent may agree in writing.

Commission and expense : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 3.5% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

Placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares shall be not less than the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the process of placement.

---

## LETTER FROM THE BOARD

---

Placees : The Unsubscribed Rights Shares and NQS Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).

For the avoidance of doubt, no placee shall become a substantial shareholder of the Company. The Company will continue to comply with the public float requirements under Rule 11.23(7) of the GEM Listing Rules and the Placing will not have any implication 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.

Ranking of the placed Unsubscribed Rights Shares and NQS Unsold Rights Shares : The placed Unsubscribed Rights Shares and NQS Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

Conditions of the Placing Agreement : The Placing is conditional upon the fulfilment of the following conditions:

- (i) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares, including the Placing Shares;
- (ii) the approval of the Rights Issue by the Independent Shareholders at the EGM;
- (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the 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 if it was repeated as at the time of completion; and

---

## LETTER FROM THE BOARD

---

- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

In the event that the above condition precedents have not been fulfilled or waived (where applicable) 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 breaches thereof).

The terms of the Placing Agreement, including the commission payable, was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to (i) the market comparables including the placing commissions of the recent proposed rights issue announced by the companies listed on GEM of the Stock Exchange within 12 months prior to the Last Trading Day which are ranged from 1% to 7.07%; (ii) the loss of the Company of approximately HK\$16.95 million for the nine months ended 31 December 2022; (iii) the gross proceeds of the Rights Issue of HK\$20.61 million (assuming no change in the number of Shares on or before the Record Date); and (iv) the downward trend of the daily closing price of the Shares of the Company during the Relevant Period. The Directors consider that the terms of Placing Agreement in respect of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) are on normal commercial terms.

As explained above, the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed by the Placing Agent to independent placees on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Board is of the view that the above Compensatory Arrangements are fair and reasonable and are in the best interests of the Shareholders as a whole:

- (i) the arrangements are in compliance with the requirements under Rule 10.31(1)(b) of the GEM Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;

---

## LETTER FROM THE BOARD

---

- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by an independent licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the placing Shares. The Placing Agent and its ultimate beneficial owner(s) (i) are not Shareholder; and (ii) are Independent Third Parties; and
- (iii) the Compensatory Arrangements will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company.

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

The Company is an investment holding company and the Group is principally engaged in (i) the provision of food catering services through restaurant; and (ii) sales and processing of food in Hong Kong.

The maximum Net Proceeds is estimated to be approximately HK\$18.92 million (assuming no exercise of any outstanding Share Options and no change in the number of Shares in issue on or before the Record Date). The estimated net subscription price per Rights Share after deducting the relating expenses of the Rights Issue will be approximately HK\$0.243. The Company intends to apply the Net Proceeds as to (i) approximately 58.14% (or approximately HK\$11.00 million) will be used for expansion of existing food and beverage business; (ii) approximately 27.48% (or approximately HK\$5.20 million) will be used for the repayment of debts; and (iii) approximately 14.38% (or approximately HK\$2.72 million) will be used as the general working capital of the Group.

#### Expansion of existing food and beverage business

In order to expand the Group's existing business, the Group plans to open two new restaurants. The Net Proceeds will mainly be utilised for the initial set up costs (the "Set Up Costs") for the New Restaurants, including but not limited to initial rental costs and deposit, renovation, staff cost, furniture and set up of IT operation system, details of which are as follows:

- (i) approximately HK\$5.50 million will be utilised as the Set up Costs for a new restaurant with an expected area of over 3,500 square feet to be located in Causeway Bay, Hong Kong Island ("**Restaurant A**"); and
- (ii) approximately HK\$5.50 million will be utilised as the Set up Costs for a new restaurant with an expected area of over 4,000 square feet to be located in Yau Tsim Mong ("**Restaurant B**").

---

## LETTER FROM THE BOARD

---

As at Latest Practicable Date, the Company has identified two suitable premises for two new restaurants, details are set out below:

	Location	Gross floor area (approx. sq. ft.)	Expected rental per month	Expected term	Expected cuisine type	Expected Capacity	Expected Available
Restaurant A	Causeway Bay	Over 3,500	47	2 to 3 years	Japanese style cuisine	80 seats	The premise is vacant
Restaurant B	Yau Tsim Mong	Over 4,000	48	2 to 3 years	Japanese style cuisine	80 seats	The premise is vacant

The Restaurant A will be located in Causeway Bay and the Restaurant B will be located in Yau Tsim Mong (collectively, “**New Restaurants**”). New Restaurants will offer Japanese style cuisine and target customers at middle to high-end class. Considering the expected capacity of the New Restaurants, the Company plans to hire 4–7 kitchen staff (including chefs and kitchen helpers), 4–8 waiters/waitresses, and 1–3 cleaners for each of the New Restaurants. As at the Latest Practicable Date, the Company is in the process of negotiating the terms of the lease with the relevant landlords. The Company will comply with the relevant disclosure requirements under Chapter 19 of the GEM Listing Rule as and when appropriate regarding the lease of New Restaurants.

Since December 2022, the Hong Kong government has further relaxed the restrictions on operation of restaurants in Hong Kong, including the lifting of the requirement for members of the public to scan the “Leave Home Safe” venue QR code and vaccine pass QR code when entering premises, members of the public have gradually resumed their normal life in an orderly manner. The Board believed that the negative impact of the COVID-19 pandemic to the food catering service industry in Hong Kong has gradually decreased and anticipates an optimistic consumer sentiments for the years ahead. In addition, the COVID-19 testing requirement for the cross-border travellers and pre-departure testing and vaccination requirements for overseas arrivals have been cancelled, local catering industry will be benefited from the influx of oversea travellers and cross-border travellers from mainland China, therefore the Board is of the view that it is optimal time for the Group to expand its food and beverage business.



---

## LETTER FROM THE BOARD

---

### Repayment of debts

As at the Latest Practicable Date, the Group has outstanding bonds of an aggregate principal amount of HK\$5.00 million which was applied for as the general working capital of the Group. The bonds are unsecured and carries coupon interest rate of 48%, 48%, 30% and 48% per annum respectively and are due by 2023 third and fourth quarters, details are set out below:

	<b>Amount</b>	<b>Coupon Interest Rate Per Annun</b>	<b>Date of Issuance</b>	<b>Due Date</b>
	<i>HK\$</i>			
Bondholder A	1,000,000	48%	29 January 2023	28 July 2023
Bondholder A	500,000	48%	19 February 2023	18 August 2023
Bondholder B	1,500,000	30%	18 January 2023	17 October 2023
Bondholder C	2,000,000	48%	20 January 2023	19 July 2023

*Note:* Bondholder A, bondholder B and bondholder C are Independent Third Parties.

As the Rights Issue will be on a non-underwritten basis, the actual amount of the Net Proceeds cannot be ascertained at this point. In the event that the Rights Issue is undersubscribed, the Net Proceeds will be adjusted by the Company accordingly and will be applied by the Company in the following order of priority:

- (i) for the repayment of debts;
- (ii) for the expansion of existing food and beverage business; and
- (iii) for the general working capital of the Group.

In the event that the Rights Issue is under-subscribed and the Net Proceeds is not sufficient for the setup of the New Restaurants after repayment of debts, the Net Proceeds will be applied for the setup of one of the New Restaurants after the repayment of debt, and any remaining proceeds (if any) will be applied for general working capital of the Group.

In the event that the Rights Issue is voted down by the Shareholders, the Company will further explore other fundraising alternatives to meet the expected funding needs for the next 12 months. Depending on the results of such fundraising activities, the expansion of the food and beverage business may or may not proceed.

---

## LETTER FROM THE BOARD

---

The Board has considered various ways of fund raising and believe that the Rights Issue is the most efficient way in terms of time and costs for the Company. The 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. In addition, the Company had preliminarily consulted brokerage companies for underwriting the Rights Issue but has not received any favourable feedback due to the current capital market situation. The Company had also consulted broker companies and the Placing Agent expressed its interest in acting as a placing agent on best effort basis with reasonable terms.

The Board has considered other fundraising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer. The Company has contacted certain banks for bank loan facilities, upon the discussion, the Board considers that the debt financing requires asset pledge or relatively higher interest rate which will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. As at 31 December 2022, the gearing ratio of the Group, calculated by dividing total borrowing by total equity, was approximately 179.2%. In addition, debt financing may not be achievable on favourable terms in a timely manner. As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of 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, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market. On the other hand, the 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 Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders (if any) should note that their shareholdings in the Company will be diluted.

---

**LETTER FROM THE BOARD**

---

**CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE**

Set out below is the shareholding structure of the Company (i) as at Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders; and (iii) immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder and all Unsubscribed Rights Shares have been placed by the Placing Agent:

- (a) assuming no exercise of any outstanding Share Options and no change in the shareholding structure of the Company on or before completion of the Rights Issue:

	<b>(i) As at the Latest Practicable Date</b>		<b>(ii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders</b>		<b>(iii) Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder and all Unsubscribed Rights Shares have been placed by the Placing Agent</b>	
	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>Approx. %</i>
Public Shareholders	15,551,599	100.00	93,309,594	100.00	15,551,599	16.67
Independent places	–	–	–	–	77,757,995	83.33
<b>Total</b>	<b>15,551,599</b>	<b>100.00</b>	<b>93,309,594</b>	<b>100.00</b>	<b>93,309,594</b>	<b>100.00</b>

---

**LETTER FROM THE BOARD**

---

- (b) assuming all the outstanding Share Options being exercised on or before the Record Date and there is no other change in the shareholding structure of the Company before completion of the Rights Issue:

	<b>(i) As at the Latest Practicable Date</b>		<b>(ii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders</b>		<b>(iii) Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder and all Unsubscribed Rights Shares have been placed by the Placing Agent</b>	
	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>Approx. %</i>
Public Shareholders	15,551,599	100.00	93,309,594	98.36	15,551,599	16.39
Independent placees	-	-	-	-	79,049,995	83.33
<b>Directors</b>						
Mr. Chow Yik (Note 1)	-	-	775,200	0.82	129,200	0.14
Mr. Tsui Wing Tak (Note 2)	-	-	775,200	0.82	129,200	0.14
<b>Total</b>	<b>15,551,599</b>	<b>100.00</b>	<b>94,859,994</b>	<b>100.00</b>	<b>94,859,994</b>	<b>100.00</b>

*Notes:*

- Mr. Chow Yik is an executive Director and chairman of the Company, and hence a connected person of the Company under Chapter 20 of the GEM Listing Rules.
- Mr. Tsui Wing Tak is an executive Director of the Company, and hence a connected person of the Company under Chapter 20 of the GEM Listing Rules.

---

## LETTER FROM THE BOARD

---

### FUND RAISING EXERCISE IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities during the twelve months immediately preceding the date of the Announcement and up to the Latest Practicable Date.

Date of Announcement	Event	Net proceeds raised (Approximately)	Proposed use of proceeds	Actual use of proceeds as at the date of the Announcement
31 May 2022	Placing of new shares under general mandate	HK\$2.84 million	For the general working capital of the Group	All net proceeds have been utilised as intended.

Save as disclosed above, the Company did not raise any other funds by issue of equity securities during the twelve months immediately preceding the date of the Announcement and up to the Latest Practicable Date.

### POSSIBLE ADJUSTMENTS RELATING TO THE SHARE OPTIONS

The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options under the Share Option Scheme. Such adjustments will be certified by the auditor of the Company in accordance with the terms of the Share Option Scheme. The Company will notify the holders of the Share Options the adjustments upon the Rights Issue becoming unconditional by further announcement, if necessary.

Save for the Share Option Scheme, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

### PROPOSED CHANGE IN BOARD LOT SIZE

The Shares are currently traded in board lots of 2,000 Shares and the market value per board lot of the Shares was HK\$630 (based on the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the Last Trading Day). As set out in the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited, it is requested that the value of each board lot shall be no less than HK\$2,000, the Board proposes to change the board lot size for trading of Shares from 2,000 Shares to 10,000 Shares with effect from 9:00 a.m. on 15 June 2023. Upon the Change in Board Lot Size becoming effective, the Shares will be traded in board lot of 10,000 Shares and the estimated market value per board lot of the Shares will be HK\$2,730 (based on the theoretical ex-rights

---

## LETTER FROM THE BOARD

---

price of approximately HK\$0.273 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the Last Trading Day). Shareholders should note that Shareholders' approval is not required for the Change in Board Lot Size.

All existing share certificates in board lot of 2,000 Shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the Change in Board Lot Size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 2,000 Shares to new share certificate in board lot size of 10,000 Shares is necessary.

The Change in Board Lot Size will not affect any of the relative rights of the Shareholders. The Board considers that the Change in Board Lot Size in the interest of the Company and the Shareholders as a whole.

### RE-ELECTION OF DIRECTOR

The Board currently consists of two executive Directors, namely Mr. Chow Yik (chairman) and Mr. Tsui Wing Tak, and three independent non-executive Directors, namely, Mr. Chan Kwan Yung, Mr. Chong Alex Tin Yam and Ms. Lau Man Kei ("**Ms. Lau**").

Pursuant to article 83(3) of the memorandum and articles of association of the Company, the Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of members after his appointment and be subject to re-election at such meeting. Accordingly, Ms. Lau shall retire from office as the independent non-executive Director at the EGM and being eligible, offer herself for re-election.

The Board, upon the recommendation of the nomination committee of the Board, proposed Ms. Lau, to stand for re-election at the EGM. The particulars of Ms. Lau proposed to be re-elected in the EGM are set out below:

Ms. Lau, aged 34, is an independent non-executive Director, the chairman of the remuneration committee and a member of each of the audit committee, the nomination committee and the legal compliance committee of the Company. Ms. Lau possesses over 11 years of accounting and audit experiences in Hong Kong. Currently, she is a director of CAN (HK) CPA Limited. From December 2016 to August 2020, she was the assistant financial controller of Kirin Group Holdings Limited, a company listed on the GEM of the Stock Exchange (stock code: 8109). From March 2011 to November 2016, she was senior auditor of SHINEWING (HK) CPA Limited. Ms. Lau is a qualified member of both The Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales. She obtained a Bachelor of Arts in Accounting from Edinburgh Napier University.

---

## LETTER FROM THE BOARD

---

Ms. Lau has entered into an appointment letter with the Company for a term of one year commencing from 16 February 2023 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than one month's prior notice in writing. Her appointment is subject to retirement by rotation and re-election at general meeting of the Company in accordance with the memorandum and articles of association of the Company and the GEM Listing Rules. Ms. Lau is entitled to an emolument of HK\$120,000 per annum, which were determined by the Board with reference to her level of experience and responsibilities within the Group.

Ms. Lau has given the confirmation of independence to the Company. Based on such confirmation and the information available to the Board, the Board considers that Ms. Lau is independent. In view of the extensive knowledge and invaluable experience of Ms. Lau and after taking into consideration the contribution she made to the Board during the past, the Board believes that the re-election of Ms. Lau is in the best interests of the Company and the Shareholders as well.

Save as disclosed above, Ms. Lau (i) has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date; (ii) does not have any relationship with other Directors, senior management, substantial or controlling shareholders of the Company; and (iii) does not have any interests in the shares of the Company within the meaning of the Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed herein, in relation to the re-election of the Director, the Board is not aware of any information that ought to be disclosed pursuant to Rule 17.50(2)(h) to (w) of the GEM Listing Rules, nor are there any matters that ought to be brought to the attention of the Shareholders.

### GEM LISTING RULES IMPLICATIONS

As the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to approval by the Independent Shareholders at the EGM by poll in accordance with the requirements of Rule 10.29(1) of the GEM Listing Rules and any controlling shareholder and their respective associates or where there is no controlling shareholder, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue.

As at the Latest Practicable Date, (i) the Company does not have any controlling shareholder; and (ii) to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors or the chief executive of the Company or their respective associates are interested in any Share, therefore no Shareholders will be required to abstain from voting of the Rights Issue in accordance with Rule 10.29(1) of the GEM Listing Rules.

---

## LETTER FROM THE BOARD

---

The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

As at the Latest Practicable Date, save for the Rights Issue, the Placing and the Change in Board Lot Size, the Company did not have any plan and had not entered into any negotiation, agreement, arrangement or undertaking to conduct any other corporate action or arrangement that may affect the trading of the Company's shares in the next 12 months.

### GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Rights Issue and the respective transactions contemplated thereunder.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on 17 May 2023, and the Prospectus will be despatched to the Non-Qualifying Shareholders for information purposes only to the extent permitted under the relevant laws and regulations and reasonably practicable.

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

The Shares will be dealt on an ex-rights basis from 8 May 2023. Dealings in the nil-paid Rights Shares are expected to take place from 19 May 2023 to 29 May 2023 (both days inclusive). If the conditions of the Rights Issue (please refer to the paragraph headed "Conditions of the Rights Issue" in this circular) are not fulfilled, the Rights Issue will not proceed.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the nil-paid Rights Shares is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

The Rights Issue will proceed on a non-underwritten basis irrespective of the acceptance of the provisionally allotted Rights Shares. Any person 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 advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.



---

## LETTER FROM THE BOARD

---

### RECOMMENDATIONS

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Chan Kwan Yung, Mr. Chong Alex Tin Yam and Ms. Lau Man Kei, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the EGM. Kingsway Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Your attention is drawn to the letter from the Independent Board Committee set out on page 35 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 36 to 64 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Rights Issue and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM.

### ADDITIONAL INFORMATION

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

By Order of the Board  
**CBK Holdings Limited**  
Chow Yik  
*Chairman and Executive Director*

