
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 you should take, 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 Finet Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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FINET GROUP LIMITED

財華社集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8317)

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES
HELD ON RECORD DATE;
(2) CONNECTED TRANSACTIONS
IN RELATION TO THE UNDERWRITING AGREEMENT AND
SET-OFF OF SHAREHOLDER'S LOAN; AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Terms on this cover page have the same meanings as defined in this circular.

A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 47 to 80 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 45 to 46 of this circular.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. These certain events are set out in the section headed "Termination of the Underwriting Agreement" on pages 11 to 12 of this circular. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

A notice convening the SGM to be held at 30/F., Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong on Wednesday, 14 June 2023 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than Monday, 12 June 2023 at 11:00 a.m. (Hong Kong time). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

25 May 2023

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.

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 13 April 2023 in relation to, among other things, the Rights Issue, the Set-Off and the Underwriting Agreement
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday or a day on which extreme conditions caused by super typhoons are announced or remain in force or a tropical cyclone warning signal no. 8 or above or “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Finet Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8317)
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 4 September 2014
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent board committee of the Company, comprising all independent non-executive Directors, which has been established by the Board for the purpose of advising the Independent Shareholders on the Set-Off and the Underwriting Agreement and as to voting
“Independent Financial Adviser” or “Red Sun”	Red Sun Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Set-Off and the Underwriting Agreement and as to voting
“Independent Shareholders”	Shareholders other than (i) Ms. Lo and Maxx Capital; (ii) any Shareholders who are involved in or interested in the Set-Off and the Underwriting Agreement; and (iii) those Shareholders who have a material interest in the Set-Off and the Underwriting Agreement different from other Shareholders, who shall be required under the GEM Listing Rules to abstain from voting on the resolutions to approve the Set-Off and the Underwriting Agreement at the SGM
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not connected with the Company and its connected persons or any of their respective associates
“IR Business”	the financial information, advertising and investor relationship services business of the Group
“Irrevocable Undertakings”	collectively, the Maxx Undertaking and the Lo’s Undertaking
“Last Trading Day”	13 April 2023, being the last full trading day of the Shares on the Stock Exchange prior to the release of the Announcement
“Latest Lodging Time”	4:30 p.m. on Monday, 19 June 2023 or such other time and/or date as the Underwriter and the Company may agree, being the latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue
“Latest Practicable Date”	22 May 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 12 July 2023 or such other time and/or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares under the Rights Issue
“Latest Time for Termination”	4:00 p.m. on Tuesday, 18 July 2023 or such later time and/or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Lo’s Undertaking”	the irrevocable undertaking given by Ms. Lo in favour of the Company and the Underwriter, details of which is set out in the paragraph headed “Letter from the Board — The Underwriting Agreement — The Irrevocable Undertakings — Lo’s Undertaking” in this circular
“Maxx Capital” or “Underwriter”	Maxx Capital International Limited, a company incorporated in the British Virgin Islands with limited liability, being a controlling Shareholder and the underwriter to the Rights Issue pursuant to the Underwriting Agreement, which is wholly and beneficially owned by Pablos International, which is in turn wholly and beneficially owned by Ms. Lo, the chairlady of the Board, an executive Director and a controlling Shareholder
“Maxx Undertaking”	the irrevocable undertaking given by Maxx Capital in favour of the Company, details of which is set out in the paragraph headed “Letter from the Board — The Underwriting Agreement — The Irrevocable Undertakings — Maxx Undertaking” in this circular
“Ms. Lo”	Ms. Lo Yuk Yee, being the chairlady of the Board, an executive Director and a controlling Shareholder
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the places after deducting the aggregate amount of the Subscription Price for the Unsubscribed Shares placed by the Placing Agent under the Placing Agreement) pursuant to the Unsubscribed Arrangements
“No Action Shareholders”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) in their assured entitlements, or Non-Qualifying Shareholders (as the case may be)

DEFINITIONS

“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Outstanding Share Options”	as at the Latest Practicable Date, there are 11,200,000 outstanding and vested share options granted by the Company under the Existing Share Option Scheme
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“Pablos International”	Pablos International Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Ms. Lo, the chairlady of the Board, an executive Director and a controlling Shareholder
“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“Placing Agent”	Aristo Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 13 April 2023 (as amended and supplemented by the Supplemental Placing Agreement) and entered into between the Company and the Placing Agent in respect of the Unsubscribed Arrangements, pursuant to which the Placing Agent has agreed to procure places on a best effort basis to subscribe for the Unsubscribed Shares
“Placing Period”	the period from Friday, 14 July 2023 up to Monday, 17 July 2023, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements
“Placing Price”	the placing price of the Unsubscribed Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Shares during the placement process
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the proposed Rights Issue
“Prospectus Documents”	the Prospectus and the PALs
“Prospectus Posting Date”	Wednesday, 28 June 2023, or such other day as may be agreed between the Company and the Underwriter for the despatch of the Prospectus Documents to the Qualifying Shareholders, and the Prospectus (for information only) to the Non-Qualifying Shareholders (as the case may be)
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Tuesday, 27 June 2023 or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Rights Issue
“Registrar”	Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, being the Company’s branch share registrar and transfer office in Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	Shares to be issued and allotted under the proposed Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares in issue on the Record Date, being not less than 333,269,387 Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date)
“Rights Shares Set-Off”	the set-off of the Subscription Price of approximately HK\$9.3 million against the Shareholder’s Loan for the 92,578,947 Rights Shares to which Maxx Capital is entitled under the Rights Issue in respect of the 185,157,894 Shares which are registered in the Registrar under Maxx Capital’s own name
“Set-Off”	collectively, the Rights Shares Set-Off and the Underwritten Shares Set-Off

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at 30/F., Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong on Wednesday, 14 June 2023 at 11:00 a.m. (or any adjournment thereof), for the purpose of considering and, if thought fit, approving, among other things, the Set-Off and the Underwriting Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option(s)”	the share options granted by the Company under the Existing Share Option Scheme
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shareholder’s Loan”	the interest-free loan facility of up to HK\$30 million granted by Ms. Lo in favour of the Company for a term of 12 months under a loan agreement dated 1 April 2022, the outstanding principal amount of which amounted to approximately HK\$24.2 million as at 31 March 2023 and remains outstanding as at the Latest Practicable Date
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.10 per Rights Share
“Supplemental Placing Agreement”	the supplemental placing agreement dated 24 April 2023 entered into between the Company and the Placing Agent to amend and/or supplement certain terms of the Placing Agreement
“Supplemental Underwriting Agreement”	the supplemental underwriting agreement dated 24 April 2023 entered into among the Company, the Underwriter and Ms. Lo to amend and/or supplement certain terms of the Underwriting Agreement

DEFINITIONS

“Underwriting Agreement”	the underwriting agreement dated 13 April 2023 (as amended and supplemented by the Supplemental Underwriting Agreement) entered into among the Company, the Underwriter and Ms. Lo in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Share(s)”	115,741,519 Rights Shares, being the minimum total number of Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), or up to 121,341,519 Rights Shares, being the maximum total number of Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) to which the Qualifying Shareholders are entitled under the Rights Issue, being not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares, (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date), less the aggregate of 217,527,868 Rights Shares that will be provisionally allotted to and subscribed for by Maxx Capital and Ms. Lo pursuant to the Irrevocable Undertakings
“Underwritten Shares Set-Off”	the set-off of the Subscription Price of approximately HK\$2.4 million (assuming no Qualifying Shareholders would take up any of their Rights Shares and no Independent Third Parties would take up any of the Unsubscribed Shares) against the Shareholder’s Loan for part of the Underwritten Shares
“Unsubscribed Arrangements”	arrangements to place the Unsubscribed Shares by the Placing Agent on a best effort basis to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties pursuant to Rule 10.31(1)(b) of the GEM Listing Rules
“Unsubscribed Share(s)”	Rights Shares that are not subscribed by the Qualifying Shareholders and Rights Shares which would otherwise have been allotted to the Non-Qualifying Shareholders (as the case may be)
“Untaken Rights Shares”	all such Unsubscribed Shares that have not been placed by the Placing Agent or they have been placed but the placees have not paid therefor at 4:00 p.m. on Monday, 17 July 2023
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only and has been prepared on the assumption that the Set-Off and the Underwriting Agreement will be approved by the Independent Shareholders at the SGM. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Event	2023
Despatch date of this circular, proxy form and notice of SGM	Thursday, 25 May
Latest time for lodging transfers of Shares to qualify for the attendance and voting at the SGM	4:30 p.m. on Thursday, 8 June
Closure of register of members of the Company (both days inclusive).	Friday, 9 June to Wednesday, 14 June
Latest time for lodging proxy forms for the SGM	11:00 a.m. on Monday, 12 June
Record date for determining entitlements for the attendance and voting at the SGM	Wednesday, 14 June
Expected time and date of the SGM	11:00 a.m. on Wednesday, 14 June
Announcement of the poll results of the SGM	Wednesday, 14 June
Register of members of the Company reopens	Thursday, 15 June
Last day of dealings in the Shares on a cum-rights basis	Thursday, 15 June
First day of dealings in the Shares on an ex-rights basis	Friday, 16 June
Latest time for lodging transfer of Shares to qualify for the Rights Issue	4:30 p.m. on Monday, 19 June
Closure of register of members of the Company for determining entitlements to the Rights Issue (both days inclusive).	Tuesday, 20 June to Tuesday, 27 June
Record date for determining entitlements for the Rights Issue	Tuesday, 27 June

EXPECTED TIMETABLE

Event	2023
Register of members of the Company reopens	Wednesday, 28 June
Despatch of the Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only).	Wednesday, 28 June
First day of dealing in nil-paid Rights Shares	Friday, 30 June
Latest time for splitting of the PALs.	4:30 p.m. on Tuesday, 4 July
Last day of dealing in nil-paid Rights Shares.	Friday, 7 July
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain	4:00 p.m. on Wednesday, 12 July
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Wednesday, 12 July
Announcement of the number of the Unsubscribed Shares subject to the Unsubscribed Arrangements.	Thursday, 13 July
Commencement of placing of the Unsubscribed Shares by the Placing Agent subject to the Unsubscribed Arrangements	Friday, 14 July
End of placing of the Unsubscribed Shares by the Placing Agent	Monday, 17 July
Latest time for the termination of the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Tuesday, 18 July
Announcement of allotment results of the Rights Issue (including results of the placing of the Unsubscribed Shares and the amount of Net Gain per Unsubscribed Share under the Unsubscribed Arrangements)	Thursday, 20 July
Despatch of certificates for fully-paid Rights Shares.	Friday, 21 July

EXPECTED TIMETABLE

Event	2023
Expected first day of dealings in fully-paid Rights Shares	9:00 a.m. on Monday, 24 July
Designated broker starts to stand in the market to provide matching services for odd lots of Shares.	9:00 a.m. on Monday, 24 July
Payment of the Net Gain (if any) to the relevant No Action Shareholders	Friday, 11 August
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares.	Monday, 14 August

All times stated above refer to Hong Kong times.

EFFECT OF BAD WEATHER AT THE LATEST TIME FOR ACCEPTANCE

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or extreme conditions caused by super typhoons:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 12 July 2023. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 12 July 2023. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Wednesday, 12 July 2023, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or the destruction of any material asset of the Company; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company as a whole whether or not *ejusdem generis* with any of the foregoing; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus Documents and not having been disclosed in the Prospectus Documents, would have constituted, in the reasonable opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten (10) consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements in connection with the Rights Issue,

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

The Underwriting Agreement further contains provisions that the Underwriter may terminate its commitment under the Underwriting Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the representations, warranties or undertakings under the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (b) any Specified Event comes to the knowledge of the Underwriter.

If the Underwriting Agreement is terminated by the Underwriter on or before the Latest Time for Termination or does not become unconditional, the Rights Issue will not proceed.



財華社
FINET

FINET GROUP LIMITED

財華社集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8317)

Executive Directors:

Ms. Lo Yuk Yee

Ms. Chen Weijie

Independent non-executive Directors:

Mr. Wong Wai Kin

Mr. Wong Kwok Yin

Mr. Chu Ka Chung

Registered office:

Clarendon House

2 Church Street

Hamilton, HM 11

Bermuda

*Head office and principal place of
business in Hong Kong:*

30/F, Fortis Tower

77–79 Gloucester Road

Wanchai, Hong Kong

25 May 2023

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES
HELD ON RECORD DATE;
(2) CONNECTED TRANSACTIONS
IN RELATION TO THE UNDERWRITING AGREEMENT AND
SET-OFF OF SHAREHOLDER'S LOAN; AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

References are made to (i) the Announcement in relation to, among other matters, the Rights Issue, the Set-Off and the Underwriting Agreement; and (ii) the announcement of the Company dated 24 April 2023 in relation to, among other matters, the Supplemental Placing Agreement and the Supplemental Underwriting Agreement.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with among other things, details of (i) the Rights Issue, the Set-Off and the Underwriting Agreement; (ii) the recommendation of the Independent Board Committee in relation to the Set-Off and the Underwriting Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Set-Off and the Underwriting Agreement; and (iv) a notice convening the SGM.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.10 per Rights Share, to raise gross proceeds before the Set-Off of approximately HK\$33.3 million (assuming no change in the number of Shares in issue on or before the Record Date) and up to approximately HK\$33.9 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) by issuing not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) to the Qualifying Shareholders.

Maxx Capital, a controlling Shareholder, which is interested in 391,597,678 Shares, representing approximately 58.75% of the issued share capital of the Company as at the Latest Practicable Date, has conditionally agreed to fully underwrite all the Untaken Rights Shares, on the terms and conditions set out in the Underwriting Agreement. The Company will ensure that there is sufficient public float as required under the GEM Listing Rules upon completion of the Rights Issue.

Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price:	HK\$0.10 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	666,538,774 Shares
Number of Rights Shares:	not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date)

LETTER FROM THE BOARD

Aggregate nominal value of the Rights Shares:	HK\$3,332,693.87 (assuming no change in the number of Shares in issue on or before the Record Date) or HK\$3,388,693.87 (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date)
Number of Shares as enlarged by the allotment and issue of the Rights Shares:	not less than 999,808,161 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) and not more than 1,016,608,161 Shares (assuming new Shares are allotted and issued upon 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)
Number of Rights Shares Underwritten by the Underwriter:	115,741,519 Rights Shares, being the minimum total number of Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), or up to 121,341,519 Rights Shares, being the maximum total number of Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) to which the Qualifying Shareholders are entitled pursuant to the Rights Issue, being not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares, (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date), less the aggregate of 217,527,868 Rights Shares that will be provisionally allotted to and subscribed for by Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings
Gross proceeds to be raised from the Rights Issue before the Set-Off:	approximately HK\$33.3 million (assuming no change in the number of Shares in issue on or before the Record Date) and up to approximately HK\$33.9 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date)
Gross proceeds to be raised from the Rights Issue after the Rights Shares Set-Off:	up to approximately HK\$24.6 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date)

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As at the Latest Practicable Date, there are 11,200,000 Outstanding Share Options granted under the Existing Share Option Scheme. Assuming full exercise of the Outstanding Share Options, the maximum number of new Shares that would fall to be allotted and issued under the Existing Share Option Scheme on or before the Record Date would be 11,200,000, which would result in the allotment and issue of an additional 5,600,000 Rights Shares.

Save for the aforesaid, the Company does not have any other options outstanding under any share 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 there is no change in the number of issued Shares on or before the Record Date, 333,269,387 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 50% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subscription Price

The Subscription Price is HK\$0.10 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

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

- (i) a discount of approximately 52.4% to the closing price of HK\$0.21 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 52.4% to the average of the closing prices of HK\$0.21 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 50.2% to the closing price of HK\$0.201 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iv) a discount of approximately 42.2% to the theoretical ex-rights price of HK\$0.173 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.21 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 17.97% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$0.178 per Share and the benchmarked price of 0.217 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price of the Last Trading Day of HK\$0.21 per Share and the average of the closing prices per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.217 per Share);

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- (vi) a premium of approximately 61.3% over the audited consolidated net asset value per Share of approximately HK\$0.062 (based on the latest published audited consolidated net asset value of the Group attributable to owners of the Company of approximately HK\$41,043,000 and 666,538,774 Shares in issue as at 31 March 2022); and
- (vii) a premium of approximately 63.9% over the unaudited consolidated net asset value per Share of approximately HK\$0.061 (based on the latest published unaudited consolidated net asset value of the Group attributable to owners of the Company of approximately HK\$40,687,000 and 666,538,774 Shares in issue as at 30 September 2022).

The net Subscription Price per Rights Share (after deducting the relevant expenses) will be approximately HK\$0.098 per Rights Share (assuming no change in the number of Shares in issue on or before the Record Date) or approximately HK\$0.098 (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date).

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, (i) the market price of the Shares; (ii) the prevailing market conditions; (iii) the Group's current financial position; and (iv) the amount of fund the Company intends to raise under the Rights Issue. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its existing shareholding in the Company.

In determining the Subscription Price, which represents a discount of approximately 52.4% to the closing price of HK\$0.21 per Share on the Last Trading Day, the Directors have considered, among other things as mentioned above, (i) all Qualifying Shareholders will be offered the same opportunity to maintain their proportional interests in the Company; (ii) the average trading volume of the Shares in the past three months before the date of the Announcement was very low with an average daily trading volume of the Shares for the past three months ranging from no Shares to 80,000 Shares, representing no trading volume and approximately 0.012% of the Company's total number of Shares in issue; (iii) the historical financial performance of the Group is unsatisfactory with a continuously loss-making position for the year ended 31 March 2022 and the nine months ended 31 December 2022; (iv) the discount of the Subscription Price to the prevailing market price of the Shares was necessary to encourage the Qualifying Shareholders to participate in the Rights Issue, especially when liquidity in the trading of Shares is thin and the historical financial performance of the Group is unsatisfactory.

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In view of the above, despite the discount of the Subscription Price to the closing price of the Shares, after a balanced consideration, the Directors (excluding Ms. Lo who has a material interest in the Set-Off and the Underwriting Agreement; and including the independent non-executive Directors whose views are set out in the Letter from the Independent Board Committee in this circular) consider the Subscription Price which was set at a discount to the closing price will enhance the attractiveness of the Rights Issue, and therefore, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Non-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 members of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than the Latest Lodging Time.

The last day of dealing in the Shares on a cum-rights basis is Thursday, 15 June 2023. The Shares will be dealt with on an ex-rights basis from Friday, 16 June 2023.

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.

LETTER FROM THE BOARD

Rights of Overseas Shareholders and Non-Qualifying Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

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 Shareholders (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 Shareholders 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 Shareholders. As at the Latest Practicable Date, there were 3 Overseas Shareholders with registered addresses situated in the PRC and the United States.

The feasibility of extending the Rights Issue to the Overseas Shareholders, and the legal basis for excluding the Non-Qualifying Shareholders(s), if applicable, will be set out in the Prospectus. The Company will send the Prospectus (without the PAL) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue 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 Shareholders 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 Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will, if possible, be placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties and, if not successfully placed out, will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

The Non-Qualifying Shareholders, so long as he/she/it is an Independent Shareholder, will be entitled to vote at the SGM to consider and, if thought fit, for the resolution(s) approving the Set-Off and the Underwriting Agreement.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

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Closure of register of members

The register of members of the Company will be closed from Friday, 9 June 2023 to Wednesday, 14 June 2023 (both days inclusive) for determining the eligibility of the Shareholders to attend and vote at the SGM.

The register of members of the Company will be closed from Tuesday, 20 June 2023 to Tuesday, 27 June 2023 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

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

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and 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.

Fractional entitlements to the Rights Shares

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

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Shares arising from the Rights Issue, the Company has appointed the Placing Agent as an agent to provide odd lot matching services, on a best effort basis, to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares to a full new board lot during the period from Monday, 24 July 2023 to Monday, 14 August 2023 (both dates inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. Shareholders who wish to take advantage of this service should contact the Placing Agent at Room 101, 1st Floor, On Hong Commercial Building, 145 Hennessy Road, Wanchai, Hong Kong or at telephone number (852) 5313 9888 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Shareholders who are in doubt about this service are recommended to consult their professional advisers.

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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 to those entitled thereto by ordinary post to their registered addresses at their own risk on or before Friday, 21 July 2023. If the Rights Issue is terminated, refund cheques in respect of the applications for Rights Shares are expected to be posted on or before Friday, 21 July 2023 by ordinary post to the applicants at their own risk.

No application for excess Rights Shares

No application for excess Rights Shares will be offered to Qualifying Shareholders. Any Untaken Rights Shares will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

The Board considers that since each Qualifying Shareholder will be given equal and fair opportunity to maintain their pro rata shareholding interests in the Company through the Rights Issue, the additional work which may be required to prepare for and administer the excess application arrangement (such as printing excess application forms and incurring professional fees to process and handle the excess applications) may not be justified. In addition, given that the Company has put in place the Unsubscribed Arrangements as required by Rule 10.31(1)(b) of the GEM Listing Rules, details of which are set out in the paragraph headed “Letter from the Board — Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements” below, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

In light of the above and that the Independent Shareholders are given the opportunity to express their view on the terms of the Rights Issue (including no application for excess Rights Shares) through their votes at the SGM, the Board believes that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements

Pursuant to Rule 10.31(2) of the GEM Listing Rules, as Maxx Capital, being a controlling Shareholder, shall act as the underwriter of the Rights Issue, the Company must make arrangements as stipulated in Rule 10.31(1)(b) of the GEM Listing Rules to dispose of any Unsubscribed Shares not validly applied for by the No Action Shareholders by offering such Unsubscribed Shares to independent places for the benefit of those Shareholders. With such compensatory arrangement in place, there will be no excess application arrangements in relation to the Rights Issue as stipulated by Rule 10.31(1)(a) of the GEM Listing Rules.

Any Unsubscribed Shares (which comprise (i) Rights Shares that are not subscribed by the Qualifying Shareholders; and/or (ii) Rights Shares which would otherwise have been in the assured allotments of the Non-Qualifying Shareholders) will be first placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may

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be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties, 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. If any of the Unsubscribed Shares are not successfully placed out, those Unsubscribed Shares will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

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.

In order to comply with the GEM Listing Rules, on 13 April 2023 (after trading hours of the Stock Exchange), the Company has entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Shares at the Placing Price. Any unplaced Unsubscribed Shares will then be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

On 24 April 2023, the Company and the Placing Agent has entered into the Supplemental Placing Agreement, pursuant to which the parties agreed to amend the definition of “Set-Off” under the Placing Agreement following the relevant amendments made to the Underwriting Agreement pursuant to the Supplemental Underwriting Agreement.

Principal terms of the Placing Agreement are summarised below:

Date: 13 April 2023 (after trading hours of the Stock Exchange)
(as amended and supplemented by the Supplemental Placing Agreement on 24 April 2023)

Placing Agent: Aristo Securities Limited

As at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owner(s) are (i) Independent Third Parties; and (ii) independent from the Underwriter

Placing commission: The Company shall pay the Placing Agent a fixed commission fee of HK\$20,000

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- Placing Price:** The placing price of the Unsubscribed Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Shares during the placement process
- Placing Period:** The period from Friday, 14 July 2023 up to 4:00 p.m. on Monday, 17 July 2023, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements
- Placees:** The Unsubscribed Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties
- Condition precedent:** The obligations of the Placing Agent under the Placing Agreement are conditional upon the Underwriting Agreement becoming unconditional (save for the condition that the Placing Agreement has become unconditional)

The Placing Agent shall, on a best efforts basis during the Placing Period, seek to procure placees who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties for all (or as many as possible) to subscribe for the Unsubscribed Shares 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 Unsubscribed 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) given that the Unsubscribed 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.

The Underwriter confirms that it will not be involved in the screening and selection of placees in relation to the Unsubscribed Shares.

The Placing Agent confirms that it is an Independent Third Party, and that there is no other arrangement, agreement, understanding or undertaking with the Underwriter in relation to the Shares. The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the terms to be normal commercial terms.

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The Company considers that the Unsubscribed Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Independent Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Given that the Company has put in place the Unsubscribed Arrangements as required by Rule 10.31(1)(b) of the GEM Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

Application for listing of the Rights Shares

The Company will apply to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 2,000 Shares in one board lot.

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 should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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

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 the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

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THE UNDERWRITING AGREEMENT

Underwriting Agreement

On 13 April 2023 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter and Ms. Lo, pursuant to which the Underwriter has conditionally agreed to fully underwrite all Underwritten Shares, subject to the terms and conditions of the Underwriting Agreement, other than those Rights Shares provisionally allotted to and undertaken to be subscribed by Maxx Capital and Ms. Lo pursuant to the Irrevocable Undertakings.

On 24 April 2023 (after trading hours of the Stock Exchange), the Company, Maxx Capital and Ms. Lo entered into the Supplemental Underwriting Agreement, pursuant to which the parties agreed to amend certain terms of the Underwriting Agreement to the effect that only the Subscription Price in respect of (i) the 92,578,947 Rights Shares to which Maxx Capital is entitled under the Rights Issue in respect of the 185,157,894 Shares which are registered in the Registrar under Maxx Capital's own name; and (ii) the Underwritten Shares, will be settled by way of firstly the Set-Off against the Shareholder's Loan and after the Set-Off of the Shareholder's Loan in full, by cash.

It is further agreed among the Company, Maxx Capital and Ms. Lo that (a) the Subscription Price of approximately HK\$10.3 million in respect of (i) the 103,219,892 Rights Shares to which Maxx Capital is entitled under the Rights Issue in respect of the 206,439,784 Shares which are deposited in CCASS; and (ii) the Subscription Price of approximately HK\$2.2 million in respect of the 21,729,029 Rights Shares to which Ms. Lo is entitled under the Rights Issue in respect of the 43,458,058 Shares which are deposited in CCASS will be settled in cash by Maxx Capital and Ms. Lo respectively; and (b) subsequently a sum of approximately HK\$12.5 million would be paid out of the net proceeds of the Rights Issue to Ms. Lo for the repayment of the Shareholder's Loan.

The principal terms of the Underwriting Agreement are summarised below:

Date: 13 April 2023 (after trading hours of the Stock Exchange)
(as amended and supplemented by the Supplemental Underwriting Agreement on 24 April 2023)

Underwriter: Maxx Capital

Maxx Capital is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Pablos International, which is in turn wholly and beneficially owned by Ms. Lo, the chairlady of the Board and an executive Director.

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Maxx Capital is a controlling Shareholder which beneficially holds 391,597,678 Shares, representing approximately 58.75% of the issued share capital of the Company as at the Latest Practicable Date. It is not in the ordinary course of business of Maxx Capital to underwrite securities.

As such, the Underwriter complies with Rule 10.24A(2) of the GEM Listing Rules and the Underwriter is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

Number of Rights Shares: not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date)

Number of Underwritten Shares: 115,741,519 Rights Shares, being the minimum total number of Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), or up to 121,341,519 Rights Shares, being the maximum total number of Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) to which the Qualifying Shareholders are entitled under the Rights Issue, being not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares, (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date), less the aggregate of 217,527,868 Rights Shares that will be provisionally allotted to and subscribed for by Maxx Capital and Ms. Lo pursuant to the Irrevocable Undertakings

Underwriting commitment of the Underwriter: Pursuant to the Underwriting Agreement, Maxx Capital as the Underwriter has conditionally agreed to underwrite the Rights Shares (other than the Rights Shares agreed to be taken up by Maxx Capital and Ms. Lo under the Irrevocable Undertakings) which have not been taken up by the Qualifying Shareholders and which have not been placed out by the Placing Agent under the Unsubscribed Arrangements. Accordingly, the Rights Issue is fully underwritten

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Underwriting Commission: No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the following conditions being fulfilled:

- (a) the passing by the Independent Shareholders at the SGM of ordinary resolutions to approve the Set-Off, the Underwriting Agreement and the transactions contemplated thereunder in accordance with the GEM Listing Rules by no later than the Prospectus Posting Date;
- (b) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (c) the delivery to the Stock Exchange for authorisation 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 agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date;
- (d) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purposes only, explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (e) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (f) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect; and
- (g) the compliance with and performance of all the undertakings and obligations of Maxx Capital and Ms. Lo under the Irrevocable Undertakings.

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

As at the Latest Practicable Date, none of the above conditions had been fulfilled.

LETTER FROM THE BOARD

The Irrevocable Undertakings

Maxx Undertaking

Pursuant to the Maxx Undertaking, Maxx Capital has given an irrevocable undertaking in favour of the Company that:

- (i) it will subscribe for 195,798,839 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 391,597,678 Shares wholly and beneficially held by it;
- (ii) it will not dispose of any of the 391,597,678 Shares comprising the current shareholding in the Company owned by Maxx Capital, and such Shares will remain wholly and beneficially owned by it up to and including the Record Date;
- (iii) it will lodge or procure its acceptance of the 195,798,839 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents; and
- (iv) take appropriate steps, including, the disposal of such number of Shares necessary to ensure that sufficient public float exists in the shares of the Company in compliance with the GEM Listing Rules upon completion of the Rights Issue.

Lo's Undertaking

Pursuant to the Lo's Undertaking, Ms. Lo has given an irrevocable undertaking in favour of the Company and the Underwriter that:

- (i) she will subscribe for 21,729,029 Rights Shares which comprise the full acceptance of her provisional entitlement in respect of the 43,458,058 Shares wholly and beneficially held by her;
- (ii) she will not dispose of any of the 43,458,058 Shares comprising the current shareholding in the Company owned by Ms. Lo, and such Shares will remain wholly and beneficially owned by her up to and including the Record Date;
- (iii) she will lodge the acceptance of the 21,729,029 Rights Shares, which will be the number of Rights Shares provisionally allotted to her nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents; and
- (iv) she will procure Maxx Capital to take appropriate steps, including, the disposal of such number of Shares necessary to ensure that sufficient public float exists in the shares of the Company in compliance with the GEM Listing Rules upon completion of the Rights Issue.

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

CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT AND SET-OFF OF THE SHAREHOLDER'S LOAN

In order to maintain sufficient cash level for the operational needs of the Group, on 1 April 2022, Ms. Lo, as the lender, and the Company, as the borrower, entered into a loan agreement pursuant to which Ms. Lo granted a loan facility of up to HK\$30 million in favour of the Company, for a term of 12 months.

The Shareholder's Loan is unsecured and interest-free and the maturity date of the Shareholder's Loan was 31 March 2023. As at 31 March 2023, the total outstanding principal amount of the Shareholder's Loan amounted to approximately HK\$24.2 million, which remains outstanding as at the Latest Practicable Date.

Pursuant to the Underwriting Agreement, Maxx Capital, Ms. Lo and the Company have agreed that the Subscription Price in respect of (i) the 92,578,947 Rights Shares to which Maxx Capital is entitled under the Rights Issue in respect of the 185,157,894 Shares which are registered in the Registrar under Maxx Capital's own name; and (ii) the Underwritten Shares, will be settled by way of firstly the Set-Off and after the Set-Off in full, by cash. The Set-Off and the Underwriting Agreement constitute connected transactions on the part of the Company.

Pursuant to the Underwriting Agreement, it is further agreed among the Company, Maxx Capital and Ms. Lo that (a) the Subscription Price of approximately HK\$10.3 million in respect of (i) the 103,219,892 Rights Shares to which Maxx Capital is entitled under the Rights Issue in respect of the 206,439,784 Shares which are deposited in CCASS; and (ii) the Subscription Price of approximately HK\$2.2 million in respect of the 21,729,029 Rights Shares to which Ms. Lo is entitled under the Rights Issue in respect of the 43,458,058 Shares which are deposited in CCASS will be settled in cash by Maxx Capital and Ms. Lo respectively; and (b) subsequently a sum of approximately HK\$12.5 million would be paid out of the net proceeds of the Rights Issue to Ms. Lo for the repayment of the Shareholder's Loan.

Although the Rights Issue is fully underwritten, the exact amount of the Shareholder's Loan to be set-off for such aggregate Subscription Price depends on the number of Rights Shares to be taken up by the Qualifying Shareholders and the total number of Unsubscribed Shares to be placed by the Placing Agent to the independent placees pursuant to the Unsubscribed Arrangements.

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Scenario 1 — Assuming all Qualifying Shareholders having taken up their Rights Shares

Assuming all Qualifying Shareholders having taken up all his/her/its entitlements under the Rights Issue, the treatment of the Shareholder's Loan would be as follows:

- (i) the Subscription Price of approximately HK\$9.3 million in respect of the 92,578,947 Rights Shares to which Maxx Capital is entitled under the Rights Issue in respect of the 185,157,894 Shares which are registered in the Registrar under Maxx Capital's own name, would first be set-off against the Shareholder's Loan; and
- (ii) approximately HK\$12.5 million would be paid out of the net proceeds of the Rights Issue of approximately HK\$23.2 million (assuming no change in the number of Shares in issue on or before the Record Date) or approximately HK\$23.8 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) to Ms. Lo for the repayment of the Shareholder's Loan.

After the Rights Shares Set-Off of approximately HK\$9.3 million and the repayment of the Shareholder's Loan of approximately HK\$12.5 million, approximately HK\$2.4 million of the Shareholder's Loan would remain outstanding, and it is expected that the Shareholder's Loan will be extended on such terms as may be agreed between the Company and Ms. Lo.

Scenario 2 — Assuming no Qualifying Shareholders would take up any of their Rights Shares and no Independent Third Parties would take up any of the Unsubscribed Shares

Assuming (i) no Qualifying Shareholders would take up any of his/her/its entitlements under the Rights Issue except for Maxx Capital and Ms. Lo pursuant to the Irrevocable Undertakings; and (ii) no Independent Third Parties would take up the Unsubscribed Shares under the Placing Agreement, such that all the Unsubscribed Shares would be taken up by the Underwriter under the Underwriting Agreement, the treatment of the Shareholder's Loan would be as follows:

- (i) the Subscription Price of approximately HK\$9.3 million in respect of the 92,578,947 Rights Shares to which Maxx Capital is entitled under the Rights Issue in respect of the 185,157,894 Shares which are registered in the Registrar under Maxx Capital's own name, would first be set-off against the Shareholder's Loan;
- (ii) approximately HK\$2.4 million would be further set-off by the same amount of the Subscription Price in respect of the Underwritten Shares; and
- (iii) approximately HK\$12.5 million would be paid out of the net proceeds of the Rights Issue of approximately HK\$20.8 million (assuming no change in the number of Shares in issue on or before the Record Date and after the

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Underwritten Shares Set-Off) or approximately HK\$21.4 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date and after the Underwritten Shares Set-Off).

After the Rights Shares Set-Off of approximately HK\$9.3 million, the Underwritten Shares Set-Off of approximately HK\$2.4 million and the repayment of the Shareholder's Loan of approximately HK\$12.5 million, the Shareholder's Loan would be repaid in full after the completion of the Rights Issue. The actual Subscription Price payable by the Underwriter in cash in respect of the Underwritten Shares (after the Underwritten Shares Set-Off) would be approximately HK\$9.2 million (assuming no change in the number of Shares in issue on or before the Record Date) and up to approximately HK\$9.7 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date).

For details of the use of proceeds, please refer to the paragraph headed "Letter from the Board — Reasons for and benefits of the Rights Issue and intended use of proceeds" in this circular below.

Completion of the Set-Off, which is subject to the same conditions as the Rights Issue, shall take place simultaneously with the issue of the Rights Shares by the Company pursuant to the terms of the Rights Issue.

Reasons for the Set-Off and the entering into of the Supplemental Underwriting Agreement and Supplemental Placing Agreement

The Directors consider that the Set-Off will enable the Group to repay the Shareholder's Loan without cash outflow and will allow the Group to reduce its gearing level.

The Set-Off was agreed after arm's length negotiations between the Company as issuer and Maxx Capital as underwriter. In the event of the absence of the Set-Off arrangement in the Rights Issue, Maxx Capital will have an additional cash outflow of approximately HK\$20.9 million under the Rights Issue (assuming (a) no Qualifying Shareholders would take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties would take up the Unsubscribed Shares such that all the Unsubscribed Shares would be taken up by Maxx Capital) and this will affect the willingness of Maxx Capital to act as underwriter for the Rights Issue. Given that Maxx Capital will not charge any underwriting commission and the Shareholder's Loan were utilised towards the general working capital of the Group, the Company considers that the Set-Off arrangement is fair and reasonable. Taking into account (i) the Set-Off arrangement in the Rights Issue was one of the key factors affecting the willingness of Maxx Capital to act as underwriter for the Rights Issue; and (ii) the maturity date of the Shareholder's Loan, the Directors consider that the Set-Off is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As disclosed in the announcement of the Company dated 24 April 2023, upon further enquiry by the Company, there is a foreseeable technical difficulty for implementing the Set-Off of the Subscription Price in respect of the 103,219,892 Rights Shares to which Maxx

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Capital is entitled under the Rights Issue and the 21,729,029 Rights Shares to which Ms. Lo is entitled under the Rights Issue, through the CCASS system, where the CCASS system can only carry out a rights issue application by a shareholder in a normal manner (i.e. the shareholder paying the required amount of cash in respect of the number of rights shares applied) and is not able to process a rights issue application by a shareholder if the cash amount for the number of Rights Shares is not paid upon application. In light of such technical difficulty, the Company, Maxx Capital and Ms. Lo agreed to entered into the Supplemental Underwriting Agreement to the effect that (i) Maxx Capital would first settle the aggregate Subscription Price in respect of the 103,219,892 Rights Shares of approximately HK\$10.3 million in cash; and (ii) Ms. Lo would first settle the aggregate Subscription Price in respect of the 21,729,029 Rights Shares of approximately HK\$2.2 million in cash, and subsequently, a sum of approximately HK\$12.5 million (which is equivalent to the aggregate Subscription Price to be settled by Maxx Capital and Ms. Lo in cash) would be paid out of the net proceeds of the Rights Issue to Ms. Lo for the repayment of the Shareholder's Loan.

Taking into account that (i) the sole purpose of the entering into of the Supplemental Underwriting Agreement and the Supplemental Placing Agreement is to deal with the technical difficulty for implementing the Set-Off through the CCASS system; (ii) the gross proceeds from the Rights Issue before the Set-Off will remain to be the same; and (iii) the estimated amount of net proceeds from the Rights Issue to be allocated for the expansion of the IR Business in Hong Kong and the PRC and the general working capital of the Group will remain to be the same, the Board (excluding Ms. Lo; and including the independent non-executive Directors whose views are set forth in the Letter from the Independent Board Committee in this circular) considers that the terms of the Supplemental Underwriting Agreement and the Supplemental Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Implications under GEM Listing Rules

Since Maxx Capital and Ms. Lo are a group of controlling Shareholders, the Set-Off and the Underwriting Agreement and the transactions contemplated thereunder constitute connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules and are subject to the approval of the Independent Shareholders.

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

The Group is principally engaged in (i) the provision of financial information; (ii) advertising and financial public relationship service (including media business); (iii) the securities business that specialises in the provision of brokerage, underwriting and asset management; (iv) money lending business; and (v) property investments.

As disclosed in the third quarterly report of the Company for the nine months ended 31 December 2022, although the IR Business continues to be affected by the prolonged impact of the novel coronavirus (“COVID-19”) pandemic during the period, as the COVID-19 pandemic is becoming under control and the relevant anti-pandemic restrictions are gradually being lifted, the Company expects the IR Business to become the Group's profit

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stream in the coming years. As such, the Board has resolved to boost and expand the development of the IR Business in Hong Kong and the PRC, including but not limited to recruiting additional personnel, purchasing IT equipment and provide reserves for operating fund.

In light of the financial performance of the Group which remains to be loss-making for the year ended 31 March 2022 and the nine months ended 31 December 2022 as well as the above expansion plan of the Group, the Board considers that it is vital for the Group to have access to additional funding and working capital in order to maintain its competitiveness in the market.

Assuming full subscription of the Rights Shares, the gross proceeds from the Rights Issue before the Set-Off is expected to be approximately HK\$33.3 million (assuming no change in the number of Shares in issue on or before the Record Date) and up to approximately HK\$33.9 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date).

The exact amount of net proceeds depends on the number of Rights Shares to be taken up by the Qualifying Shareholders and the total number of Unsubscribed Shares to be placed by the Placing Agent to the independent places pursuant to the Unsubscribed Arrangements.

Scenario 1 — Assuming all Qualifying Shareholders have taken up their Rights Shares

Assuming all Qualifying Shareholders have taken up their entitlements under the Rights Issue, the net proceeds from the Rights Issue (after deducting the estimated expenses of approximately HK\$0.8 million, and after the Rights Shares Set-Off of approximately HK\$9.3 million) is estimated to be approximately HK\$23.2 million (assuming no change in the number of Shares in issue on or before the Record Date) or approximately HK\$23.8 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date).

The Company intends to apply the aforesaid net proceeds from the proposed Rights Issue as follows: as to (i) approximately HK\$12.5 million for the repayment of the Shareholder's Loan; (ii) approximately HK\$9.6 million (assuming no change in the number of Shares in issue on or before the Record Date) and up to approximately HK\$10.2 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) for the expansion of the IR Business in Hong Kong and the PRC; and (iii) the remaining balance for the general working capital of the Group.

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Scenario 2 — Assuming no Qualifying Shareholders would take up any of their Rights Shares and no Independent Third Parties would take up any of the Unsubscribed Shares

Assuming (i) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Maxx Capital and Ms. Lo pursuant to the Irrevocable Undertakings; and (ii) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital, the net proceeds from the Rights Issue (after deducting the estimated expenses of approximately HK\$0.8 million, and after the Rights Shares Set-Off of approximately HK\$9.3 million and the Underwritten Shares Set-Off of approximately HK\$2.4 million) is estimated to be approximately HK\$20.8 million (assuming no change in the number of Shares in issue on or before the Record Date) or approximately HK\$21.4 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date).

The Company intends to apply the aforesaid net proceeds from the proposed Rights Issue as follows: as to (i) approximately HK\$12.5 million for the repayment of the Shareholder's Loan; (ii) approximately HK\$7.5 million (assuming no change in the number of Shares in issue on or before the Record Date) and up to approximately HK\$8.0 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) for the expansion of the IR Business in Hong Kong and the PRC; and (iii) the remaining balance for the general working capital of the Group.

The estimated net subscription price per Rights Share before the Set-Off and after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.098 (assuming no change in the number of Shares in issue on or before the Record Date) or approximately HK\$0.098 (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date).

The Company has considered (i) placing of new Shares; (ii) debt financing; and (iii) open offer as fundraising alternatives in comparison to the Rights Issue. However, placing would only be available to certain placees and debt financing would result in additional finance costs and increase the Group's liabilities burden. The Board is of the view that while additional debt financing will increase the Group's gearing ratio, it will also increase the ongoing interest expenses of the Group which may in turn affect the profitability of the Company. On the other hand, the Board considered that the fundraising by way of the Rights Issue will improve the financial position of the Group immediately. The Board has also considered that open offer is less favorable to the Shareholders compared to the Rights Issue due to the flexibility of the Shareholders being able to sell their entitled nil-paid rights when they do not wish to take up the entitlements under the Rights Issue.

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The Rights Issue is an offer to existing Shareholders to participate in the enlargement of the capital base of the Company and enables the Shareholders to maintain their proportionate interests in the Company and continue to participate in development of the Company in the future should they wish to do so. However, those Qualifying Shareholders who do not participate in the Rights Issue to which they are entitled and the Non-Qualifying Shareholders should note that their shareholding interest in the Company will be diluted.

The Directors (excluding Ms. Lo; and including the independent non-executive Directors whose views are set forth in the Letter from the Independent Board Committee in this circular) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the proposed Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market; (ii) the proposed Rights Issue provides the Qualifying Shareholders with an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purposes only, set out below are the changes in the shareholding structure as at the Latest Practicable Date and immediately after completion of the Rights Issue assuming (i) no change in the number of Shares in issue on or before the Record Date; and (ii) new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date, but otherwise no other change in the issued Shares on or before the Record Date.

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(i) Assuming no change in the number of Shares in issue on or before the Record Date

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up all his/her/its entitlements under the Rights Issue)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) all the Unsubscribed Shares were placed to Independent Third Parties under the Unsubscribed Arrangements) (Note 4)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital) (Notes 4 & 5)	
	No. of Shares	Approx. percentage %	No. of Shares	Approx. percentage %	No. of Shares	Approx. Percentage %	No. of Shares	Approx. Percentage %
Controlling Shareholder								
Maxx Capital (Note 1)	391,597,678	58.75	587,396,517	58.75	587,396,517	58.75	703,138,036	70.33
Executive Director								
Ms. Lo	43,458,058	6.52	65,187,087	6.52	65,187,087	6.52	65,187,087	6.52
Public Shareholders								
Broadgain International Limited (Note 2)	47,052,000	7.06	70,578,000	7.06	47,052,000	4.71	47,052,000	4.71
Mr. Wang Yuan (Note 3)	39,000,000	5.85	58,500,000	5.85	39,000,000	3.90	39,000,000	3.90
Independent places	—	—	—	—	115,741,519	11.58	—	—
Other public Shareholders	145,431,038	21.82	218,146,557	21.82	145,431,038	14.55	145,431,038	14.55
Total	666,538,774	100.00	999,808,161	100.00	999,808,161	100.00	999,808,161	100.00

Notes

1. Maxx Capital is an investment holding company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Pablos International, which is in turn wholly and beneficially owned by Ms. Lo, being the chairlady of the Board, an executive Director and a controlling Shareholder.
2. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Broadgain International Limited and its ultimate beneficial owner(s) are and will remain to be Independent Third Parties as at the Latest Practicable Date and upon completion of the Rights Issue.

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3. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Wang Yuan is and will remain to be an Independent Third Party as at the Latest Practicable Date and upon completion of the Rights Issue.
4. Further announcement(s) will be made by the Company as soon as practicable when the total number of Unsubscribed Shares to be placed by the Placing Agent to the independent placees and the number of placees are confirmed.
5. Assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital, upon completion of the Rights Issue, there will be 231,483,038 Shares held by public Shareholders, representing approximately 23.15% of the total issued Shares of the Company as enlarged by the allotment and issue of the Rights Shares, which will be below the minimum public float requirement of 25% under the GEM Listing Rules. In light of the above, the Company will closely monitor its public float percentage to ensure its compliance, at all times, with relevant requirements on public float as stipulated under the GEM Listing Rules and the Underwriter undertakes to dispose of such number of Shares necessary to comply with the public float requirements under the GEM Listing Rules either directly dispose in the market, transfer, or engage a placing agent for the placement of the Shares held by the Underwriter as soon as possible following the completion of the Rights Issue.
6. Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

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(ii) Assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date, but otherwise no other change in the issued Shares on or before the Record Date

	As at the Latest Practicable Date		Immediately after full exercise of the Outstanding Share Options but otherwise no other change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up all his/her/its entitlements under the Rights Issue)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) all the Unsubscribed Shares were placed to Independent Third Parties under the Unsubscribed Arrangements) (Note 4)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital) (Notes 4 & 5)	
	No. of Shares	Approx. percentage %	No. of Shares	Approx. percentage %	No. of Shares	Approx. percentage %	No. of Shares	Approx. Percentage %	No. of Shares	Approx. Percentage %
Controlling Shareholder										
Maxx Capital (Note 1)	391,597,678	58.75	391,597,678	57.78	587,396,517	57.78	587,396,517	57.78	708,738,036	69.72
Executive Director										
Ms. Lo	43,458,058	6.52	43,458,058	6.41	65,187,087	6.41	65,187,087	6.41	65,187,087	6.41
Public Shareholders										
Broadgain International Limited (Note 2)	47,052,000	7.06	47,052,000	6.94	70,578,000	6.94	47,052,000	4.63	47,052,000	4.63
Mr. Wang Yuan (Note 3)	39,000,000	5.85	39,000,000	5.75	58,500,000	5.75	39,000,000	3.84	39,000,000	3.84
Holders of the Outstanding Share Options	—	—	11,200,000	1.65	16,800,000	1.65	11,200,000	1.10	11,200,000	1.10
Independent places	—	—	—	—	—	—	121,341,519	11.94	—	—
Other public Shareholders	145,431,038	21.82	145,431,038	21.46	218,146,557	21.46	145,431,038	14.31	145,431,038	14.31
Total	666,538,774	100.00	677,738,774	100.00	1,016,608,161	100.00	1,016,608,161	100.00	1,016,608,161	100.00

Notes

1. Maxx Capital is an investment holding company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Pablos International, which is in turn wholly and beneficially owned by Ms. Lo, being the chairlady of the Board, an executive Director and a controlling Shareholder.

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2. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Broadgain International Limited and its ultimate beneficial owner(s) are and will remain to be Independent Third Parties as at the Latest Practicable Date and upon completion of the Rights Issue.
3. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Wang Yuan is and will remain to be an Independent Third Party as at the Latest Practicable Date and upon completion of the Rights Issue.
4. Further announcement(s) will be made by the Company as soon as practicable when the total number of Unsubscribed Shares to be placed by the Placing Agent to the independent placees and the number of placees are confirmed.
5. Assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital, upon completion of the Rights Issue, there will be 243,151,038 Shares held by public Shareholders, representing approximately 23.88% of the total issued Shares of the Company as enlarged by the allotment and issue of the Rights Shares, which will be below the minimum public float requirement of 25% under the GEM Listing Rules. In light of the above, the Company will closely monitor its public float percentage to ensure its compliance, at all times, with relevant requirements on public float as stipulated under the GEM Listing Rules and the Underwriter undertakes to dispose of such number of Shares necessary to comply with the public float requirements under the GEM Listing Rules either directly dispose in the market, transfer, or engage a placing agent for the placement of the Shares held by the Underwriter as soon as possible following the completion of the Rights Issue.
6. Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

EQUITY FUNDRAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fundraising activity in the past twelve months immediately before the Latest Practicable Date.

RISK FACTORS

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group which includes, but is not limited to, the following:

Risks relating to the operation and industry of the Group

Our business and operations may be materially and adversely affected in the event of a re-occurrence or a prolonged global pandemic outbreak of COVID-19

The global pandemic outbreak of COVID-19 announced by the World Health Organization in early 2020 has disrupted our operations, and the operations of our customers and suppliers. If the development of the COVID-19 outbreak becomes more

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severe, our customers and suppliers are forced to close down their businesses after prolonged disruptions to their operations, our operations may be severely disrupted, which may have a material and adverse effect on our business, financial condition and operations. Our revenue and profitability may also be materially affected if the COVID-19 outbreak continues to materially affect the overall economic and market conditions in Hong Kong and the PRC and the economic slowdown and/or negative business sentiment could potentially have an adverse impact on our business and operations.

Our business mainly operates in Hong Kong and any adverse economic, social and/or political development affecting the market may have a material adverse impact to our operations

Our business operation and revenue stream were mainly based in Hong Kong. Our Directors anticipate that Hong Kong will continue to be the principal place of business of the Group. Our business and financial performance is therefore heavily dependent on a stable economic, social and/or political development in Hong Kong. Our business is vulnerable to any adverse events such as economic recession, extensive social unrest, civil disturbance or disobedience that may cause devastating effect and/or cast uncertainty over the general stability or prospect of the business environment in Hong Kong. In the unfortunate event if such adverse event takes place in Hong Kong, it would render material adverse effect on our business and financial performance.

We may not succeed in implementing our business strategies and future expansion plan

We cannot guarantee our business strategies and future expansion plans as proposed in this circular will be successful as there are a number of factors which are beyond our control and may affect our business prospects such as economic and political conditions, global economic conditions, change in government regulations, audience behaviour and client preferences. If we are unable to manage our expansion and the costs associated therewith effectively, our financial condition and operation may be adversely affected.

Adverse change in government regulations may materially and adversely affect our operations and financial condition

Our principal business operations are based in Hong Kong and currently our Group has obtained all licences necessary for carrying on its businesses. Should there be any changes in the regulatory requirements relating to our businesses and our Group is not able to comply with them in a timely manner or if compliance of these requirements involve substantial costs, the business, operation and financial position of our Group may be adversely affected.

Financial risks relating to the Group

- (a) The Group has no significant transactional currency exposures except income from investment properties in the PRC, and these assets are also exposed to foreign currency translation risk. As at the Latest Practicable Date, the Group

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does not have a formal foreign currency hedging policy. However, the Group monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise;

- (b) the Group is exposed to the risk of changes in market interest rates which primarily relates to the Group's interest-bearing bank borrowings with floating interest rates. As the Group does not expect to significantly increase its level of interest-bearing borrowings, as at the Latest Practicable Date, it has not used any interest rate swaps to hedge its exposure to interest rate risk;
- (c) credit risk arises from trade and other receivables, deposits and other receivables and cash and cash equivalents of the Group. The Group monitors credit risk on an ongoing basis with reference to the financial position of the debtors, past experience and other factors; and
- (d) the Group manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

ADJUSTMENTS IN RELATION TO THE OUTSTANDING SHARE OPTIONS

As at the Latest Practicable Date, there are 11,200,000 Outstanding Share Options which are exercisable from 1 December 2022 to 3 September 2024. Pursuant to the terms and conditions of the Existing Share Option Scheme, the exercise prices and/or number of new Shares to be issued upon exercise of the Outstanding Share Options may be adjusted in accordance with the terms and conditions of the Existing Share Option Scheme, if any, upon the Rights Issue becoming unconditional. The Company will notify the holders of such share options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Existing Share Option Scheme and such adjustment will be certified by the Independent Financial Adviser.

GEM LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of the Announcement and the Rights Issue will not increase the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the Shareholders' approval at the SGM.

As at the Latest Practicable Date, (i) Ms. Lo is interested in 391,597,678 Shares through Maxx Capital, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Pablos International, which in turn is wholly and beneficially owned by Ms. Lo; and (ii) Ms. Lo is personally and beneficially interested in 43,458,058 Shares, which in aggregate represents approximately 65.27% of the issued share capital of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement and the Set-Off constitute connected transactions of the Company under the GEM Listing Rules and the Underwriting Agreement and the Set-Off are subject to the reporting, announcement and Independent Shareholders' approval requirements

LETTER FROM THE BOARD

under Chapter 20 of the GEM Listing Rules. Maxx Capital and Ms. Lo are considered to have material interest in the Underwriting Agreement and the Set-Off, and are required to and will abstain from voting on the resolutions approving the same at the SGM.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Maxx Capital and Ms. Lo, where Ms. Lo had abstained from voting on the board resolution approving, among others, the Rights Issue, the Underwriting Agreement and the Set-Off and the transactions contemplated thereunder, as none of the Shareholders, Directors or their respective associates would have any material interest in the Set-Off and the Underwriting Agreement, no other Shareholders or Directors are required to abstain from voting at the SGM.

GENERAL

Independent Board Committee

An Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Wong Wai Kin, Mr. Wong Kwok Yin and Mr. Chu Ka Chung, has been established to advise the Independent Shareholders as to whether the terms of the Set-Off and the Underwriting Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and how to vote, after taking into account the recommendations of the Independent Financial Adviser.

Independent Financial Adviser

Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Set-Off and the Underwriting Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

SGM

A notice convening the SGM to be held at 30/F., Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong on Wednesday, 14 June 2023 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than Monday, 12 June 2023 at 11:00 a.m. (Hong Kong time). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

Ms. Lo, Maxx Capital and any Shareholders who are involved in or interested in the Set-Off and/or the Underwriting Agreement shall abstain from voting on the resolutions to approve the Set-Off and the Underwriting Agreement at the SGM.

Despatch of Prospectus Documents or Prospectus

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders.

RECOMMENDATION

The Directors (excluding Ms. Lo; and including the independent non-executive Directors whose views are set forth in the Letter from the Independent Board Committee in this circular) consider that although the Set-Off and the entering into of the Underwriting Agreement are not in the ordinary and usual course of business of the Group, the terms of the Set-Off and the Underwriting Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the proposed Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

FURTHER INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 45 and 46 of this circular which contains its recommendation to the Independent Shareholders as to voting at the SGM and the letter from the Independent Financial Adviser set out on pages 47 to 80 of this circular which contains its advice to the Independent Board Committee and Independent Shareholders in relation to the Set-Off and the Underwriting Agreement.

LETTER FROM THE BOARD

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

Yours faithfully,
For and on behalf of the Board
FINET GROUP LIMITED
Lo Yuk Yee
Chairman and Executive Director



FINET GROUP LIMITED

財華社集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8317)

25 May 2023

To the Independent Shareholders

Dear Sir or Madam,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES
HELD ON RECORD DATE;
(2) CONNECTED TRANSACTIONS
IN RELATION TO THE UNDERWRITING AGREEMENT AND
SET-OFF OF SHAREHOLDER'S LOAN; AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

We refer to the circular of the Company dated 25 May 2023 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise the Independent Shareholders as to whether the terms of the Set-Off and the Underwriting Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise you and us in this respect. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 47 to 80 of this circular. Your attention is also drawn to the Letter from the Board as set out on pages 13 to 47 of this circular and the additional information as set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having taken into account the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser, we are of the opinion that although the Set-Off and the entering into of the Underwriting Agreement are not in the ordinary and usual course of business of the Group, the terms of the Set-Off and the Underwriting Agreement 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, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Set-Off and the Underwriting Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
FINET GROUP LIMITED

Mr. Wong Wai Kin
Independent
non-executive Director

Mr. Wong Kwok Yin
Independent
non-executive Director

Mr. Chu Ka Chung
Independent
non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Set-Off, the Underwriting Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



红日资本有限公司
RED SUN CAPITAL LIMITED

Room 310, 3/F.,
China Insurance Group Building,
141 Des Voeux Road Central,
Hong Kong

Tel: (852) 2857 9208
Fax: (852) 2857 9100

25 May 2023

*To: The independent board committee and the independent shareholders of
Finet Group Limited*

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY
TWO (2) EXISTING SHARES HELD ON RECORD DATE; AND
(2) CONNECTED TRANSACTIONS IN RELATION TO
THE UNDERWRITING AGREEMENT AND
SET-OFF OF SHAREHOLDER'S LOAN**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Set-Off, the Underwriting Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 25 May 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the Letter from the Board. The Board proposed to conduct the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.10 per Rights Share, to raise gross proceeds before the Set-Off of approximately HK\$33.3 million (assuming no change in the number of Shares in issue on or before the Record Date) and up to approximately HK\$33.9 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) by issuing not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) to the Qualifying Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Maxx Capital, a controlling Shareholder, which is interested in 391,597,678 Shares, representing approximately 58.75% of the issued share capital of the Company as at the Latest Practicable Date, has conditionally agreed to fully underwrite all the Untaken Rights Shares, on the terms and conditions set out in the Underwriting Agreement. The Company will ensure that there is sufficient public float as required under the GEM Listing Rules upon completion of the Rights Issue.

Pursuant to the Underwriting Agreement, Maxx Capital, Ms. Lo and the Company have agreed that the Subscription Price in respect of (i) the 92,578,947 Rights Shares to which Maxx Capital is entitled under the Rights Issue in respect of the 185,157,894 Shares which are registered in the Registrar under Maxx Capital's own name; and (ii) the Underwritten Shares, will be settled by way of firstly the Set-Off and after the Set-Off in full, by cash. The Set-Off and the Underwriting Agreement constitute connected transactions on the part of the Company.

Pursuant to the Underwriting Agreement, it is further agreed among the Company, Maxx Capital and Ms. Lo that (a) the Subscription Price of approximately HK\$10.3 million in respect of (i) the 103,219,892 Rights Shares to which Maxx Capital is entitled under the Rights Issue in respect of the 206,439,784 Shares which are deposited in CCASS; and (ii) the Subscription Price of approximately HK\$2.2 million in respect of the 21,729,029 Rights Shares to which Ms. Lo is entitled under the Rights Issue in respect of the 43,458,058 Shares which are deposited in CCASS will be settled in cash by Maxx Capital and Ms. Lo respectively; and (b) subsequently a sum of approximately HK\$12.5 million would be paid out of the net proceeds of the Rights Issue to Ms. Lo for the repayment of the Shareholder's Loan.

As at the Latest Practicable Date, (i) Ms. Lo is interested in 391,597,678 Shares through Maxx Capital, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Pablos International, which in turn is wholly and beneficially owned by Ms. Lo; and (ii) Ms. Lo is personally and beneficially interested in 43,458,058 Shares, which in aggregate represents approximately 65.27% of the issued share capital of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement and the Set-Off constitute connected transactions of the Company under the GEM Listing Rules and the Underwriting Agreement and the Set-Off are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Maxx Capital and Ms. Lo are considered to have material interest in the Underwriting Agreement and the Set-Off, and are required to and will abstain from voting on the resolutions approving the same at the SGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising three independent non-executive Directors, namely Mr. Wong Wai Kin, Mr. Wong Kwok Yin and Mr. Chu Ka Chung, has been established to advise the Independent Shareholders as to whether the terms of the Set-Off and the Underwriting Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group, are

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the SGM.

We have been appointed as the Independent Financial Adviser and approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in these regards.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any business relationship with or interest in the Company or the Placing Agent or the Underwriter that could reasonably be regarded as relevant in assessing our independence. In the last two years immediately preceding the Latest Practicable Date, we have acted as the independent financial adviser to the independent board committee and independent shareholders of the Company with regard to the major and connected transaction in relation to the disposal of the entire interests in a property holding company (details of which are set out in the circular of the Company dated 10 September 2021). Apart from the abovementioned engagement and acting as the Independent Financial Adviser in relation to the Set-Off and the Underwriting Agreement, we have not acted in any other capacity for the Company in the past two years.

Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 17.96 of the GEM Listing Rules.

BASIS OF OUR ADVICE

In formulating our advice, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Group, the Directors and/or senior management of the Company (the “**Management**”). We have assumed that all information, representations and opinions contained or referred to in the Circular or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all the opinions and representations made by the Directors in the Circular have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that no material facts have been omitted from the information provided and referred to in the Circular, nor statements, information, opinions or representation provided to us to be untrue, inaccurate or misleading.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group or its respective history, experience and track records, or the prospects of the markets in which it operates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of the Set-Off and the Underwriting Agreement and the transactions contemplated thereunder, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Set-Off and the Underwriting Agreement, we have taken into consideration the following principal factors and reasons:

1. Background and Financial Information of the Group

As set out in the Letter from the Board, the Group is principally engaged in (i) the provision of financial information; (ii) advertising and financial public relationship service (including media business); (iii) the securities business that specialises in the provision of brokerage, underwriting and asset management; (iv) money lending business; and (v) property investments.

Set out below is a summary of (i) the audited consolidated financial performance of the Group for each of the years ended 31 March 2021 and 2022 as extracted from the Company's annual report for the year ended 31 March 2022 (the "2022 Annual Report"); and (ii) the unaudited consolidated financial performance and positions of the Group for the six months ended 30 September 2021 and 2022, respectively, as extracted from the interim report of the Group for the six months ended 30 September 2022 (the "2022 Interim Report").

Summary of consolidated statement of comprehensive income

	For the year ended		Year-on- year change	For the six months ended		Period-on- period change
	31 March 2022 (audited) HK\$'000	2021 (audited) HK\$'000		30 September 2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	
Revenue	14,254	17,901	(20.4)	13,366	8,380	59.5
Cost of sales	(1,059)	(1,689)	37.3	(722)	(360)	(100.6)
Gross profit	13,195	16,212	(18.6)	12,644	8,020	57.7
Profit/(Loss) for the year/period	(8,622)	(12,571)	31.4	284	(10,384)	102.7
— Attributable to owners of the Company	(9,100)	(12,830)	29.1	(1,311)	(11,968)	89.0

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial performance for the year ended 31 March 2022

As set out in the 2022 Annual Report, for the year ended 31 March 2022, the Group recorded revenue of approximately HK\$14.3 million, representing a decrease of approximately 20.4% as compared to approximately HK\$17.9 million recorded for the year ended 31 March 2021. Such decrease was mainly due to the decrease in income from financial information services, advertising and investor relationship services due to the impact of COVID-19.

For the year ended 31 March 2022, the Group recorded a loss attributable to owners of the Company of approximately HK\$9.1 million, representing a decrease of approximately 29.1% as compared to the loss attributable to owners of the Company of approximately HK\$12.8 million recorded for the year ended 31 March 2021. Based on the 2022 Annual Report, such decrease was mainly attributable to the decrease in cost of sales of approximately 37.3%.

Financial performance for the six months ended 30 September 2022

As set out in the 2022 Interim Report, the Group recorded revenue of approximately HK\$13.4 million for the six months ended 30 September 2022, representing an increase of approximately 59.5% as compared to approximately HK\$8.4 million recorded for the six months ended 30 September 2021. Such increase was mainly attributable to the increase in revenue of the Group's financial information, advertising and investor relationship service business of approximately 69.8% during the subject period.

For the six months ended 30 September 2022, the Group recorded a loss attributable to owners of the Company of approximately HK\$1.3 million, representing a decrease of approximately 89.0% as compared to the loss attributable to owners of the Company of approximately HK\$12.0 million recorded for the six months ended 30 September 2021. Based on the 2022 Interim Report, such decrease was mainly attributable to the decrease in general and administrative expenses of sales of approximately 21.7%.

Summary of the consolidated statement of financial position

	As at 30 September	As at 31 March	
	2022 (unaudited) HK\$'000	2022 (audited) HK\$'000	2021 (audited) HK\$'000
Non-current assets	35,608	37,827	86,736
— Property, plant and equipment	1,230	1,555	51,843
— Investment properties	29,500	29,500	33,300
— Right-of-use assets	3,723	5,617	438

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 30 September	As at 31 March	
	2022	2022	2021
	(unaudited) HK\$'000	(audited) HK\$'000	(audited) HK\$'000
Current assets	34,136	30,323	32,567
— Trade receivables	11,124	4,206	4,411
— Cash and cash equivalents	10,773	17,584	18,059
Current liabilities	24,985	22,876	30,999
— Accounts payable	1,788	1,842	3,213
— Lease liabilities	3,575	3,678	410
— Borrowings	10,986	12,342	23,540
Non-current liabilities	9,276	11,030	44,941
Lease liabilities	209	1,965	38
Deferred tax liabilities	9,067	9,065	11,413

Note: For the avoidance of doubt, only selected major asset and liability components are disclosed in the table above.

Financial position as at 31 March 2022

As at 31 March 2022, the Group's total assets amounted to approximately HK\$68.2 million, representing a decrease of approximately 42.9% as compared to approximately HK\$119.3 million as at 31 March 2021, which mainly comprised (i) non-current assets of approximately HK\$37.8 million, representing a decrease of approximately 56.4% as compared to approximately HK\$86.7 million as at 31 March 2021; and (ii) current assets of approximately HK\$30.3 million, representing a decrease of approximately 7.1% as compared to approximately HK\$32.6 million as at 31 March 2021, which included cash and cash equivalents of approximately HK\$17.6 million as compared to approximately HK\$18.1 million as at 31 March 2021 and trade receivables of approximately HK\$4.2 million as compared to approximately HK\$4.4 million as at 31 March 2021.

As at 31 March 2022, the Group's total liabilities amounted to approximately HK\$33.9 million, as compared to approximately HK\$75.9 million as at 31 March 2021, which comprised (i) borrowings of approximately HK\$12.3 million, representing a decrease of approximately 47.7% as compared to approximately HK\$23.5 million as at 31 March 2021; (ii) deferred tax liabilities of approximately HK\$9.1 million, representing a decrease of approximately 20.2% as compared to approximately HK\$11.4 million as at 31 March 2021; and (iii) lease liabilities of approximately HK\$5.6 million, representing an increase of approximately 13 times as compared to approximately HK\$0.4 million as at 31 March 2021. As at 31 March 2022, the Group's total equity amounted to approximately HK\$34.2 million, as compared to total equity of approximately HK\$43.4 million as at 31 March 2021.

Financial position as at 30 September 2022

As at 30 September 2022, the Group's total assets amounted to approximately HK\$69.7 million, representing an increase of approximately 2.2% as compared to approximately HK\$68.2 million as at 31 March 2022, which mainly comprised (i) non-current assets of approximately HK\$35.6 million, representing a decrease of approximately 5.8% as compared to approximately HK\$37.8 million as at 31 March 2022; and (ii) current assets of approximately HK\$34.1 million, representing an increase of approximately 12.5% as compared to approximately HK\$30.3 million as at 31 March 2022, which included cash and cash equivalents of approximately HK\$10.8 million as compared to approximately HK\$17.6 million as at 31 March 2022 and trade receivables of approximately HK\$11.1 million as compared to approximately HK\$4.2 million as at 31 March 2022.

As at 30 September 2022, the Group's total liabilities amounted to approximately HK\$34.3 million, as compared to approximately HK\$33.9 million as at 31 March 2022, which comprised (i) borrowings of approximately HK\$11.0 million, representing a decrease of approximately 10.6% as compared to approximately HK\$12.3 million as at 31 March 2022; (ii) deferred tax liabilities of approximately HK\$9.1 million as at 30 September 2022 and as at 31 March 2022; and (iii) lease liabilities of approximately HK\$3.8 million, representing a decrease of approximately 33.9% as compared to approximately HK\$5.6 million as at 31 March 2022. As at 30 September 2022, the Group's total equity amounted to approximately HK\$35.5 million, as compared to total equity of approximately HK\$34.2 million as at 31 March 2022.

Our analysis

Having considered the historical financial information of the Group, in particular, that (i) the Group has recorded losses attributable to owners of the Company of approximately HK\$12.8 million, HK\$9.1 million and HK\$1.3 million for the year ended 31 March 2021 and 2022 and the six months ended 30 September 2022, respectively; (ii) the Group's borrowings, amounted to approximately HK\$11.0 million, and the Group's cash and cash equivalents only amounted to approximately HK\$10.8 million as at 30 September 2022; and (iii) the Group needs to have access to additional funding and working capital in order to maintain its competitiveness in the market, the Rights Issue is in the interests of the Company and the Shareholders as a whole.

2. Rights Issue

Reasons for the Rights Issue and Use of Proceeds

As stated in the Letter from the Board, assuming full subscription of the Rights Shares, the gross proceeds from the Rights Issue before the Set-Off is expected to be approximately HK\$33.3 million (assuming no change in the number of Shares in issue on or before the Record Date) and up to approximately HK\$33.9 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The exact amount of net proceeds depends on the number of Rights Shares to be taken up by the Qualifying Shareholders and the total number of Unsubscribed Shares to be placed by the Placing Agent to the independent places pursuant to the Unsubscribed Arrangements.

Scenario 1 — Assuming all Qualifying Shareholders have taken up their Rights Shares

Assuming all Qualifying Shareholders have taken up their entitlements under the Rights Issue, the net proceeds from the Rights Issue (after deducting the estimated expenses of approximately HK\$0.8 million, and after the Rights Shares Set-Off of approximately HK\$9.3 million) is estimated to be approximately HK\$23.2 million (assuming no change in the number of Shares in issue on or before the Record Date) or approximately HK\$23.8 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date).

The Company intends to apply the aforesaid net proceeds from the proposed Rights Issue as follows: as to (i) approximately HK\$12.5 million for the repayment of the Shareholder's Loan; (ii) approximately HK\$9.6 million (assuming no change in the number of Shares in issue on or before the Record Date) and up to approximately HK\$10.2 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) for the expansion of the IR Business in Hong Kong and the PRC; and (iii) the remaining balance for the general working capital of the Group.

Scenario 2 — Assuming no Qualifying Shareholders would take up any of their Rights Shares and no Independent Third Parties would take up any of the Unsubscribed Shares

Assuming (i) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Maxx Capital and Ms. Lo pursuant to the Irrevocable Undertakings; and (ii) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital, the net proceeds from the Rights Issue (after deducting the estimated expenses of approximately HK\$0.8 million, and after the Rights Shares Set-Off of approximately HK\$9.3 million and the Underwritten Shares Set-Off of approximately HK\$2.4 million) is estimated to be approximately HK\$20.8 million (assuming no change in the number of Shares in issue on or before the Record Date) or approximately HK\$21.4 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date).

The Company intends to apply the aforesaid net proceeds from the proposed Rights Issue as follows: as to (i) approximately HK\$12.5 million for the repayment of the Shareholder's Loan; (ii) approximately HK\$7.5 million (assuming no change in the number of Shares in issue on or before the Record Date) and up to approximately HK\$8.0 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) for the expansion of the IR Business in Hong Kong and the PRC; and (iii) the remaining balance for the general working capital of the Group.

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The Company currently intends to apply the net proceeds from the Rights Issue for the repayment of the Shareholder's Loan, for the expansion of the IR Business in Hong Kong and the PRC, and for the general working capital of the Group. Please refer to the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS" in the Letter from the Board in relation to more details of intended application of the net proceeds from the Rights Issue.

Based on the foregoing and the fact that the Rights Issue is an offer to existing Shareholders to participate in the enlargement of the capital base of the Company and enables the Shareholders to maintain their proportionate interests in the Company and continue to participate in development of the Company in the future should they wish to do so, we concur with the view of the Board that it is in the interests of the Company and the Shareholders as a whole to conduct the Rights Issue to have access to additional funding and working capital in order to maintain its competitiveness in the market.

Alternative fund-raising methods considered by the Group

As set out in the Letter from the Board, the Directors, excluding the independent non-executive Directors have considered other financing alternatives to raise funds including (i) placing of new Shares; (ii) debt financing; and (iii) open offer.

In relation to placing of new Shares, with reference to the Letter from the Board, the Company is of the view that placing would only be available to certain places. For debt financing, the Company is of the view that debt financing would result in additional finance costs and increase the Group's liabilities burden. While additional debt financing will increase the Group's gearing ratio, it will also increase the ongoing interest expenses of the Group which may in turn affect the profitability of the Company.

As for the open offer, with reference to the Letter from the Board, the Company is of the view that the open offer is not flexible as compared to the Rights Issue since it does not provide the Shareholders with an option to trade their rights entitlement in the open market.

Having taken into account the above, including, (i) that the Rights Issue will strengthen the capital base of the Company, thus enhancing its financial position without incurring additional interest expenses, and also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid dilution from those Shareholders who take up their entitlement under the Rights Issue in full, although Shareholder(s) who does not take up their provisional allotments under the Rights Issue will subject to dilution on their respective shareholding in the Company; (ii) that the Rights Issue is the preferred option over the other alternatives since it would strengthen the capital base of the Company, enhance its cash position without the ongoing burden of interest expenses while allows the Qualifying Shareholders, who take up their entitlement under the Rights Issue in full, to maintain their respective pro-rata shareholdings in the

Company; and (iii) the reasons for the Rights Issue as discussed above, we concur with the Directors that the Rights Issue are in the interests of the Company and the Shareholders as a whole.

The Set-Off

As mentioned in the Letter from the Board, there is a Shareholder's Loan, being an interest-free loan facility of up to HK\$30 million granted by Ms. Lo in favour of the Company for a term of 12 months under a loan agreement dated 1 April 2022, the outstanding principal amount of which amounted to approximately HK\$24.2 million as at 31 March 2023 and remains outstanding as at the Latest Practicable Date. The Shareholder's Loan was granted by Ms. Lo to the Group at the material time in order to maintain sufficient cash level for the operational needs. From the Company's perspective, the Set-Off was agreed after arm's length negotiations between the Company as issuer and Maxx Capital as underwriter. In the event of the absence of the Set-Off arrangement in the Rights Issue, Maxx Capital will have an additional cash outflow of approximately HK\$20.9 million under the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital) and this will affect the willingness of Maxx Capital to act as underwriter for the Rights Issue. Given that Maxx Capital will not charge any underwriting commission and the Shareholder's Loan was utilised towards the general working capital of the Group, the Company considers that the Set-Off arrangement is fair and reasonable. We note that the Shareholder's Loan has matured on 31 March 2023. However, given the limited fund-raising options as discussed in the section headed "Alternative fund-raising methods considered by the Group" above and the prevailing market condition, the Directors consider that the Rights Issue is the most viable option for the Company to raise funds. Taking into account (i) the Set-Off arrangement in the Rights Issue was one of the key factors affecting the willingness of Maxx Capital to act as underwriter for the Rights Issue; and (ii) the maturity date of the Shareholder's Loan, the Directors consider that the Set-Off is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We concur with the Directors' view that the Set-Off will enable the Group to repay the Shareholder's Loan without cash outflow and will allow the Group to reduce its gearing level. In light of the deterioration of the Group's financial position, the Set-Off helps improve the liquidity position of the Group upon completion of the Rights Issue. As discussed in the section headed "Principal terms of the Underwriting Agreement" in this letter below, given the thin trading volume of the Shares, we consider that no underwriting commission rate is comparatively beneficial to the Company should the Company appoint an independent broker to act as underwriter for the Rights Issue. In view of the above, we consider that both the Set-Off and the Underwriting Agreement are part of the terms to facilitate the Company to conduct the fund-raising activity by way of the Rights Issue in order to alleviate the Group's financial pressure and maintain its competitiveness in the market.

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Having considered that (i) the Set-Off, is part of the terms of the Underwriting Agreement, arrived at after arm's length negotiation between the Company and the Underwriter and, as mentioned in the Letter from the Board, the Set-Off in the Rights Issue was one of the key factors affecting the willingness of Maxx Capital to act as the Underwriter for the Rights Issue; and (ii) the Set-Off and Maxx Capital's commitment to underwrite the Underwritten Shares demonstrate Maxx Capital's continuous support for the Group's development in the long run by increasing its investment in the equity of the Company through the Rights Issue, we consider that the Set-Off is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Rights Issue

Principal terms of the Rights Issue are summarised as below:

Basis of the Rights Issue:	one (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price:	HK\$0.10 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	666,538,774 Shares
Number of Rights Shares:	not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date)
Aggregate nominal value of the Rights Shares:	HK\$3,332,693.87 (assuming no change in the number of Shares in issue on or before the Record Date) or HK\$3,388,693.87 (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date)
Number of Shares as enlarged by the allotment and issue of the Rights Shares:	not less than 999,808,161 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) and not more than 1,016,608,161 Shares (assuming new Shares are allotted and issued upon 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)

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Number of Rights Shares Underwritten by the Underwriter:	115,741,519 Rights Shares, being the minimum total number of Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), or up to 121,341,519 Rights Shares, being the maximum total number of Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) to which the Qualifying Shareholders are entitled pursuant to the Rights Issue, being not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares, (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date), less the aggregate of 217,527,868 Rights Shares that will be provisionally allotted to and subscribed for by Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings
Gross proceeds to be raised from the Rights Issue before the Set-Off:	approximately HK\$33.3 million (assuming no change in the number of Shares in issue on or before the Record Date) and up to approximately HK\$33.9 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date)
Gross proceeds to be raised from the Rights Issue after the Set-Off:	up to approximately HK\$24.6 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date)

As at the Latest Practicable Date, there are 11,200,000 Outstanding Share Options granted under the Existing Share Option Scheme. Assuming full exercise of the Outstanding Share Options, the maximum number of new Shares that would fall to be allotted and issued under the Existing Share Option Scheme on or before the Record Date would be 11,200,000, which would result in the allotment and issue of an additional 5,600,000 Rights Shares.

Save for the aforesaid, the Company does not have any other options outstanding under any share 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.

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Assuming there is no change in the number of issued Shares on or before the Record Date, 333,269,387 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 50% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

The Subscription Price

As set out in the Letter from the Board, the Subscription Price is HK\$0.10 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

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

- (i) a discount of approximately 50.2% to the closing price of HK\$0.201 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 52.4% to the closing price of HK\$0.21 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 52.4% to the average of the closing prices of HK\$0.21 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 42.2% to the theoretical ex-rights price of HK\$0.173 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.21 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 17.97% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$0.178 per Share and the benchmarked price of 0.217 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price of the Last Trading Day of HK\$0.21 per Share and the average of the closing prices per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.217 per Share);
- (vi) a premium of approximately 61.3% over the audited consolidated net asset value per Share of approximately HK\$0.062 (based on the latest published audited consolidated net asset value of the Group attributable to the owners of the Company of approximately HK\$41,043,000 and 666,538,774 Shares in issue as at 31 March 2022); and

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(vii) a premium of approximately 63.9% over the unaudited consolidated net asset value per Share of approximately HK\$0.061 (based on the latest published unaudited consolidated net asset value of the Group attributable to the owners of the Company of approximately HK\$40,687,000 and 666,538,774 Shares in issue as at 30 September 2022).

As stated in the Letter from the Board, the Subscription Price was arrived after arm's length negotiation between the Company and the Underwriter with reference to, among other things, (i) the market price of the Shares; (ii) the prevailing market conditions; (iii) the Group's current financial position; and (iv) the amount of fund the Company intends to raise under the Rights Issue. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its existing shareholding in the Company. In determining the Subscription Price, which represents a discount of approximately 52.4% to the closing price of HK\$0.21 per Share on the Last Trading Day, the Directors have considered, among other things as mentioned above, (i) all Qualifying Shareholders will be offered the same opportunity to maintain their proportional interests in the Company; (ii) the average trading volume of the Shares in the past three months before the date of the Announcement was very low with an average daily trading volume of the Shares for the past three months ranging from nil to 80,000 Shares, representing no trading volume and approximately 0.012% of the Company's total number of Shares in issue; (iii) the historical financial performance of the Group is unsatisfactory with a continuously loss-making position for the year ended 31 March 2022 and the nine months ended 31 December 2022; and (iv) the discount of the Subscription Price to the prevailing market price of the Shares was necessary to encourage the Qualifying Shareholders to participate in the Rights Issue, especially when liquidity in the trading of Shares is thin and the historical financial performance of the Group is unsatisfactory.

Our analysis on the Subscription Price

In order to assess the fairness and reasonableness of the Subscription Price, we set out the following analysis for illustrative purposes:

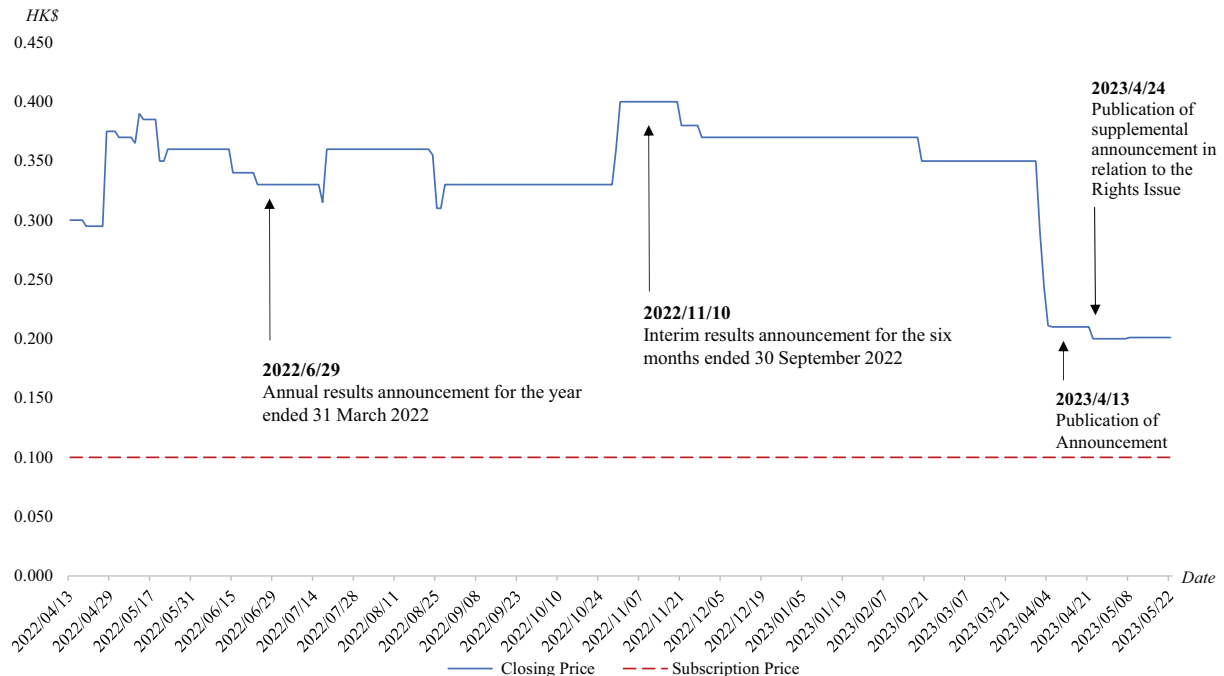
Our analysis on historical Share price performance

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the movements in the closing prices per Share during the period from 13 April 2022, being 12 months immediately preceding the Last Trading Day, and up to the Latest Practicable Date (the "**Share Price Review Period**"). We consider that the Share Price Review Period is adequate to illustrate the recent price movements of the Shares for conducting a reasonable comparison among the historical closing price prior to the Last Trading Day and such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price, as the Share price before the Last Trading Day represents a fair market

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value of the Company which the Shareholders expected. The following chart sets out the daily closing prices of the Shares as quoted on the Stock Exchange during the Share Price Review Period:

Share price chart during the Share Price Review Period



Source: www.hkex.com.hk

As illustrated in the above chart, the closing price per Share has been on a stable trend in general during the Share Price Review Period from the closing price of HK\$0.30 per Share on 13 April 2022 to the closing price of HK\$0.201 per Share on the Latest Practicable Date, with the lowest and highest closing price per Share of HK\$0.20 on 24 April 2023 and 5 May 2023 and HK\$0.40 from 31 October 2022 to 18 November 2022, respectively.

Since the commencement of the Share Price Review Period and up to the Last Trading Day, the closing prices per Share have been relatively stable, save for during the period of April 2023, which may be attributable to the weak market sentiments.

Subsequently, from 3 April 2023 up to and including the Latest Practicable Date, the closing prices per Share generally experienced a downward trend and decreased from HK\$0.243 to HK\$0.20. The closing prices per Share were HK\$0.21 and HK\$0.201 as at the Last Trading Day and Latest Practicable Date, respectively. We have discussed with the Company and were advised that the Company are not aware of any particular reason for the sudden share price drop from HK\$0.35 in late March 2023 to below HK\$0.25 in early April 2023 other than the weak sentiments.

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In general, the closing prices per Share were generally stable over the Share Price Review Period which should have reflected the financial performance/position and development of the Group at the relevant time as such information were published to the public.

Our analysis on historical trading volume and liquidity

We have also reviewed the historical trading volume of the Shares during the Share Price Review Period. The number of trading days, average daily trading volume of the Shares and the percentages of daily trading volume of the Shares as compared to the total number of issued Shares and the Shares held by the public during the Share Price Review Period are shown in the table below.

Month/period	Number of days with trading of Shares	Average daily trading volume	% of average daily trading volume to the total number of Shares in issue (Note 1)	% of average daily trading volume to the total number of Shares held by the public (Note 2)
2022				
April (<i>from 13 April 2022</i>)	4	9,818	0.0015%	0.0068%
May	2	1,500	0.0002%	0.0010%
June	6	385,429	0.0578%	0.2650%
July	2	1,120	0.0002%	0.0008%
August	6	2,791	0.0004%	0.0019%
September	0	—	0.0000%	0.0000%
October	2	8,600	0.0013%	0.0059%
November	2	5,909	0.0009%	0.0041%
December	3	6,400	0.0010%	0.0044%
2023				
January	0	—	0.0000%	0.0000%
February	1	200	0.0000%	0.0001%
March	1	1,478	0.0002%	0.0010%
April	4	8,588	0.0013%	0.0059%
May (<i>up to and including the Latest Practicable Date</i>)	0	—	0.0000%	0.0000%
Average			0.0046%	0.0212%
Maximum			0.0578%	0.2650%
Minimum			0.0000%	0.0000%

Source: www.hkex.com.hk

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Notes:

1. Calculated based on the total number of the Shares in issue at the end of month/period.
2. Calculated based on the total number of the Shares held by public Shareholders as set out in the Letter from the Board as at the Latest Practicable Date.

As set out in the table above, during the Share Price Review Period, the average daily trading volume of the Shares by month/period were in the range of 0.00% to approximately 0.0578% as to the total number of issued Shares and approximately 0.00% to approximately 0.2650% as to the total number of Shares held by public Shareholders, respectively.

The above statistics revealed that the trading liquidity of the Shares has been extremely low in the open market. On this basis and having considered the financial performance and financial conditions of the Group as analysed under the section headed “Background and financial information of the Group” in this letter above, we concur with the Directors that the Subscription Price, which represents a discount to the prevailing market price of the Shares would encourage the Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their respective shareholding in the Company. For this reason, we are of the view that the discount to the closing price per Share on the Last Trading Day as represented by the Subscription Price is justifiable.

Our analysis on recent rights issue market comparables

With a view to assess the fairness and reasonableness of the terms of the Rights Issue, we have conducted market research on recent proposed rights issue transactions based on the following selection criteria: (i) the shares of the company are listed on the Stock Exchange; (ii) the rights issue transaction with gross proceeds less than HK\$100 million having considered the estimated size of gross proceeds from the Rights Issue, being up to approximately HK\$33.9 million; (iii) the exclusion of rights issue transactions of A-Shares and H-Shares; and (iv) the proposed rights issues announced during the 6-month period (the “**Review Period**”) commencing from 13 October 2022 up to and including the Last Trading Day which we considered to be an appropriate, fair and representative timeframe to provide us with the most recent and relevant information to demonstrate the prevailing market practice prior to the Last Trading Day and identify a representative sample set of similar rights issues conducted by other listed companies on the Stock Exchange (the “**Criteria**”).

Based on the Criteria, we have identified 20 rights issues (the “**Rights Issue Comparables**”) for the purpose of our analysis and we are of the view that the Rights Issue Comparables are exhaustive for our assessment. Although the Rights Issue Comparables may be different from the Group in terms of business nature, financial performance, financial position and fund raising purposes, we considered that the Rights Issue Comparables to be a representative sample set and can serve as a useful general market reference for recent market practice in relation to terms of other rights issues in the market during the Review Period for the purpose of our analysis.

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We set out our findings in the following table:

Date of announcement	Company name (Stock code)	Basis of entitlement	Premium/(Discount) of subscription price over/to				Theoretical dilution effect (Note 3)	Underwriting Commission	Placing Commission	Excess application
			Gross Proceeds	the closing price on the Last Trading Day	Theoretical ex-rights price (Note 1)	Consolidated NAV per share (Note 2)				
			(HK\$ million)	(%)	(%)	(%)	(%)	(%)	(Yes/No)	
13-Apr-23	Pinestone Capital Limited (804)	1 for 2	30.46	(40.79)	(31.47)	(62.97)	(13.60)	N/A	1.50	No
06-Apr-23	Luk Hing Entertainment Group Holdings Limited (8052)	1 for 1	43.90	(5.88)	(3.03)	N/A	(2.94)	3.00	3.00	No
06-Apr-23	Kingland Group Holdings Limited (1751)	1 for 2	14.92	(70.40)	(61.30)	262.75	(23.47)	N/A	3.50	No
27-Mar-23	Sandmartin International Holdings Limited (482) (Note 4)	3 for 2	88.60	(16.67)	(7.41)	(22.38)	(10.00)	1.00	2.00	No
16-Mar-23	Golden Power Group Holdings Limited (3919)	1 for 2	19.80	(19.70)	(14.06)	(87.07)	(9.00)	4.00	N/A	Yes
06-Mar-23	CBK Holdings Limited (8428)	5 for 1	20.61	(15.87)	(2.93)	(70.62)	(13.23)	N/A	3.50	No
17-Feb-23	State Innovation Holdings Limited (8275)	3 for 2	35.30	(26.50)	(12.50)	(64.74)	(16.00)	N/A	2.50	No
27-Jan-23	Alco Holdings Limited (328)	4 for 1	90.69	(25.00)	(6.25)	N/A	(20.00)	N/A	0.50	No
11-Jan-23	Add New Energy Investment Holdings Group Limited (2623) (Note 4)	1 for 3	99.85	(13.60)	(10.90)	(10.50)	(3.40)	0.00	1.00	No
10-Jan-23	Kinetix Systems Holdings Limited (8606)	1 for 2	31.30	(29.35)	(21.69)	(47.01)	(9.78)	N/A	1.30	No
06-Jan-23	SDM Education Group Holdings Limited (8363)	1 for 2	23.84	—	—	N/A	—	4.00	N/A	Yes
28-Dec-22	New Amante Group Limited (8412)	1 for 2	12.60	(10.60)	(7.30)	N/A	(4.20)	1.50	N/A	Yes
28-Dec-22	Jiading International Group Holdings Limited (8153)	1 for 2	51.00	(50.00)	(40.12)	69.05	(17.28)	N/A	3.50	No
28-Nov-22	CCIAM Future Energy Limited (145)	1 for 2	31.40	(21.88)	(15.97)	66.70	(7.63)	2.50	N/A	Yes
14-Nov-22	Contel Technology Company Limited (1912)	2 for 5	20.20	(23.20)	(18.20)	(80.90)	(7.10)	N/A	3.50	No
21-Oct-22	C&N Holdings Limited (8430)	3 for 1	32.50	(13.30)	(3.70)	(90.00)	(10.00)	N/A	1.50	No
21-Oct-22	E. Bon Holdings Limited (599)	1 for 4	28.80	(20.00)	(17.60)	(75.48)	(4.12)	2.50	N/A	Yes
20-Oct-22	Crocodile Garments Limited (122)	1 for 2	47.40	(66.10)	(56.50)	(93.70)	(22.80)	N/A	N/A	Yes
18-Oct-22	China Zenith Chemical Group Limited (362)	5 for 2	79.50	(28.57)	(9.10)	N/A	(21.43)	1.0	N/A	Yes
13-Oct-22	Great Wall Terroir Holdings Limited (524)	1 for 4	17.70	(6.30)	(5.10)	28.60	—	N/A	N/A	Yes
	Maximum		99.85	0.00	0.00	262.75	0.00	4.00	3.50	
	Minimum		12.60	(70.40)	(61.30)	(93.70)	(23.47)	1.00	0.50	
	Average		41.02	(25.19)	(17.26)	(23.63)	(10.30)	2.17	2.28	
	Median		31.35	(20.94)	(11.70)	(62.97)	(9.39)	2.50	2.25	
	The Company	1 for 2	33.90	(52.40)	(42.20)	63.82	(17.97)	0.00	HK\$20,000	No

Source: the website of the Stock Exchange (<https://www.hkex.com.hk>)

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Notes:

1. The net asset value (the “NAV”) per share is calculated based on the latest published audited/unaudited consolidated NAV and total number of shares in issue as at the date of the respective announcements. “N/A” denotes that the NAV of the rights issue comparable company that has net liabilities according to their respective latest published audited/unaudited consolidated financial statements.
2. The theoretical dilution effect is calculated in accordance with Rule 10.44A of the GEM Listing Rules.
3. “N/A” denotes that the rights issue was conducted on a non-underwritten basis.
4. Based on our research, the underwriter of Sandmartin International Holdings Limited and Add New Energy Investment Holdings Group Limited were connected parties to the subject listed company, respectively; whereas the underwriters of the remaining Rights Issue Comparables were independent third parties.

As set out in the table above, we noted that:

- (i) the premium or discount of subscription price over or to the closing price on the Last Trading Day of the Rights Issue Comparables ranged from a discount of approximately 70.40% to nil% (the “**Comparable LTD Range**”), with the average and median of discounts of approximately 25.19% and 20.94% respectively. The Subscription Price represents a discount of approximately 52.40% based on the closing price per Shares on the Last Trading Day, which is within the Comparable LTD Range and with a higher discount than the average and median;
- (ii) the premium or discount of subscription price over or to the theoretical ex-rights price of the Rights Issue Comparables ranged from a discount of approximately 61.30% to nil% (the “**Comparable TERP Range**”), with the average and median of discounts of approximately 17.26% and 11.70%, respectively. The Subscription Price represents a discount of 42.20% to the theoretical ex-rights price per Share on the Last Trading Day which is within the Comparable TERP Range and with a higher discount than the average and median;
- (iii) the premium or discount of subscription prices over or to the consolidated NAV per share of the Rights Issue Comparables ranged from a discount of approximately 93.70% to a premium of approximately 262.75% (the “**Comparable NAV Range**”), with average and median of discounts of approximately 23.63% and 62.97%, respectively. The Subscription Price represents a premium of approximately 63.82% to the consolidated NAV per share of approximately HK\$0.061 as at 30 September 2022 (base on 666,538,774 Shares in issue as at the Last Trading Day) which is within the Comparable NAV Range and outweighs the average and median discounts of the Rights Issue Comparables;

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- (iv) the discount of 52.40% to the closing price on the Last Trading Day and 42.20% to the theoretical ex-rights price per Share on the Last Trading Day as represented by the Subscription Price is within the Comparable LTD Range and Comparable TERP Range, of which is considered justifiable as the gearing ratio of the Group was approximately 11.3% as at 30 September 2022, which is further analysed under section headed “Possible financial effects of the Rights Issue and the Set-Off — Effect on gearing ratio”;
- (v) the theoretical dilution effect of the Comparable Rights Issue ranged from approximately nil% to 23.47% (the “**Comparable Dilution Range**”), with average and median dilution effects of approximately 10.30% and 9.39%, respectively. The theoretical dilution effect of the Rights Issue of approximately 17.97% is within the Comparable Dilution Range, higher than the average and median dilution effects of the Comparable Rights Issue. As the theoretical dilution effect of the Rights Issue is below 25%, it is in compliance with Rule 10.44A of the GEM Listing Rules; and
- (vi) it is noted from the Letter from the Board that the Qualifying Shareholders will not be entitled to subscribe for any Rights Shares in excess of their respective entitlements. Based on our analysis on the Rights Issue Comparables, we noted that 12 out of 20 Rights Issue Comparables, did not offer excess application as part of the rights issue. On this basis, we considered the absence of excess application to be not uncommon market practice. Furthermore, the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, for Qualifying Shareholders who accept their respective entitlements under the Rights Issue in full, they would be able to maintain their respective existing shareholdings in the Company after completion of the Rights Issue. As such, we considered that the absence of excess application arrangement is acceptable so far as the Independent Shareholders are concerned.

In determining the current subscription ratio and the Subscription Price, we understand from the Management that the Company has considered various factors, including (i) as in other market precedents, that a reasonable discount to the closing price of the Shares is necessary to attract the Qualifying Shareholders to participate in the Rights Issue; (ii) the funding needs of the Group; and (iii) the Subscription Price has to be set at a discount to the closing price of the Shares that is acceptable to the market.

In view of (i) the Subscription Price represents a discount of approximately 52.4% to the closing price per Share on the Last Trading Day which is within the Comparable LTD Range; (ii) the Subscription Price represents a discount of 42.2% to the theoretical ex-rights price per Share based on the closing price per Share on Last Trading Day is within the Comparable TERP Range; (iii) the theoretical dilution effect of the Rights Issue is within the Comparable Dilution Range; (iv) our analysis on the absence of excess application arrangement; and (v) the Subscription Price is available to all Qualifying Shareholders without any prejudice or favoritism towards any particular party, we consider that the principal terms of the Rights Issue (including the Subscription Price) and potential dilution of the Rights Issue are fair and reasonable to the Shareholders and in the interests of the Company and the Shareholders as a whole.

3. The Underwriting Agreement

On 13 April 2023 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter and Ms. Lo, pursuant to which the Underwriter has conditionally agreed to fully underwrite all Underwritten Shares, subject to the terms and conditions of the Underwriting Agreement, other than those Rights Shares provisionally allotted to and undertaken to be subscribed by Maxx Capital and Ms. Lo pursuant to the Irrevocable Undertakings.

On 24 April 2023 (after trading hours of the Stock Exchange), the Company, Maxx Capital and Ms. Lo entered into the Supplemental Underwriting Agreement, pursuant to which the parties agreed to amend certain terms of the Underwriting Agreement to the effect that only the Subscription Price in respect of (i) the 92,578,947 Rights Shares to which Maxx Capital is entitled under the Rights Issue in respect of the 185,157,894 Shares which are registered in the Registrar under Maxx Capital's own name; and (ii) the Underwritten Shares will be settled by way of firstly the Set-Off against the Shareholder's Loan and after the Set-Off of the Shareholder's Loan in full, by cash.

Pursuant to the Underwriting Agreement, it is further agreed among the Company, Maxx Capital and Ms. Lo that (a) the Subscription Price of approximately HK\$10.3 million in respect of (i) the 103,219,892 Rights Shares to which Maxx Capital is entitled under the Rights Issue in respect of the 206,439,784 Shares which are deposited in CCASS; and (ii) the Subscription Price of approximately HK\$2.2 million in respect of the 21,729,029 Rights Shares to which Ms. Lo is entitled under the Rights Issue in respect of the 43,458,058 Shares which are deposited in CCASS will be settled in cash by Maxx Capital and Ms. Lo respectively; and (b) subsequently a sum of approximately HK\$12.5 million would be paid out of the net proceeds of the Rights Issue to Ms. Lo for the repayment of the Shareholder's Loan.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Principal terms of the Underwriting Agreement

Principal terms of the Underwriting Agreement are summarised as below:

Date: 13 April 2023 (after trading hours of the Stock Exchange) (as amended and supplemented by the Supplemental Underwriting Agreement on 24 April 2023)

Underwriter: Maxx Capital

Maxx Capital is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Pablos International, which is in turn wholly and beneficially owned by Ms. Lo, the chairlady of the Board, an executive Director and a controlling Shareholder

Maxx Capital is a controlling Shareholder which beneficially holds 391,597,678 Shares, representing approximately 58.75% of the issued share capital of the Company as at the Latest Practicable Date. It is not in the ordinary course of business of Maxx Capital to underwrite securities.

As such, the Underwriter complies with Rule 10.24A(2) of the GEM Listing Rules and the Underwriter is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

Number of Rights Shares: not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Number of Underwritten Shares:	115,741,519 Rights Shares, being the minimum total number of Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), or up to 121,341,519 Rights Shares, being the maximum total number of Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) to which the Qualifying Shareholders are entitled under the Rights Issue, being not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares, (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date), less the aggregate of 217,527,868 Rights Shares that will be provisionally allotted to and subscribed for by Maxx Capital and Ms. Lo pursuant to the Irrevocable Undertakings
Underwriting commitment of the Underwriter:	Pursuant to the Underwriting Agreement, Maxx Capital as the Underwriter has conditionally agreed to underwrite the Rights Shares (other than the Rights Shares agreed to be taken up by Maxx Capital and Ms. Lo under the Irrevocable Undertakings) which have not been taken up by the Qualifying Shareholders and which have not been placed out by the Placing Agent under the Unsubscribed Arrangements. Accordingly, the Rights Issue is fully underwritten
Underwriting commission:	No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement

For further details of the terms and conditions of the Underwriting Agreement, please refer to the paragraph headed “The Underwriting Agreement” in the Letter from the Board.

As discussed with the Management, the terms of the Underwriting Agreement were determined after arm’s length negotiations between the parties with reference to (i) the financial position of the Group; (ii) the size of the Rights Issue; (iii) the current and expected market conditions; and (iv) the relationship between the Underwriter and the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have conducted further research on the proposed rights issue to understand the market practice for the connected person to act as the underwriter with the same selection criteria with the Rights Issue Comparables as disclosed in the paragraph headed “Our analysis on recent rights issue market comparables” in this letter above. Based on our research, we have identified two Rights Issue Comparables that are underwritten by connected person and we considered that the above samples are representative and exhaustive for our further analysis. The table below set out the basic information of the abovementioned transactions and the respective underwriting commission arrangements.

Date of announcement	Company name (Stock code)	Basis of entitlement	Gross Proceeds <i>(HK\$ million)</i>	Underwriting Commission <i>(%)</i>
27-Mar-23	Sandmartin International Holdings Limited (482)	3 for 2	88.60	1.00
11-Jan-23	Add New Energy Investment Holdings Group Limited (2623)	1 for 3	99.85	0.00

We note from the above transactions that the underwriting commission rate to be received by underwriters who are connected persons of the listed issuer ranged from nil% to 1%. Pursuant to the Underwriting Agreement, no underwriting commission will be payable by the Company to the Underwriter, which is within the range mentioned above. As mentioned in the paragraph headed “The Set-Off” in this letter above, in view of the fact that if there is no Set-Off arrangement in the Rights Issue, Maxx Capital will have an additional cash outflow of approximately HK\$20.9 million under the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital) and this will affect the willingness of Maxx Capital to act as underwriter for the Rights Issue.

Having considered that (i) Maxx Capital will not charge any underwriting commission; and (ii) it is generally in line with the market as compared with the Rights Issue Comparables and also the Rights Issue Comparables underwritten by connected person, we concur with the Directors’ view that although the entering into of the Underwriting Agreement is not in the ordinary and usual course of business of the Group, the Underwriting Agreement is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements

As stated in the Letter from the Board, pursuant to Rule 10.31(2) of the GEM Listing Rules, as Maxx Capital, being a controlling Shareholder, shall act as the underwriter of the Rights Issue, the Company must make arrangements as stipulated in Rule 10.31(1)(b) of the GEM Listing Rules to dispose of any Unsubscribed Shares not validly applied for by the No Action Shareholders by offering such Unsubscribed Shares to independent places for the benefit of those Shareholders. With such compensatory arrangement in place, there will be no excess application arrangements in relation to the Rights Issue as stipulated by Rule 10.31(1)(a) of the GEM Listing Rules.

Any Unsubscribed Shares (which comprise (i) Rights Shares that are not subscribed by the Qualifying Shareholders; and/or (ii) Rights Shares which would otherwise have been in the assured allotments of the Non-Qualifying Shareholders) will be first placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties, 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. If any of the Unsubscribed Shares are not successfully placed out, those Unsubscribed Shares will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

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.

In order to comply with the GEM Listing Rules, on 13 April 2023 (after trading hours of the Stock Exchange), the Company has entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Shares at the Placing Price. Any unplaced Unsubscribed Shares will then be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 24 April 2023, the Company and the Placing Agent has entered into the Supplemental Placing Agreement, pursuant to which the parties agreed to amend the definition of “Set-Off” under the Placing Agreement following the relevant amendments made to the Underwriting Agreement pursuant to the Supplemental Underwriting Agreement.

Principal terms of the Placing Agreement are summarised as below:

Date:	13 April 2023 (after trading hours of the Stock Exchange) (as amended and supplemented by the Supplemental Placing Agreement on 24 April 2023)
Placing Agent:	Aristo Securities Limited
	As at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owner(s) are (i) Independent Third Parties; and (ii) independent from the Underwriter
Placing commission:	the Company shall pay the Placing Agent a fixed commission fee of HK\$20,000
Placing Price:	the placing price of the Unsubscribed Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Shares during the placement process
Placing Period:	The period from Friday, 14 July 2023 up to 4:00 p.m. on Monday, 17 July 2023, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements
Places:	the Unsubscribed Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties
Condition precedent:	the obligations of the Placing Agent under the Placing Agreement are conditional upon the Underwriting Agreement becoming unconditional (save for the condition that the Placing Agreement has become unconditional)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For further details of the terms and conditions of the Placing Agreement, please refer to the paragraph headed “Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements” in the Letter from the Board.

We understand that the Unsubscribed Arrangements would provide a compensatory mechanism for the No Action Shareholders and protect the interest of the Independent Shareholders in the Rights Issue. The placing of the Unsubscribed Shares may be placed to independent places under the Unsubscribed Arrangements which will expand the shareholders’ base. As there will be no excess application arrangement in relation to the Rights Issue as stipulated by Rule 10.31(1)(a) of the GEM Listing Rules, the Company has put in place the Unsubscribed Arrangements as required by Rule 10.31(1)(b) of the GEM Listing Rules. Given that (a) the Unsubscribed Arrangements would (i) provide a distribution channel of the Unsubscribed Shares for the Company; (ii) broaden the diversity and base of the Shareholders; (iii) potentially offer monetary benefits to the No Action Shareholders under the Net Gain arrangement; and (iv) facilitate the implementation of the Rights Issue; and (b) the expenses of the Placing Agent to be incurred during the placing of the Unsubscribed Shares are borne by the Company, we are of the view that the Unsubscribed Arrangements is fair and reasonable to the Independent Shareholders.

Taking into account the principal terms of the Rights Issue as highlighted above, we consider that the terms of the Rights Issue, the Underwriting Agreement and the Placing Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Potential dilution effect on the interests of the Independent Shareholders

The table below illustrates the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue assuming (i) no change in the number of Shares in issue on or before the Record Date; and (ii) new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date, but otherwise no other change in the issued Shares on or before the Record Date:

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(i) *Assuming no change in the number of Shares in issue on or before the Record Date*

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up all his/her/its entitlements under the Rights Issue)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) all the Unsubscribed Shares were placed to Independent Third Parties under the Unsubscribed Arrangements) <i>(Note 4)</i>		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital) <i>(Notes 4 & 5)</i>	
	<i>Approx.</i> <i>percentage</i>		<i>Approx.</i> <i>percentage</i>		<i>Approx.</i> <i>Percentage</i>		<i>Approx.</i> <i>Percentage</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Controlling Shareholder								
Maxx Capital <i>(Note 1)</i>	391,597,678	58.75	587,396,517	58.75	587,396,517	58.75	703,138,036	70.33
Executive Director								
Ms. Lo	43,458,058	6.52	65,187,087	6.52	65,187,087	6.52	65,187,087	6.52
Public Shareholders								
Broadgain International Limited <i>(Note 2)</i>	47,052,000	7.06	70,578,000	7.06	47,052,000	4.71	47,052,000	4.71
Mr. Wang Yuan <i>(Note 3)</i>	39,000,000	5.85	58,500,000	5.85	39,000,000	3.90	39,000,000	3.90
Independent placees	—	—	—	—	115,741,519	11.58	—	—
Other public Shareholders	145,431,038	21.82	218,146,557	21.82	145,431,038	14.55	145,431,038	14.55
Total	666,538,774	100.00	999,808,161	100.00	999,808,161	100.00	999,808,161	100.00

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Notes:

1. Maxx Capital is an investment holding company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Pablos International, which is in turn wholly and beneficially owned by Ms. Lo, being the chairlady of the Board, an executive Director and a controlling Shareholder.
2. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Broadgain International Limited and its ultimate beneficial owner(s) are and will remain to be Independent Third Parties as at the Latest Practicable Date and upon completion of the Rights Issue.
3. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Wang Yuan is and will remain to be an Independent Third Party as at the Latest Practicable Date and upon completion of the Rights Issue.
4. Further announcement(s) will be made by the Company as soon as practicable when the total number of Unsubscribed Shares to be placed by the Placing Agent to the independent places and the number of places are confirmed.
5. Assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital, upon completion of the Rights Issue, there will be 231,483,038 Shares held by public Shareholders, representing approximately 23.15% of the total issued Shares of the Company as enlarged by the allotment and issue of the Rights Shares, which will be below the minimum public float requirement of 25% under the GEM Listing Rules. In light of the above, the Company will closely monitor its public float percentage to ensure its compliance, at all times, with relevant requirements on public float as stipulated under the GEM Listing Rules and the Underwriter undertakes to dispose of such number of Shares necessary to comply with the public float requirements under the GEM Listing Rules either directly dispose in the market, transfer, or engage a placing agent for the placement of the Shares held by the Underwriter as soon as possible following the completion of the Rights Issue.
6. Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

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(ii) *Assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date, but otherwise no other change in the issued Shares on or before the Record Date*

	As at the Latest Practicable Date		Immediately after full exercise of the Outstanding Share Options but otherwise no other change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up all his/her/its entitlements under the Rights Issue)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) all the Unsubscribed Shares were placed to Independent Third Parties under the Unsubscribed Arrangements) (Note 4)		Immediately after completion of the Rights Issue (assuming(a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital) (Notes 4 & 5)	
	Approx. percentage		Approx. percentage		Approx. percentage		Approx. Percentage		Approx. Percentage	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Controlling Shareholder										
Maxx Capital (Note 1)	391,597,678	58.75	391,597,678	57.78	587,396,517	57.78	587,396,517	57.78	708,738,036	69.72
Executive Director										
Ms. Lo	43,458,058	6.52	43,458,058	6.41	65,187,087	6.41	65,187,087	6.41	65,187,087	6.41
Public Shareholders										
Broadgain International Limited (Note 2)	47,052,000	7.06	47,052,000	6.94	70,578,000	6.94	47,052,000	4.63	47,052,000	4.63
Mr. Wang Yuan (Note 3)	39,000,000	5.85	39,000,000	5.75	58,500,000	5.75	39,000,000	3.84	39,000,000	3.84
Holders of the Outstanding Share Options	—	—	11,200,000	1.65	16,800,000	1.65	11,200,000	1.10	11,200,000	1.10
Independent places	—	—	—	—	—	—	121,341,519	11.94	—	—
Other public Shareholders	145,431,038	21.82	145,431,038	21.46	218,146,557	21.46	145,431,038	14.31	145,431,038	14.31
Total	666,538,774	100.00	677,738,774	100.00	1,016,608,161	100.00	1,016,608,161	100.00	1,016,608,161	100.00

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Notes:

1. Maxx Capital is an investment holding company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Pablos International, which is in turn wholly and beneficially owned by Ms. Lo, being the chairlady of the Board, an executive Director and a controlling Shareholder.
2. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Broadgain International Limited and its ultimate beneficial owner(s) are and will remain to be Independent Third Parties as at the Latest Practicable Date and upon completion of the Rights Issue.
3. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Wang Yuan is and will remain to be an Independent Third Party as at the Latest Practicable Date and upon completion of the Rights Issue.
4. Further announcement(s) will be made by the Company as soon as practicable when the total number of Unsubscribed Shares to be placed by the Placing Agent to the independent places and the number of places are confirmed.
5. Assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital, upon completion of the Rights Issue, there will be 243,151,038 Shares held by public Shareholders, representing approximately 23.88% of the total issued Shares of the Company as enlarged by the allotment and issue of the Rights Shares, which will be below the minimum public float requirement of 25% under the GEM Listing Rules. In light of the above, the Company will closely monitor its public float percentage to ensure its compliance, at all times, with relevant requirements on public float as stipulated under the GEM Listing Rules and the Underwriter undertakes to dispose of such number of Shares necessary to comply with the public float requirements under the GEM Listing Rules either directly dispose in the market, transfer, or engage a placing agent for the placement of the Shares held by the Underwriter as soon as possible following the completion of the Rights Issue.
6. Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

All Qualifying Shareholders are entitled to subscribe for the Rights Shares, and for those who take up their full provisional allotments under the Rights Issue, their shareholding interest in the Company remain the same after the Rights Issue. As illustrated above, if (i) no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue; (ii) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital, the shareholding of the public Shareholders would be reduced (a) assuming no change in the issued share capital of the Company on or before the Record Date, from approximately 21.82% to 14.55%, representing a possible dilution of approximately 7.27% in their shareholding interests arising from Rights Issue, and the shareholding of Maxx Capital would be increased from approximately 58.75% as at the Latest Practicable Date to approximately 70.33%

upon the completion of the Rights Issue; and (b) assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date but otherwise no other change in the issued Shares on or before the Record Date, from approximately 21.82% to 14.31%, representing a possible dilution of approximately 7.51% in their shareholding interests arising from Rights Issue, and the shareholding of Maxx Capital would be increased from approximately 58.75% as at the Latest Practicable Date to approximately 69.72% upon the completion of the Rights Issue.

Taking into account (i) that all Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue and that the Qualifying Shareholders have their choices of whether to accept the Rights Issue or not; (ii) that the Rights Issue offers the Qualifying Shareholders a chance to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at the Subscription Price; (iii) that those Qualifying Shareholders who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; (iv) the inherent dilutive nature of the Rights Issue in general if the existing Shareholders do not subscribe in full for their assured entitlements; (v) that the Rights Issue would enable the Group to improve its financial position; and (vi) that the Unsubscribed Arrangements will provide a compensatory mechanism for the No Action Shareholders and protect the interest of the Independent Shareholders in the Rights Issue to address the concern that the Underwriter has the potential to increase its equity interests in the Company at a lower cost because the Subscription Price is at discounts to the recent prevailing market price, we are of the view that the potential dilution effect of the Rights Issue is fair and reasonable.

We are of the view that the implementation of the Rights Issue is beneficial to the Company and the Shareholders as a whole despite the potential dilution impact to the shareholding interests of the existing public Shareholders, who do not participate fully or partly in the Rights Issue, having regard to the potential mitigating measure such as the Unsubscribed Arrangements.

Possible financial effects of the Rights Issue and the Set-Off

Effect on net assets

According to the unaudited pro forma financial information of the Group set out in Appendix II to the Circular, the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company was approximately HK\$39.7 million as at 30 September 2022. Assuming that the Rights Issue had been completed and 333,269,387 Rights Shares has been issued, the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company would improve to approximately HK\$72.3 million as at 30 September 2022.

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Effect on working capital

Assuming that the Rights Issue had been completed and subscribed in full on the basis of one Rights Share for every two Shares on the Record Date at the Subscription Price of HK\$0.10 per Rights Share, upon completion of the Rights Issue and before utilising for the expansion of the IR Business in Hong Kong and the PRC, the bank balances of the Group is expected to increase by approximately HK\$10.7 million to approximately HK\$11.3 million.

Effect on gearing ratio

According to the 2022 Interim Report, the gearing ratio of the Company (the “**Gearing Ratio**”), as expressed as the ratio of net debt (bank borrowings and lease liabilities less cash and cash equivalents) divided by total equity was approximately 11.3% as at 30 September 2022. Since part of the gross proceeds from the Rights Issue are intended to be used for the Set-Off and the repayment of the Shareholder’s Loan of the Company, the total liabilities of the Company are expected to decrease as a result of the Rights Issue. Assuming that the Rights Issue had been completed and subscribed in full on the basis of one Rights Share for every two Shares on the Record Date at the Subscription Price of HK\$0.10 per Rights Share, upon completion of the Rights Issue, the total borrowings of the Group will decrease by, according to the Letter from the Board, approximately HK\$9.3 million will be applied for the Set-Off and approximately HK\$12.5 million will be applied for the repayment of the Shareholder’s Loan upon the completion of the Rights Issue.

It should be noted that the aforementioned analysis is for illustrative purposes only and does not purport to represent how the financial position of the Group will be upon completion of the Rights Issue.

Taking into account that the aforesaid possible financial effects, including the expected increase in NAV and NAV per Share, the improvement in working capital and that the Group shall improve its Gearing Ratio as a result of the Rights Issue (assuming all other factors remained the same), we are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, having considered the above principal factors and reasons, in particular, the following:

- (i) our analysis on the financial results and position of the Group as set out under the section headed “Background and financial information of the Group” in this letter;
- (ii) our analysis on the trading volume and liquidity of the Shares as set out under the section headed “Our analysis on historical trading volume and liquidity” in this letter;

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- (iii) our analysis on the Rights Issue Comparables, as set out under the section headed “Our analysis on recent rights issue market comparables” in this letter;
- (iv) the expected financial effects attributable to the Rights Issue, including the improvement in working capital and gearing ratio, under the prevailing challenging financial situation faced by the Company; and
- (v) the Rights Issue is conducted on the basis that all the Qualifying Shareholders have been offered the equal opportunity to maintain their proportionate interests in the Company and allows the Qualifying Shareholders to participate in the future growth of the Company, and the maximum dilution effect only occur when the Qualifying Shareholders do not subscribe for their proportionate Rights Shares,

we are of the view that although the Set-Off and the entering into of the Underwriting Agreement are not in the ordinary and usual course of business of the Group, the terms of the Set-Off and the Underwriting Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, and are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Board Committee to advise, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Set-Off and the Underwriting Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Mr. Robert Siu is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 25 years of experience in the corporate finance industry.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group for each of the three years ended 31 March 2020, 2021 and 2022, and the unaudited consolidated financial results of the Group for the nine months ended 31 December 2022 as extracted from the respective published annual reports and third quarterly report of the Company.

	For the nine months ended 31 December 2022	For the year ended 31 March		
	2022 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (audited)	2021 <i>HK\$'000</i> (audited)	2020 <i>HK\$'000</i> (audited)
Revenue	14,021	14,254	17,901	25,991
Cost of sales	<u>(987)</u>	<u>(1,059)</u>	<u>(1,689)</u>	<u>(1,876)</u>
Gross profit	13,034	13,195	16,212	24,115
Other income and other losses	4,604	15,210	9,725	3,885
Selling and marketing expenses	(38)	(72)	(156)	(569)
General and administrative expenses	(21,858)	(38,542)	(37,636)	(69,119)
Finance costs	<u>(587)</u>	<u>(693)</u>	<u>(476)</u>	<u>(556)</u>
Loss before income tax	(4,845)	(10,902)	(12,331)	(19,139)
Income tax credit/ (expense)	<u>—</u>	<u>2,280</u>	<u>(240)</u>	<u>(149)</u>
Loss for the year/period	<u>(4,845)</u>	<u>(8,622)</u>	<u>(12,571)</u>	<u>(19,288)</u>
(Loss)/profit attributable to:				
Owners of the Company	(3,641)	(9,100)	(12,830)	(20,293)
Non-controlling interests	<u>(1,204)</u>	<u>478</u>	<u>259</u>	<u>1,005</u>
	<u>(4,845)</u>	<u>(8,622)</u>	<u>(12,571)</u>	<u>(19,288)</u>

	For the nine months ended		For the year ended 31 March		
	31 December		2022	2021	2020
	2022		2022	2021	2020
	HK\$'000		HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(audited)	(audited)	(audited)	
Loss per share for loss attributable to owners of the Company during the year/period					
Basic and diluted (HK dollar per share)	<u>(0.0055)</u>	<u>(0.01)</u>	<u>(0.02)</u>	<u>(0.03)</u>	
Loss for the year/period	(4,845)	(8,622)	(12,571)	(19,288)	
Other comprehensive (expense)/income for the year/period, net of tax	<u>615</u>	<u>(1,139)</u>	<u>(491)</u>	<u>4,716</u>	
Total comprehensive expense for the year/period	<u>(4,230)</u>	<u>(9,761)</u>	<u>(13,062)</u>	<u>(14,572)</u>	
Total comprehensive (expense)/income for the year/period attributable to:					
Owners of the Company	(3,026)	(10,239)	(13,321)	(15,577)	
Non-controlling interests	<u>(1,204)</u>	<u>478</u>	<u>259</u>	<u>1,005</u>	
	<u>(4,230)</u>	<u>(9,761)</u>	<u>(13,062)</u>	<u>(14,572)</u>	

For each of the three years ended 31 March 2020, 2021 and 2022 and the nine months ended 31 December 2022, no dividend or dividend per share has been declared by the Group. Save as disclosed in the audited consolidated financial statements of the Group for each of the three years ended 31 March 2020, 2021 and 2022 and the unaudited consolidated financial statement of the Group for the nine months ended 31 December 2022, there were no material items of income or expense for each of the three years ended 31 March 2020, 2021 and 2022 and for the nine months ended 31 December 2022.

2. CONSOLIDATED FINANCIAL INFORMATION

The Company is required to set out or refer to in this circular the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes of equity and any other primary statement as shown in the consolidated financial information of the Group for each of the three years ended 31 March 2020, 2021 and 2022 and the nine months ended 31 December 2022, together with the significant accounting policies and any points from the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2022 are set out on pages 3 to 11 of the third quarterly report of the Company for the nine months ended 31 December 2022, which was published on the websites of the Stock Exchange and the Company on 10 February 2023, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0210/2023021001118.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2022 are set out on pages 47 to 122 of the annual report of the Company for the year ended 31 March 2022, which was published on the websites of the Stock Exchange and the Company on 30 June 2022, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0630/2022063002871.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2021 are set out on pages 45 to 120 of the annual report of the Company for the year ended 31 March 2021, which was published on the websites of the Stock Exchange and the Company on 30 June 2021, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0630/2021063003257.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2020 are set out on pages 47 to 124 of the annual report of the Company for the year ended 31 March 2020, which was published on the websites of the Stock Exchange and the Company on 2 July 2020, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0702/2020070200801.pdf>

3. NO MATERIAL CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position or outlook of the Group for the period commencing since 31 March 2022 (being the date to which the latest published audited financial statements of the Company were made up) up to the Latest Practicable Date.

4. INDEBTEDNESS

As at the close of business on 31 March 2023, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the respective indebtedness of the Group is as follows:

The following table sets out our indebtedness as at the dates indicated:

	As at 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Borrowings	24,210	12,342
Lease liabilities	<u>3,400</u>	<u>5,643</u>
	<u><u>27,610</u></u>	<u><u>17,985</u></u>

As at 31 March 2023 and 2022, we had total indebtedness of approximately HK\$27.6 million and HK\$18.0 million, respectively.

Borrowings

As at the close of business on 31 March 2023, the Group had outstanding borrowings of approximately HK\$24.2 million, which is the Shareholder's Loan.

Lease liabilities

As at the close of business on 31 March 2023, the Group had lease liabilities of approximately HK\$3.4 million.

Contingent liabilities

As at 31 March 2023, the Group did not have any material contingent liabilities.

Save as disclosed above, at the close of business on 31 March 2023, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts or other similar indebtedness, lease liabilities or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgage, charges, guarantees or other material contingent liabilities.

5. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present financial resources available to the Group, including internally generated funds, the expected renewal of loans from a related party, and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for at least twelve months from the date of this circular. The Company has obtained the relevant confirmations as required under Rule 12.26C of the GEM Listing Rules.

6. BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS

Business Review

The Group is principally engaged in (i) the provision of financial information; (ii) advertising and financial public relationship service (including media business); (iii) the securities business that specialises in the provision of brokerage, underwriting and asset management; (iv) money lending business; and (v) property investments.

Financial Information, Advertising and Investor Relationship Service Business

The service income generated from the IR Business has been the major source of revenue of the Group. The revenue from such services recorded a decrease for the nine months ended 31 December 2022 due to the prolonging impact of the COVID-19 pandemic which lead to fewer event hosting activities and decreased the relevant revenue.

Media Business

In addition to the production and distribution of programmes through the branding “FinTV”, the Group also engaged in investor relationship business and creative advertising.

Securities Brokerage and Assets Management Business

The Group conducted the securities brokerage, underwriting and asset management business (the “**Securities Business**”) through its wholly-owned subsidiary, Finet Securities Limited, being a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. Due to the keen competition within the market, the Securities Business is still a challenging task during the nine months ended 31 December 2022 and the revenue is mainly arising from services rendered for securities transaction.

Property Investment Business

The investment properties in the PRC continued to provide income to the Group which results in a positive contribution to the financial results of the Group for the nine months ended 31 December 2022.

Money Lending Business

The Group engages in the money lending business by providing loans and financing to customers through its subsidiary which holds a money lender's licence in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). In order to minimise the default risk of loans, the Group expects to tighten the internal credit control measurement. The difficulties in granting loan became higher and relevant income is insignificant in recent years.

Financial Review and Prospect

For the nine months ended 31 December 2022, the Group reported a turnover of approximately HK\$14,021,000, representing an increase of approximately 25.7% from approximately HK\$11,151,000 for the corresponding period in 2021.

During the nine months ended 31 December 2022, the Group faced one of the worst business environments in Hong Kong's recent history as a result of the outbreak of the Omicron variant of COVID-19 in the second half of 2022, which resulted in a record number of COVID-19 confirmed cases in the city and the implementation of restrictive social distancing measures by the Hong Kong Government. The financial market is recovering but is expected to be relatively challenging in coming year.

The Group will continue to allocate resources to strengthen its leading position in providing financial news services. With the competitive edge and strength arising from the Group's integrated multiple platforms in its three vertical websites and two mobile applications (Finet.hk, FinTV.hk, Finet.com.cn, FinTV APP, Finet Finance Pro APP), the Group expects a further improvement in its market share in the media industry in the PRC and Hong Kong, and a further development in the Group's digital marketing business.

The Group will continue to strengthen its sales and marketing team to boost and diversify the Group's revenue. Moreover, FinTV is expected to provide strong support to the IR Business, which is expected to become the Group's profitable stream in the coming years.

Meanwhile, Finet Securities Limited ("**Finet Securities**"), being one of the subsidiaries of the Group engaging in the securities brokerage and assets management business, will continue to expand the Group's services including discretionary portfolio management, investment advisory and management of private funds. Finet Securities is expected to generate satisfactory management fee and performance fee income from fund management business in the near future.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial positions at the relevant time.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with Rule 7.31 of the GEM Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had been completed on 30 September 2022.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and based on judgement, estimates and assumptions of the Directors and because of the hypothetical nature, it may not give a true picture of the consolidated net tangible assets attributable to owners of the Company as at the date to which it is made up or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of Company as at 30 September 2022 as extracted from the published interim report of the Company for the six months ended 30 September 2022 and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed on 30 September 2022.

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2022	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after completion of the Rights Issue	Unaudited consolidated net tangible assets of the Group per Share attributable to owners of the Company as at 30 September 2022	Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company after completion of the Rights Issue
	HK\$'000	HK\$'000	HK\$'000	HK\$	HK\$
Based on 333,269,387 Rights Shares to be issued at a Subscription Price of HK\$0.10 per Rights Share (note 2)	39,737 (Note 1)	32,527 (Note 2)	72,264	0.060 (Note 4)	0.072 (Note 5)
Based on 338,869,387 Rights Shares to be issued at a Subscription Price of HK\$0.10 per Rights Share (note 3)	39,737 (Note 1)	33,087 (Note 3)	72,824	0.060 (Note 4)	0.072 (Note 6)

Notes

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2022 is based on the unaudited consolidated net assets of the Group attributable to owners of the Company as at 30 September 2022 of approximately HK\$40,687,000 as extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2022 as set out in the published interim report of the Company for the six months ended 30 September 2022 after deducting intangible assets of approximately HK\$950,000 as extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2022 as extracted from the published interim report of the Company for the six months ended 30 September 2022.
2. The estimated net proceeds from the Rights Issue (prior to the Rights Shares Set-Off of approximately HK\$9.3 million) are based on the assumptions that all Qualifying Shareholders have taken up their entitlements under the Rights Issue, there are no change in the issued Shares on or before the Record Date and 333,269,387 Rights Shares have been issued at the Subscription Price of HK\$0.10 per Rights Share, after deduction of the related estimated expenses of approximately HK\$0.8 million. The Rights Shares Set-off of approximately HK\$9.3 million will not affect the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after completion of the Rights Issue.
3. The estimated net proceeds from the Rights Issue (prior to the Rights Shares Set-Off of approximately HK\$9.3 million) are based on the assumptions that new Shares are allotted and issued upon full exercise of the 11,200,000 Outstanding Share Options but otherwise no other change in the issued Shares on or before the Record Date, all Qualifying Shareholders have taken up their entitlements under the Rights Issue and 338,869,387 Rights Shares have been issued at the Subscription Price of HK\$0.10 per Rights Share, after deduction of the related estimated expenses of approximately HK\$0.8 million. The Rights Shares Set-Off of approximately HK\$9.3 million will not affect the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after completion of the Rights Issue.
4. The unaudited consolidated net tangible assets of the Group per Share attributable to owners of the Company as at 30 September 2022 is calculated based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2022 of approximately HK\$39,737,000 as set out in note 1 above divided by 666,538,774 Shares in issued as at 30 September 2022.
5. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company after completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the completion of the Rights Issue of approximately HK\$72,264,000 and 999,808,161 Shares, comprising 666,538,774 Shares in issue as at 30 September 2022 and 333,269,387 Rights Shares to be issued (assuming all Qualifying Shareholders having taken up their entitlements under the Rights Issue and no change in the issued Shares on or before the Record Date).
6. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company after completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the completion of the Rights Issue of approximately HK\$72,824,000 and 1,016,608,161 Shares, comprising 666,538,774 Shares in issue as at 30 September 2022, 11,200,000 Shares converted from the Outstanding Share Options and 338,869,387 Rights Shares to be issued (assuming all Qualifying Shareholders having taken up their entitlements under the Rights Issue and new Shares being allotted and issued upon full exercise of the 11,200,000 Outstanding Share Option but otherwise no other change in the issued Shares on or before the Record Date).
7. No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 30 September 2022.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT

The following is the text of a report received from the independent reporting accountants, Crowe (HK) CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of inclusion in this circular.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the directors of Finet Group Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Finet Group Limited (the “**Company**”) and its subsidiaries (Collectively the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2022, and related notes as set out on pages II-1 to II-2 of Appendix II to the Company's circular dated 25 May 2023 (the “**Circular**”) in connection with the proposed rights issue on the basis of one right share for every two existing shares of the Company (the “**Rights Issue**”). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of Right Issue on the Group's unaudited condensed consolidated financial position as at 30 September 2022 as if Right Issue had taken place at 30 September 2022. As part of this process, information about the Group's unaudited condensed consolidated financial position, unaudited condensed consolidated financial performance, and unaudited condensed consolidated cash flows have been extracted by the directors of the Company from the Company's financial information for the six months ended 30 September 2022, of which no audit or review has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(7) of the GEM Listing Rules.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong
25 May 2023

Chiu Lung Sang
Practising Certificate Number P08091

1. 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.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue (assuming (a) there is no change in the number of Shares in issue from the Latest Practicable Date and up to the Record Date; and (b) all Qualifying Shareholders have taken up the Rights Shares to which they are entitled); and (iii) immediately after completion of the Rights Issue (assuming (a) new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date; and (b) all Qualifying Shareholders have taken up the Rights Shares to which they are entitled) were/will be as follows:

(i) as at the Latest Practicable Date

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>15,000,000,000</u>	Shares of HK\$0.01 each	<u>150,000,000.00</u>
<i>Issued and fully paid or credited as fully paid:</i>		
<u>666,538,774</u>	Shares of HK\$0.01 each	<u>6,665,387.74</u>

(ii) immediately after completion of the Rights Issue (assuming (a) there is no change in the number of Shares in issue from the Latest Practicable Date and up to the Record Date; and (b) all Qualifying Shareholders have taken up the Rights Shares to which they are entitled)

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>15,000,000,000</u>	Shares of HK\$0.01 each	<u>150,000,000.00</u>
<i>Issued and fully paid or credited as fully paid:</i>		
666,538,774	Shares as at the Latest Practicable Date	6,665,387.74
<u>333,269,387</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>3,332,693.87</u>
<u>999,808,161</u>	Shares upon completion of the Rights Issue	<u>9,998,081.61</u>

- (iii) immediately after completion of the Rights Issue (assuming (a) new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date; and (b) all Qualifying Shareholders have taken up the Rights Shares to which they are entitled)

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>15,000,000,000</u>	Shares of HK\$0.01 each	<u>150,000,000.00</u>
<i>Issued and fully paid or credited as fully paid:</i>		
666,538,774	Shares as at the Latest Practicable Date	6,665,387.74
<u>338,869,387</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>3,388,693.87</u>
<u>1,016,608,161</u>	Shares upon completion of the Rights Issue	<u>10,166,081.61</u>

All of the Rights Shares to be issued will rank *pari passu* in all respects with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

The Company had not issued any Shares since 31 March 2022, being the date on which the latest audited financial statements of the Group were made up and up to the Latest Practicable Date.

The Company will apply to the Stock Exchange for the listing of and permission to deal in the Rights Shares in both of their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there is no arrangement under which future dividends are/will be waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests and short positions in the securities of the Company or its associated corporations

As at the Latest Practicable Date, the following Directors and chief executives of the Company had or were deemed to have interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have

under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange:

Long position in the Shares and underlying shares of the Company

Name of Director	Nature of interest	Position	No. of Shares interested	Approximate percentage of issued Shares (Note 1)
Ms. Lo	Beneficial owner	Long	43,458,058	6.52
	Interest in a controlled corporation	Long	391,597,678 <i>(Note 2)</i>	58.75
			<u>435,055,736</u>	<u>65.27</u>

Notes:

1. The percentage had been calculated on the basis of 666,538,774 issued Shares as at the Latest Practicable Date.
2. The 391,597,678 Shares are held by Maxx Capital, being an investment holding company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Pablos International, which is in turn wholly and beneficially owned by Ms. Lo, being the chairlady of the Board, an executive Director and a controlling Shareholder. As such, Ms. Lo is deemed, or taken to be, interested in the 391,597,678 Shares held by Maxx Capital by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' and other persons' interests or short position in the securities of the Company and its associated corporations

As at the Latest Practicable Date, so far as known to the Directors, the following parties (not being the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the Shares, underlying shares or debentures of the Company (i) which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the issued voting shares of any other member of the Group; or (ii) which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Long position in the Shares and underlying shares of the Company:

Name of Shareholder	Nature of interest	Position	No. of Shares interested	Approximate percentage of issued Shares (Note 1)
Maxx Capital (Note 2)	Beneficial owner	Long	391,597,678	58.75

Notes:

1. The percentage had been calculated on the basis of 666,538,774 issued Shares as at the Latest Practicable Date.
2. Maxx Capital is an investment holding company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Pablos International, which is in turn wholly and beneficially owned by Ms. Lo, being the chairlady of the Board, an executive Director and a controlling Shareholder. As such, each of Pablos International and Ms. Lo is deemed, or taken to be, interested in the 391,597,678 Shares held by Maxx Capital by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware that there is any other party (other than the Directors or chief executives of the Company) who had, or was deemed to have, an interest or short position in the Shares, underlying shares or debentures of the Company (i) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the issued voting shares of any other member of the Group; or (ii) which were required, pursuant to section 336 of the SFO, to be entered in the register refer to therein.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been or are proposed to be acquired, disposed of by or leased to, any member of the Group, since 31 March 2022, being the date to which the latest published audited financial statements of the Group were made up).

6. DIRECTORS' INTEREST IN CONTRACT OR ARRANGEMENT

Save for the Set-Off, the Underwriting Agreement and the Irrevocable Undertakings, particulars of which are disclosed in the Letter from the Board contained in this circular, in which Ms. Lo is considered to be interested, as at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholders of the Company or their respective close associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

9. EXPERTS AND CONSENTS

The following are the qualification of the experts who have given opinion or advice which are contained in this circular:

Name	Qualifications
Red Sun Capital Limited	A corporation licensed to carry out type 1 (dealing in securities and type 6 (advising on corporate finance) regulated activities under the SFO
Crowe (HK) CPA Limited	Certified Public Accountants

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report and/or references to its name in the form and context in which they respective appear.

As at the Latest Practicable Date, none of the above experts had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts had any direct or indirect interests in any assets which have been, since 31 March 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

10. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of the Announcement and up to the Latest Practicable Date:

- (a) the provisional agreement dated 13 August 2021 and entered into between Source Mega Properties Limited (“**Source Mega Properties**”) (as vendor) and Ms. Lo (as purchaser) in relation to the sale and purchase of the entire issued share capital of Maxon Management Limited (“**Maxon Management**”) and all debt owing or incurred by Maxon Management to Source Mega Properties and its associates (if any) which amounted to approximately HK\$6.2 million as at 31 March 2021;
- (b) the tenancy agreement dated 25 October 2021 and entered into between Cyber Feel Limited (as landlord) and Finet Holdings Limited (as tenant) in relation to the lease of the premises situated at 30th Floor, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong for a term of twenty-four months commencing on 25 October 2021 at a monthly rent of HK\$270,000;
- (c) the Underwriting Agreement;

- (d) the Placing Agreement;
- (e) the Supplemental Underwriting Agreement; and
- (f) the Supplemental Placing Agreement.

11. EXPENSES

The expenses in connection with the Rights Issue, including placing commission, financial advisory fees, printing, registration, translation, legal and accountancy fees are estimated to be approximately HK\$0.8 million, which are payable by the Company.

12. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office	Clarendon House 2 Church Street, Hamilton HM 11, Bermuda
Head office and principal place of business in Hong Kong	30/F., Fortis Tower 77–79 Gloucester Road Wanchai, Hong Kong
Authorised representatives	Ms. Lo Yuk Yee Ms. Cheung Yin
Company Secretary	Ms. Cheung Yin, being a member of the Hong Kong Institute of Certified Public Accountants
Legal adviser to the Company in relation to the Rights Issue	<i>As to Hong Kong laws:</i> Michael Li & Co. 19th Floor, Prosperity Tower 39 Queen's Road Central Central, Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Set-Off and the Underwriting Agreement	Red Sun Capital Limited Room 310, 3/F China Insurance Group Building 141 Des Voeux Road Central Hong Kong

Auditor	Crowe (HK) CPA Limited <i>Certified Public Accountants</i> 9/F, Leighton Centre 77 Leighton Road Causeway Bay Hong Kong
Placing agent	Aristo Securities Limited Room 101, 1st Floor On Hong Commercial Building 145 Hennessy Road Wanchai, Hong Kong
Underwriter	Maxx Capital International Limited 30/F., Fortis Tower 77–79 Gloucester Road Wanchai, Hong Kong
Principal share registrar	Conyers Corporate Services (Bermuda) Limited Clarendon House, 2 Church Street Hamilton HM11, Bermuda
Hong Kong branch share registrar	Computershare Hong Kong Investor Services Limited 17M Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Principal banker	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong

13. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

(i) Name and address

Name	Correspondence address
Executive Directors	
Ms. Lo Yuk Yee	30/F., Fortis Tower 77–79 Gloucester Road Wanchai, Hong Kong
Ms. Chen Weijie	30/F., Fortis Tower 77–79 Gloucester Road Wanchai, Hong Kong

Name	Correspondence address
Independent non-executive Directors	
Mr. Wong Wai Kin	30/F., Fortis Tower 77–79 Gloucester Road Wanchai, Hong Kong
Mr. Wong Kwok Yin	30/F., Fortis Tower 77–79 Gloucester Road Wanchai, Hong Kong
Mr. Chu Ka Chung	30/F., Fortis Tower 77–79 Gloucester Road Wanchai, Hong Kong
Senior management	
Mr. Zhan Sheng	30/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong
Ms. Xiang Lian	30/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong

(ii) Profiles of Directors and senior management

Executive Directors

Ms. Lo, aged 63, is an experienced investor in cutting-edge technology and venture capital in the past 30 years. Her experience covers a broad range of industries crossing biotechnology, internet business, and finance field in the PRC, United States of America and Hong Kong. Ms. Lo also worked in the banking, insurance and finance fields before she became an entrepreneur.

Ms. Lo was the chief executive officer and chairlady of a listed company in Hong Kong between 2002 and 2006. She has been the independent non-executive director of Da Sen Holdings Group Limited (Stock code: 1580), a company listed on the Main Board of the Stock Exchange, since November 2020. She is a director of Maxx Capital and Pablos International, which have an interest in the share capital of the Company that are required to be disclosed under the provision in Division 2 and 3 of Part XV of the SFO. Ms. Lo joined the Group on 28 October 2010.

Ms. Chen Weijie (“**Ms. Chen**”), aged 42, has over 11 years of practical experience in corporate management, finance and corporate finance. She has served in various listed companies in Hong Kong and international law firms. Since July 2020, she has been serving as the chief executive officer and responsible

officer of Vision Finance (Securities) Limited, being a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under SFO. From March 2018 to December 2019, Ms. Chen served as an executive director and responsible officer of ZhongHua Finance Capital Company Limited, being a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under SFO and a company principally engaged in the provision of financial services. From November 2016 to February 2018, she served as the chief operating officer of Legend Strategy International Holdings Group Company Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1355). From 17 February 2020 to 18 June 2021, Ms. Chen was appointed as an independent non-executive director of Ye Xing Group Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1941), and Chong Kin Group Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1609). In June 2004, she has obtained a Bachelor of Laws from Guangdong University of Finance & Economics (formerly known as Guangdong Business School (廣東商學院)). She has also obtained a Master Degree in Laws (International Business Laws) from City University of Hong Kong in November 2005. Ms. Chen was qualified as a lawyer in the PRC in 2009. Ms. Chen joined the Group on 4 October 2021.

Independent non-executive Directors

Mr. Wong Wai Kin (“Mr. W.K. WONG”), aged 64, is a practising certified public accountant and a proprietor of a public accounting firm in Hong Kong. Mr. W.K. WONG holds a Diploma in Accounting and is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. W.K. WONG has over 38 years of professional and commercial experience in accounting, auditing, taxation and corporate finance. Mr. W.K. WONG joined the Group as an independent non-executive Director, the chairman of the audit committee of the Company and a member of each of the remuneration committee, nomination committee and corporate governance committee of the Company on 13 September 2010.

Mr. Wong Kwok Yin (“Mr. K.Y. WONG”), aged 43, has over 15 years of experience in investment banking. From March 2006 to November 2006, he was a business valuer in Vigers Appraisal and Consulting Limited (威格斯資產評估顧問有限公司). From November 2006 to April 2007, he worked as an executive of Platinum Management Services Limited (百德能管理服務有限公司). From April 2007 to June 2017, he served as an associate manager and associate director at Investec Capital Asia Limited (天達融資亞洲有限公司). Since July 2017, he has been working for VMS Securities Limited (鼎珮證券有限公司) (“**VMS Securities**”), a company mainly engaged in securities brokerage and corporate finance services in Hong Kong and is a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, of which he is currently a managing director of the corporate finance department and is responsible for business development and overseeing the overall operation of the corporate

finance department. Mr. K.Y. WONG has also been an independent non-executive director of Jiayuan Services Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1153), since October 2020.

Mr. K.Y. WONG obtained a bachelor's degree of science majoring in applied chemistry from Hong Kong Baptist University in December 2002. He also obtained a master's degree of arts majoring in accounting and information systems from the City University of Hong Kong in November 2005. He was admitted as a fellow of the Association of Chartered Certified Accountants in September 2015. He was a licensed representative and was accredited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO since December 2006 and was accredited as a responsible officer in November 2016 to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. Mr. K.Y. WONG is currently a principal sponsor at VMS Securities.

With effect from 16 September 2022, Mr. K.Y. WONG has been appointed as an independent non-executive Director, the chairman of the remuneration committee of the Company and a member of each of the audit committee, nomination committee and corporate governance committee of the Company.

Mr. Chu Ka Chung (“**Mr. Chu**”), aged 40, has extensive experience in equities trading and raising investor engagement and institutional capital in the private markets. His key relationship includes institutional investors, private equity investors, family offices and listed companies in Asia, Europe and North America. Over the last decade, Mr. Chu set-up his own advisory firm, advising multiple listed companies and private companies to raise capital across full spectrum of institutional investors. Mr. Chu also possesses experience in the real estate market where he has been representing several listed and state owned companies in the PRC to source land, banking, infrastructure and mining projects in the North America and South East Asia. Currently, he is running a real estate project in the Caribbean islands with a multi-national group, which involves residential, resort and infrastructure development. He was a vice president at BOCOM International Securities, a subsidiary of Bank of Communication for 7 years from 2009 to 2015. The deals in which he was involved included fundraising from institutional investors for several Chinese commercial banks and securities firms at their IPO launches, advising and guiding his clients in book building and placing activities. Mr. Chu obtained a Bachelor degree in Environmental Civil Engineering from the University of Waterloo in Canada in 2006. He had worked for the government of City of Toronto, and an engineering firm in Macau Special Administrative Region of the PRC for several years before moving back to Hong Kong where he focuses on his career in the financial and real estate market thereafter.

With effect from 16 September 2022, Mr. Chu has been appointed as an independent non-executive Director, the chairman of the corporate governance committee of the Company and a member of the audit committee of the Company.

Senior management

Mr. Zhan Sheng (“**Mr. Zhan**”), aged 41, has been appointed as the manager of the brand marketing department of the Group since January 2020. Mr. Zhan holds a master degree (MFA) from Hong Kong Baptist University in November 2007 majoring in film, television and digital media production and a bachelor degree from Beijing Broadcasting Institute* (北京廣播學院) (currently known as Communication University of China* (中國傳媒大學)) in June 2004, majoring in media management. He has extensive experience in media and corporate brand operations.

Ms. Xiang Lian (“**Ms. Xiang**”), aged 37, has been appointed as the liaison officer of the president office of the Group since March 2010. Ms. Xiang obtained a Master of Arts in Translation and Interpretation from the Hong Kong Polytechnic University in August 2009; and a Bachelor of Business English from Xiamen University of Technology* (廈門理工大學) in August 2008. She has more than ten years of experience in senior administrative management. She is mainly responsible for the administrative personnel and legal affairs management of the Group’s branches in the PRC. She also serves as a director of the Group’s affiliated fund company.

* *the English translation of Chinese names or words, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

14. MISCELLANEOUS

- (a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit from Hong Kong or repatriation of capital of the Company into Hong Kong. The Group will have sufficient foreign exchange, generated from operation of its subsidiaries, to pay forecasted or planned dividends and to meet its foreign exchange liabilities as they become due.
- (b) The English text of this circular and the accompanying form of proxy shall prevail over the respective Chinese text in case of any inconsistency.

15. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.finet.hk) from the date of this circular up to and including the date of the SGM:

- (a) the Letter from the Board, the text of which is set out on pages 13 to 47 of this circular;
- (b) the Letter from the Independent Board Committee, the text of which is set out on pages 45 to 46 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 47 to 80 of this circular;
- (d) the annual reports of the Company for each of the three years ended 31 March 2020, 2021 and 2022 and the third quarterly report of the Company for the nine months ended 31 December 2022;
- (e) the report from Crowe (HK) CPA Limited on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;
- (f) the written consents as referred to in the paragraph headed “9. Experts and consents” in this appendix; and
- (g) the material contracts as referred to in the paragraph headed “10. Material contracts” in this appendix.



FINET GROUP LIMITED

財華社集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8317)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Finet Group Limited (the “**Company**”) will be held at 30/F., Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong on Wednesday, 14 June 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 25 May 2023):

ORDINARY RESOLUTIONS

1. “**THAT** the entering into of the Underwriting Agreement (as amended and supplemented by the Supplemental Underwriting Agreement) (copy of which, signed by the chairman of the Meeting for the purposes of identification, has been produced to the Meeting marked “**A**”) and entered into between the Company and the Underwriter in relation to the Rights Issue and the transactions contemplated thereunder (including but not limited to the arrangements for taking up of the Untaken Rights Shares, if any, by the Underwriter) be and are hereby approved, confirmed and ratified and the Directors be and are hereby authorised to do all such things and acts and execute all documents which they consider necessary, desirable or expedient to implement or to give effect to any matters relating to the Underwriting Agreement.”
2. “**THAT** the Subscription Price payable by Maxx Capital for the 92,578,947 Rights Shares to which it is entitled under the Rights Issue in respect of the 185,157,894 Shares which are registered in the Company’s share registrar under Maxx Capital’s own name and the Underwritten Shares to be taken up Maxx Capital as underwriter in the Rights Issue to be settled by way of firstly the Set-Off against the Shareholder’s Loan in the total principal amount of approximately HK\$24.2 million indebted by the Company to Ms. Lo and the remaining balance of the Subscription Price, if any, in cash and the transactions contemplated thereunder

NOTICE OF SGM

be and are hereby approved, confirmed and ratified and the Directors be and are hereby authorised to do all such things and acts and execute all documents which they consider necessary, desirable or expedient to implement or to give effect to any matters relating to the Set-Off.”

By order of the Board
FINET GROUP LIMITED
Lo Yuk Yee
Chairman and Executive Director

Hong Kong, 25 May 2023

Registered office:
Clarendon House
2 Church Street, Hamilton
HM 11, Bermuda

*Head office and principal place of
business in Hong Kong:*
30/F., Fortis Tower
77–79 Gloucester Road
Wanchai, Hong Kong

Notes:

1. Any shareholder of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the Meeting. A proxy need not be a member.
2. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the Meeting the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding. Several executors or administrators of a deceased shareholder in whose name any share stands shall be deemed joint holders thereof.
3. To be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof must be delivered to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting (i.e. no later than Monday, 12 June 2023 at 11:00 a.m. (Hong Kong time)) or any adjournment thereof.

NOTICE OF SGM

4. The register of members of the Company will be closed from Friday, 9 June 2023 to Wednesday, 14 June 2023, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining the shareholders' entitlement to attend and vote at the Meeting. The record date for determining the entitlement of the shareholders to attend and vote at the Meeting will be on Wednesday, 14 June 2023. In order to be eligible to attend and vote at the Meeting, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than Thursday, 8 June 2023 at 4:30 p.m. (Hong Kong time).
5. No instrument appointing a proxy shall be valid after expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting in cases where the Meeting was originally held within twelve (12) months from such date.
6. Whether or not you propose to attend the Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from attending the Meeting and voting in person if you so wish and in the event, the instrument appointing a proxy shall be deemed to be revoked.
7. In compliance with the GEM Listing Rules, all resolutions to be proposed at the Meeting convened by this notice will be voted on by way of poll.
8. The Directors as at the date of this notice are Ms. Lo Yuk Yee and Ms. Chen Weijie as the executive Directors, and Mr. Wong Wai Kin, Mr. Wong Kwok Yin and Mr. Chu Ka Chung as the independent non-executive Directors.