
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your Shares in Wisdomcome Group Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or the transferee(s) or to the bank manager, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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This circular is for information only and does not constitute an invitation or offer to Shareholders or any other persons to acquire, purchase, or subscribe for securities of Wisdomcome Group Holdings Limited.



仍志集團控股有限公司 WISDOMCOME GROUP HOLDINGS LIMITED

(formerly known as "Easy Repay Finance & Investment Limited (易還財務投資有限公司)")

(Continued into Bermuda with limited liability)

(Stock Code: 8079)

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE AND NOTICE OF SGM

Underwriter of the Rights Issue



Financial Adviser of the Rights Issue



Independent Financial Adviser to the Independent Board Committee
and Independent Shareholders



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

A letter from the Board is set out on pages 9 to 41 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 42 and 43 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 44 to 78 of this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Friday, 1 December 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 14 December 2023 to Thursday, 21 December 2023 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Thursday, 14 December 2023 to Thursday, 21 December 2023 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the SGM to be held at Units 3-9, 10/F, Fook Hong Industrial Building, 19 Sheung Yuet Road, Kowloon Bay, Hong Kong at 4:00 p.m. on Wednesday, 29 November 2023 is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit it with Tricor Standard Limited, the branch share registrar of Wisdomcome Group Holdings Limited in Hong Kong, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting (i.e. 4:00 p.m. on Monday, 27 November 2023, Hong Kong time) or any adjournment thereof (as the case may be).

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 including force majeure. These certain events are set out in the section headed "Termination of the Underwriting Agreement" of this circular. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

9 November 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

Unless the context otherwise requires, terms used in this circular shall have the following meanings:

“2022 Rights Issue”	the rights issue previously conducted by the Company as announced on 10 August 2022 and completed in September 2022
“Announcement”	the announcement of the Company dated 15 August 2023 in relation to, among other things, the Rights Issue
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Best Richest”	Best Richest Management Company Limited, a company incorporated in Hong Kong with limited liability and is directly wholly owned by Mr. Chan
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m.) 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
“Committed Shares”	an aggregate of 543,590,598 Rights Shares to be provisionally allotted to and subscribed by the Best Richest under the Rights Issue which it has undertaken to subscribe pursuant to the Irrevocable Undertaking
“Company”	Wisdomcome Group Holdings Limited, formerly known as Easy Repay Finance & Investment Limited, a company incorporated in the Cayman Islands and continued into Bermuda with limited liability, the issued Shares of which are listed on GEM (stock code: 8079)
“Directors”	directors of the Company
“EAF”	the form(s) of application for excess Rights Shares proposed to be issued in connection with the Rights Issue
“GEM”	the GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto in the GEM Listing Rules

DEFINITIONS

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company, comprising all independent non-executive Directors (namely, Mr. Lee King Fui, Mr. Joseph Rodrick Law, Mr. To Kwan and Ms. Ho Sau Ping Pia), which has been established under the GEM Listing Rules to advise the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder, and as to the voting action thereunder
“Independent Financial Adviser” or “South China Capital”	South China Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities as defined under the SFO, and the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue
“Independent Shareholder(s)”	the Shareholder(s) who is(are) eligible to vote and not required to abstain from voting on the resolution relating to the Rights Issue at the SGM under the GEM Listing Rules
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not a connected person(s) of the Company within the meaning of the GEM Listing Rules
“Irrevocable Undertaking”	an irrevocable undertaking dated 15 August 2023 granted by Best Richest in favour of the Company, details of which are set out in the section headed “IRREVOCABLE UNDERTAKING”
“Last Trading Day”	15 August 2023, being the last full trading day for the Shares before the release of the Announcement
“Latest Practicable Date”	6 November 2023, being the latest practicable date before the printing of this circular for the purpose of ascertaining certain information contained herein

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Thursday, 28 December 2023 as agreed between the Company and the Underwriters, being the latest time for acceptance of and payment for Rights Shares
“Latest Time for Termination”	4:00 p.m. on the first Business Day immediately after the Latest Time for Acceptance, or such later time or date as may be agreed between the Company and the Underwriter, or such other date as the Company may determine
“Mr. Chan”	Mr. Chan Yan Tak, the chairman, an executive Director and a controlling shareholder of the Company
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“Posting Date”	Tuesday, 12 December 2023, or such other day as the Company may determine, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF and any supplementary prospectus or supplementary provisional allotment letter (if required)
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Monday, 11 December 2023, the record date to determine entitlements to the Rights Issue

DEFINITIONS

“Registrar”	the share registrar of the Company, which is Tricor Standard Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the issue of 1,555,932,093 Rights Shares at the Subscription Price on the basis of three Rights Shares for every one existing Share held as at the close of business on the Record Date payable in full on acceptance
“Rights Share(s)”	1,555,932,093 Shares (assuming no Shares have been issued or repurchased by the Company before the Record Date) proposed to be offered to the Qualifying Shareholders under the Rights Issue
“SFC”	the Securities and Futures Commission
“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 to consider the Rights Issue
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.045 per Rights Share
“Supplemental Underwriting Agreement”	the supplemental underwriting agreement dated 6 November 2023 and entered into between the Company and the Underwriter to amend the Underwriting Agreement
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended from time to time
“Underwriter”	RaffAello Securities (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 15 August 2023 and entered into between the Company and the Underwriter in relation to the Rights Issue (as supplemented by the Supplemental Underwriting Agreement)

DEFINITIONS

“Underwritten Shares”	1,012,341,495 Rights Shares (other than the Committed Shares) to be underwritten by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement
“%”	per cent

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Despatch of circular in relation to the Rights Issue together with the notice of SGM and proxy form for SGM	On or before Thursday, 9 November 2023
Latest time for lodging transfer of Shares to qualify for attending and voting at the SGM	4:30 p.m. on Wednesday, 22 November 2023
Closure of register of members of the Company for determining entitlement for attending SGM (both days inclusive)	Thursday, 23 November 2023 to Wednesday, 29 November 2023
Latest time for lodging forms of proxy for the SGM (not less than 48 hours prior to the time of the SGM)	4:00 p.m. on Monday, 27 November 2023
Record date for determining attendance and voting at the SGM	Wednesday, 29 November 2023
Expected date and time of the SGM	4:00 p.m. on Wednesday, 29 November 2023
Announcement of poll results of the SGM	Wednesday, 29 November 2023
Register of members re-open	Thursday, 30 November 2023
Last day of dealings in Shares on a cum-rights basis	Thursday, 30 November 2023
First day of dealings in the Shares on an ex-rights basis	Friday, 1 December 2023
Latest time for the Shareholders to lodge transfer of Shares to qualify for the Rights Issue	4:30 p.m. on Monday, 4 December 2023
Closure of register of members of the Company in Hong Kong and Bermuda for the Rights Issue (both days inclusive)	Tuesday, 5 December 2023 to Monday, 11 December 2023
Record Date for determining entitlements to the Rights Issue	Monday, 11 December 2023
Despatch of Rights Issue Prospectus Documents (including PAL and EAF)	Tuesday, 12 December 2023

EXPECTED TIMETABLE

First day of dealings in nil-paid Rights Shares	Thursday, 14 December 2023
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Monday, 18 December 2023
Last day of dealings in nil-paid Rights Shares	Thursday, 21 December 2023
Latest time for acceptance of and payment for Rights Shares and application for excess Rights Shares	4:00 p.m. on Thursday, 28 December 2023
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional.	4:00 p.m. on Friday, 29 December 2023
Announcement of results of the Rights Issue	Friday, 5 January 2024
Despatch of share certificates for fully-paid Rights Shares and refund cheques in relation to wholly or partially unsuccessful applications for excess Rights Shares.	Monday, 8 January 2024
Commencement of dealings of fully paid Rights Shares	9:00 a.m. on Tuesday, 9 January 2024
Designated broker starts to stand in the market to provide matching services for odd lots of the Shares	9:00 a.m. on Tuesday, 9 January 2024
Designated broker ceases to stand in the market to provide matching services for odd lots of the Shares	4:00 p.m. on Monday, 29 January 2024

All times and dates in this circular refer to Hong Kong local times and dates or deadlines specified in this circular are indicative only and may be varied by agreement between the Company and the Underwriters. Any consequential changes to the expected timetable will be published or notified to Shareholders and the Stock Exchange if appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

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 “extreme conditions” caused by super typhoons, or a “black” rainstorm warning issued by the Hong Kong Observatory:

- (1) in force in Hong Kong at any time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 28 December 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
- (2) in force in Hong Kong at any time between 12:00 noon and 4:00 p.m. on Thursday, 28 December 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 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. Thursday, 28 December 2023, the dates mentioned in the section headed “EXPECTED TIMETABLE” in this circular may be affected. The Company will notify the Shareholders by way of announcements of any change to the expected timetable as soon as practicable in this regard.

LETTER FROM THE BOARD



仍志集團控股有限公司 WISDOMCOME GROUP HOLDINGS LIMITED

(formerly known as “Easy Repay Finance & Investment Limited (易還財務投資有限公司)”)

(Continued into Bermuda with limited liability)

(Stock Code: 8079)

Executive Directors:

Mr. Chan Yan Tak
Mr. Lim Ming Shing, Tony
Ms. Siu Yeuk Hung, Clara
Mr. Law Ka Kei

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Independent non-executive Directors:

Mr. Lee King Fui
Mr. Joseph Rodrick Law
Mr. To Kwan
Ms. Ho Sau Ping, Pia

Principal place of business in Hong Kong:

Unit 02, 11/F, Eastmark
21 Sheung Yuet Road
Kowloon Bay, Kowloon
Hong Kong

9 November 2023

To the Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE AND NOTICE OF SGM

INTRODUCTION

Reference is made to the Announcement, in relation to, among other matters, the Rights Issue.

The purpose of this circular is to provide you with, among others, further details on the Rights Issue, a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue, certain financial information, other general information on the Group and the notice convening the SGM.

LETTER FROM THE BOARD

PROPOSED RIGHTS ISSUE

The Company proposes the Rights Issue, details of which are set out below:

Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) existing Share held on the Record Date
Subscription Price	:	HK\$0.045 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	518,644,031 Shares
Number of Rights Shares to be issued under the Rights Issue	:	1,555,932,093 Rights Shares (assuming no Shares have been issued or repurchased by the Company before the Record Date)
Enlarged number of Shares upon completion of the Rights Issue	:	2,074,576,124 Shares (assuming no Shares have been issued or repurchased by the Company before the Record Date)
Number of Rights Shares undertaken to be taken up	:	Best Richest has undertaken to take up 543,590,598 Rights Shares (representing approximately 34.94% (assuming no Shares have been issued or repurchased by the Company before the Record Date) of the total Rights Shares proposed to be provisionally allotted by the Company) pursuant to the Irrevocable Undertaking
Number of Rights Shares underwritten by the Underwriter	:	1,012,341,495 Rights Shares
Amount to be raised before expenses	:	approximately HK\$70.0 million before expenses

The Company did not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 1,555,932,093 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 300% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 75% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

LETTER FROM THE BOARD

Irrevocable Undertaking

As at the Latest Practicable Date, Best Richest (a company which is ultimately owned as to 100% by Mr. Chan, being a controlling shareholder, the Chairman and an executive Director) held 181,196,866 Shares (representing approximately 34.94% of the issued share capital of the Company as at the Latest Practicable Date).

Pursuant to the Irrevocable Undertaking, Best Richest has undertaken to the Company, (i) it will subscribe, or procure its nominee(s) to subscribe, for 543,590,598 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 181,196,866 Shares beneficially held by him; and (ii) it will not dispose of 181,196,866 Shares comprising the current shareholding in the Company owned by Best Richest, and such 181,196,866 Shares will remain beneficially owned by it up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights issue will not proceed, whichever is earlier.

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any substantial shareholder of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Posting Date.

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.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Monday, 4 December 2023.

The last day of dealings in the Shares on a cum-rights basis is Thursday, 30 November 2023. The Shares will be dealt with on an ex-rights basis from Friday, 1 December 2023.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements, if any).

If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Closure of register of members

The register of members of the Company will be closed from Thursday, 23 November 2023 to Wednesday, 29 November 2023 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

LETTER FROM THE BOARD

The register of members of the Company will be closed from Tuesday, 5 December 2023 to Monday, 11 December 2023 (both days inclusive) for determining the 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 three (3) Rights Shares for every one (1) Share held by a Qualifying Shareholder as at the close of business on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Rights of Overseas Shareholders

The Prospectus Documents will not be registered or filed 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.

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Directors will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s), if any, under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholder(s). The basis for excluding the Non-Qualifying Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL and EAF) and a letter explaining the circumstances in which they are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only. Based on the register of members of the Company as at the Latest Practicable Date, there was no Overseas Shareholder.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Non-Qualifying Shareholder(s) in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit.

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 Shares.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price is HK\$0.045 per Rights Share, payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or, where applicable, applies for excess Rights Shares, or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 25% the closing price of HK\$0.06 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 22.4% to the closing price of HK\$0.058 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 18.2% to the average closing price of approximately HK\$0.055 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 18.2% to the average closing price of approximately HK\$0.055 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 6.3% to the theoretical diluted price of HK\$0.048 per Share based on the closing price of HK\$0.058 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 86.4% to the audited net asset value per Share of approximately HK\$0.33 based on the published audited consolidated net assets of the Company of approximately HK\$171,706,000 as at 31 March 2023 as extracted from the annual report of the Company for the year ended 31 March 2023 and the issued share capital of the Company of 518,644,031 Shares as at the Latest Practicable Date;
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 16.8%, represented by the theoretical diluted price of approximately HK\$0.048 per Share to the benchmarked price of approximately HK\$0.058 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.058 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days prior to the Latest Practicable Date of approximately HK\$0.054 per Share). The Rights Issue will not result in a theoretical dilution effect of 25% or more calculated based on Rule 10.44A of the GEM Listing Rules; and

LETTER FROM THE BOARD

(viii) a cumulative theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) in aggregation with the 2022 Rights Issue represented by a discount of approximately 21.2%, represented by the cumulative theoretical diluted price of approximately HK\$0.18 per Share to the benchmarked price of HK\$0.23 per Share in respect of the 2022 Rights Issue (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the benchmarked price of HK\$0.23 of the 2022 Rights Issue). The Rights Issue will not result in a cumulative theoretical dilution effect of 25% or more calculated based on Rule 10.44A of the GEM Listing Rules.

The Subscription Price was set at a discount to the recent closing prices of the Shares which lower the further investment cost of the Shareholders so as to encourage them to take up their entitlements to maintain their shareholdings in the Company, thereby minimising possible dilution impact. The terms of the Rights Issue, including the Subscription Price, were determined after arm's length negotiations between the Company and the Underwriter, taking into account, among others, (i) the prevailing market prices of the Shares prior to the Last Trading Day; (ii) the latest business performance and financial position of the Group; (iii) lack of liquidity in the market, especially investment money into GEM companies; and (iv) the funding and capital needs of the Company, due to the nature of the Group's business require capital, in particular money lending business which require capital and good risk management to earn interest and fees, details of which are set out in the section headed "REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS" in this circular.

In determining the Subscription Price, the Board reviewed the prevailing market prices of the Shares prior to the Last Trading Day and considered different dimensions of discounts with reference to the rights issue activities announced by other 17 companies whose shares are listed on GEM of the Stock Exchange during the twelve months prior to the date of the Underwriting Agreement (the "Reference Cases"). The Directors believed that the sample size and the period covered by the Reference Cases were representative as different forms of market practices for rights issues, including but not limited to various subscription ratio, subscription price range and underwriting basis, as well as the prevailing market conditions and sentiments prior to the date of the Underwriting Agreement were fairly covered and considered.

LETTER FROM THE BOARD

Details of the Reference Cases are set forth as follows:

Announced on	Listed Issuer (stock code)	Principal Business of the listed issuer	Mkt. Cap. HK\$' million	Basis of entitlement	Max. amount of funds to be raised from the rights issue HK\$' million	Premium/ (discount) of subscription price compared with closing price per share on the respective last trading day	(Discount)/ premium of the subscription price to the theoretical ex-right price per share	Max. dilution on holding of shares	Theoretical dilution effect	Excess application/ Placing	Underwriting arrangement	
												3 for 1
11/8/2023	Almana Limited (8186)	Household Business, Plantation Business and Accessory Business	6.8	3 for 1	18.7	(26.7)	22.2	(8.3)	75.0	22.6	Placing	Non-underwritten
14/7/2023	Tasty Concepts Holding Limited (8096)	Restaurant operator	10.1	5 for 2	27.5	4.7	566.7	1.5	71.4	0	Placing	Non-underwritten
6/7/2023	Classified Group (Holdings) Limited (8232)	Restaurant operator	204.3	3 for 2	14.3	(15.0)	(49.1)	(6.6)	60.0	8.8	Placing	Fully underwritten
8/6/2023	Hi-Level Technology Holdings Limited (8113)	Sale of electronic components	121.4	1 for 1	78.3	(35.5)	188.0	(21.6)	50.0	17.7	Placing	Non-underwritten
5/6/2023	Jisheng Group Holdings Limited (8133)	Trading and manufacturing of metal casting parts and components and provision of financial printing services	217.6	1 for 2	0.6	(20.8)	66.7	(15.8)	33.3	7.3	Excess application	Underwritten on a best-effort basis
30/5/2023	Min Fu International Holding Limited (8511)	Smart manufacturing solution provider	49.4	1 for 2	24.0	(8.3)	12.4	(5.66)	33.3	3.3	Placing	Non-underwritten
29/5/2023	Hao Bai International (Cayman) Limited (8431)	Water circulation systems related design, procurement and installation services provider	40.2	1 for 2	19.5	(5.7)	37.0	(3.85)	33.3	3.8	Placing	Non-underwritten

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Announced on	Listed Issuer (stock code)	Principal Business of the listed issuer	Mkt. Cap. HK\$' million	Basis of entitlement	Max. amount of funds to be raised from the rights issue HK\$' million	Premium/	(Discount)/	Max. amount of funds to be raised from the rights issue HK\$' million	price per share on the last trading day	price to the net assets per share	Max. theoretical ex-right holding of shares	Theoretical dilution effect	Excess application/ Placing	Underwriting arrangement
						(discount) of subscription price compared with closing price per share	(Discount)/ premium of the subscription price to the theoretical price per share							
25/5/2023	Jimu Group Limited (8187)	Footwear and apparel businesses and loan facilitation and credit assessment businesses	5.6	2 for 1	14.4	15.6	Net liabilities	4.7	66.7	0	Excess application	Fully underwritten		
13/4/2023	Finet Group Limited (8317)	(1) Provision of financial information; (2) advertising and financial public relationship service (including media business); (3) the securities business that specializes in the provision of brokerage, underwriting and asset management; (4) money lending business; and (5) property investments	116.0	1 for 2	33.9	(52.4)	96.1	(42.2)	33.3	18.0	Placing	Fully underwritten		
6/4/2023	Luk Hing Entertainment Group Holdings Limited (8052)	Operator of restaurant business	441.3	1 for 1	43.9	(5.9)	Net liabilities	(3.03)	50.0	2.9	Placing	Fully underwritten		
6/3/2023	CBK Holdings Limited (8428)	Catering services provider	2.8	5 for 1	20.6	(15.9)	(79.1)	(2.93)	83.3	13.2	Placing	Non-underwritten		
17/2/2023	China New Consumption Group Limited (8275)	Bored piling works and foundation works contractor	22.7	3 for 2	35.3	(26.5)	(53.5)	(12.50)	60.0	16.0	Placing	Non-underwritten		

LETTER FROM THE BOARD

Announced on	Listed Issuer (stock code)	Principal Business of the listed issuer	Mkt. Cap. HK\$' million	Basis of entitlement	Max. amount of funds to be raised from the rights issue HK\$' million	Premium/ (discount) of subscription price compared with closing price per share on the respective last trading day	(Discount)/ premium of the subscription price to the theoretical ex-right price per share	Max. dilution on holding of shares	Theoretical effect	Excess application/ Placing	Underwriting arrangement	
												1 for 2
10/1/2023	Kinetix Systems Holdings Limited (8606)	Information technology services provider	82.9	1 for 2	31.3	(29.4)	(47.0)	(21.69)	33.3	9.8	Placing	Non-underwritten
6/1/2023	SDM Education Group Holdings Limited (8363)	Jazz and ballet and pop dance academy in Hong Kong and childcare services in Singapore	44.4	1 for 2	22.9	0	Net liabilities	0	33.3	0	Excess Application	Fully underwritten
28/12/2022	New Amante Group Limited (8412)	Operation of club and entertainment business	27.4	1 for 2	12.6	(10.6)	Net liabilities	(7.3)	33.3	5.6	Excess Application	Underwritten on a best-effort basis
28/12/2022	Jiading International Group Holdings Limited (8153)	(1) Provision of advertising services; (2) sales of new energy electric vehicle; and (3) sales of new energy battery	170.2	1 for 2	51.0	(50.0)	77.3	(40.12)	33.3	17.3	Placing	Non-underwritten
21/10/2022	C&N Holdings Limited (8430)	Transport and storage services provider	201.9	3 for 1	32.5	(13.3)	93.0	(3.7)	75.0	3.7	Placing	Non-underwritten
Maximum			441.3			15.6	188.0	4.7	83.3	22.6		
Minimum			2.8			(52.4)	(79.1)	(42.2)	33.3	0		
Average			103.8			(17.4)	30.3	(11.1)	50.5	8.8		
15/8/2023	The Company		30.0		70.0	(22.4)	(86.4)	(6.3)	75.0	16.8	Excess Application	Fully underwritten

Note 1: The premium of the subscription price over the net asset value per share of this comparable is exceptionally high and considered an outlier, it is therefore disregarded and excluded in the calculation of the average discount/premium.

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The Reference Cases presented a range of subscription price premium over/discounts to their respective (i) closing prices on the last trading day before the release of the rights issue announcements ranging from a price discount of approximately 52.4% to a price premium of approximately 15.6% with an average price discount of approximately 17.4%; (ii) theoretical ex-entitlement prices ranging from a price discount of approximately 42.2% to a price premium of approximately 4.7% with an average price discount of approximately 11.1%; and (iii) theoretical dilution effects ranging from approximately 0% to approximately 22.6% with an average of approximately 8.8%. Compared to the above, the Subscription Price discounts of the Rights Issue (as set out in the paragraph above in this section) set within the ranges of all the dimensions.

The Directors are also aware of the significant discount of approximately 86.4% to the unaudited net asset value per Share as calculated and disclosed in the paragraph above in this section presented by the Subscription Price. In this regard, the Directors noted from the Reference Cases of the relation between their subscription prices and their then net asset values per share ranging from a price discount of approximately 79.1% to a price premium of 188.0% (excluding the outlier mentioned in note 1 to the Reference Cases above). Given that (i) it is not uncommon for the subscription price to present a significant discount to the net asset value per share in similar fund raising exercises; (ii) the Shares had been traded at a discount to the Group's audited net asset value per Share for the 12-month period up to the Last Trading Day, as illustrated by the discount of approximately 51.7% of the average closing price of the Shares of approximately HK\$0.159 for the aforesaid 12-month period to the Group's audited net asset value per Share as at 31 March 2023 of approximately HK\$0.33; and (iii) the underwriters approached by the Company expressed similar view that unless the Subscription Price is set at a realistic level (considering the recent closing prices and the size of the offer), they will have serious reservations about accepting the engagement to underwrite the rights issue. In order for the Company to ensure a successful fund raising, we have been attempting to get underwriters to fully underwrite the rights issue. Had the Company failed to secure the commitment from RaffAello Securities (HK) Limited, the Rights Issue would have been on a best-effort basis through placing of unsubscribed Right Shares. Hence, the Directors consider it is reasonable to make reference to the market price of the Shares, rather than the net asset value of the Group, in determining the Subscription Price and that the discount of the Subscription Price to the net asset value per Share is justifiable and fair and reasonable.

The Directors are of the view that the Subscription Price is fair and reasonable having considered all the particular facts and circumstances of the Group and market conditions as a whole. It is observed that the Company has a low market capitalization of approximately HK\$30.0 million while the average market capitalization of HK\$103.8 million of the Reference Cases. Given the current negative market sentiment on low market capitalization stocks and that institutional investors generally are not mandated to invest in low market capitalization stocks, the Company would not be able to make new issues without a considerable discount. The Company acknowledges the discount of Subscription Price to the last trading price and the theoretical dilution effect in above the average of the Reference Cases. However, it is impossible to weight on each factor with a precise weighting and to identify how these references counter each other where some reference measures are above the average and some are below the average.

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Furthermore, taking into account (i) the continuation of the substantial loss-making position and the continual declining net assets of the Group for the past five financial years since 2019; and (ii) a favourable discount should attract the Qualifying Shareholders to participate in the Rights Issue and invest in the Company so as to enable the Company to satisfy its funding and capital needs, details of the Group's financial performance and condition and funding needs are set out in the section headed "REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS", the Directors (including the members of Independent Board Committee) are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

In addition to the above, the Directors (including the members of the Independent Board Committee) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account the following factors: (a) 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; (b) the proposed Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company; and (c) the Qualifying Shareholders are given opportunity to increase their investment in the Company through excess application on of the Rights Shares to participate in the future growth of the Company.

Status of Rights Shares

The Rights Shares, when allotted, issued and fully paid, will 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.

Fractions of Rights Shares

On the basis of provisional allotment of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Odd lots arrangement

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Tuesday, 9 January 2024 to Monday, 29 January 2024 (both days inclusive). Shareholders who wish to take advantage of this service should contact Mr. Lam Bun Hei of RaffAello Securities (HK) Limited at 7/F Central 88, 88-98 Des Voeux Road Central, Central, Hong Kong (telephone number: 2545 7722) during office hours.

Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

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Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 8 January 2024. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on Monday, 8 January 2024 by ordinary post to the applicants, at their own risk, to their registered addresses. Each Shareholder will receive one share certificate for all allotted Shares.

Application for the Rights Shares

The PAL and EAF relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein by completing such form and lodging the same with a remittance for the Rights Shares being taken up with the Registrar by the Latest Time for Acceptance.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply, by way of excess application, for any unsold entitlements to the Rights Shares of the Non-Qualifying Shareholder(s) (if any), and for any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares (collectively referred to as “**Untaken Rights**”).

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for. The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (a) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (b) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (c) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and
- (d) pursuant to Rule 10.31(3)(b) of the GEM Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any Controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees.

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The Company shall disregard the Relevant Shareholders' applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

Any Rights Shares not accepted for by the Qualifying Shareholders or transferees of nil-paid Rights Shares and not taken by excess application will be taken up by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement.

If the aggregate number of Rights Shares underlying the Untaken Rights is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Investors whose Shares are held by a nominee (or which are held in CCASS) should note that the Board will regard the nominee (including HKSCC Nominees Limited) whose name appears on the register of members of the Company (the "**Registered Nominee**") as a single Shareholder under the aforesaid arrangement in relation to the allocation of excess Rights Shares. Beneficial owners who hold Shares through a Registered Nominee are advised to consider whether they would like to arrange for the registration of their Shares in their own names prior to the Record Date.

Investors whose Shares are held by a Registered Nominee and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for completion of the relevant registration by 4:30 p.m. on Monday, 4 December 2023. The register of members of the Company will be closed from Tuesday, 5 December 2023 to Monday, 11 December 2023, both dates inclusive.

Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotment must complete and sign an EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar on or before the Latest Time for Acceptance.

Application for listing of the Rights Shares

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange. 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 in the board lots of 5,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

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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.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, 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 their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders 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.

Stamp duty and other applicable fees

Dealings 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 and/or any other applicable fees and charges in Hong Kong.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

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THE UNDERWRITING AGREEMENT

The Underwritten Shares are subject to the terms and conditions of the Underwriting Agreement. Principal terms of the Underwriting Agreement are as follows:

Date	:	15 August 2023 (after trading hours)
Issuer	:	The Company
Underwriter	:	RaffAello Securities (HK) Limited

The Underwriter is a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities, and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter is not a connected person of the Company. As such, the Underwriter complies with Rule 10.24A(1) of the GEM Listing Rules.

Total number of Underwritten Shares	:	1,012,341,495 Rights Shares, being the difference between the total number of Rights Shares and the Committed Shares pursuant to the Irrevocable Undertaking
Underwriting Commission	:	7.07% of the aggregate Subscription Price in respect of the Underwritten Shares

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are independent of the Company and its connected persons. As at the date of the Underwriting Agreement, the Underwriter is not interested in any Shares.

The said commission rate was determined after arm's length negotiations between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, the normal rate of underwriting commission charged by the Underwriter in the recent rights issue of other listed issuers of the Stock Exchange underwritten by the Underwriter as disclosed below and the current and expected market condition. The Directors (including the members of the Independent Board Committee) consider that the terms of the Underwriting Agreement (including the commission rate) are fair and reasonable so far as the Company and the Shareholders are concerned.

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The Directors notes that the underwriting commission of 7.07% was the normal rate charged by the Underwriter in other rights issue exercises underwritten by the Underwriter. Details of such other cases are as follows:

Company name (stock code)	Date of underwriting agreement	Amounts raised from the rights issue before expenses	Basis of underwriting	Underwriting commission
Palinda Group Holdings Limited (stock code: 8179)	28/4/2022	Approximately HK\$29.3 million	Fully underwritten	7.07% of the total subscription price of the rights shares
China Wantian Holdings Limited (stock code: 1854)	11/4/2023	Approximately HK\$111.4 million	Fully underwritten	7.07% of the total subscription price of the rights share

The Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriter have pursuant to its appointment under the Underwriting Agreement and to ensure that the minimum public float requirement under the GEM Listing Rules be fulfilled by the Company upon completion of the Rights Issue. The Underwriter has undertaken to the Company that, among other things, other than the transactions contemplated under the Underwriting Agreement and as disclosed (or will be disclosed) in this circular and/or the Prospectus Documents, save with the prior consent of the Company, the Underwriter or any of its associates will not deal in the Shares or other securities of the Company from the date of the Underwriting Agreement to the completion of the Rights Issue, provided that the Underwriter may, before completion of the Rights Issue, enter into agreement with any other person(s) in respect of (a) the sub-underwriting of the Rights Shares; and/or (b) the subscription of the Underwritten Shares not taken up, so long as such transactions are in compliance with applicable laws and regulations.

Conditions of the Underwriting Agreement

The conditions of the Underwriting Agreement have been set out in the section headed “CONDITIONS OF THE RIGHTS ISSUES” below.

Termination of the Underwriting Agreement

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 if, inter alia:

- (a) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof); or

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- (ii) the occurrence of (1) any local, national or international event or change of a political, military, financial, economic or currency or other nature or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; (2) a suspension or a material limitation in trading in securities generally on the Stock Exchange; (3) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange for more than ten consecutive business days (other than pending publication of the announcement of the Company concern the Rights Issue or any other document relating to the Rights Issue); (4) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authority or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; or (5) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof; or
- (b) any change in the circumstances of the Company or any member of the Group occurs which in the reasonable opinion of the Underwriter will materially and 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 similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- (c) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, outbreak of an infectious disease, epidemic, terrorism, armed conflict, strike or lock-out; or
- (d) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Underwriting Agreement which, in the reasonable opinion of the Underwriter, is or might be material to the Group taken as a whole; or
- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not ejusdem generis with any of the foregoing.

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

- (a) the Company commits any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement or it comes to the knowledge of the Underwriter of such material breach, which will or is likely to have a material and adverse effect on its business, financial or trading prospects of the Group; or
- (b) the Company's application to the GEM Listing Committee for the permission for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) on the Stock Exchange is withdrawn by the Company and/or refused or revoked by the Stock Exchange; or

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- (c) any condition to enable the Rights Shares (in their nil-paid and fully-paid forms) to be admitted as eligible securities for deposit, clearance and settlement in CCASS is not satisfied or notification is received by the Company from HKSCC that such admission or facility for holding and settlement has been or is to be refused; or
- (d) any statement contained in the Announcement or any Prospectus Document has been shown to be untrue, inaccurate, incomplete in any material respect or misleading with reference to the date on which such statement was made.

If prior to the Latest Time for Termination, any such notice referred to above is given by the Underwriter, all obligations of each of the parties to the Underwriting Agreement shall cease and no party shall have any claim against any other party for costs, damages, compensation or otherwise in respect of any matter arising out of or in connection with the Underwriting Agreement save for any antecedent breaches.

If the Underwriter exercises such right of termination, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed. Further announcement will be made if the Underwriting Agreement is terminated by the Underwriter.

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue will be conditional upon:

- (a) the passing at the SGM of the necessary resolution(s) by the Independent Shareholder to approve the Rights Issue;
- (b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by all the 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 not later than the Posting Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders by the Posting Date and the posting of the Prospectus and a letter to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date;
- (d) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the business day prior to the first day of their dealings;

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- (e) the obligation of the Underwriter becoming unconditional and that the Underwriting Agreement not having been terminated in accordance with the terms thereof on or before the Latest Time for Termination;
- (f) the representation, warranties and undertakings of the Company as set out in the Underwriting Agreement remaining true and accurate in all material respects;
- (g) the compliance with and performance of all the undertakings and obligations of Best Richest, or any of its nominee(s), under the Irrevocable Undertaking; and
- (h) compliance with the requirements under the applicable laws and regulations of Hong Kong and Bermuda;

The Company shall use all reasonable endeavours to procure the fulfilment or waiver (as the case may be) of all the above conditions precedent by the Latest Time for Termination or such other time and date as the Company and the Underwriter may agree.

The Underwriter may at any time by notice in writing to the Company waive the condition set out in paragraph (f) above. Save and except the condition set out in paragraph (f) above, the other conditions are incapable of being waived. If the conditions precedent set out in paragraphs (a) to (h) above are not fulfilled and/or waived in whole or in part by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate (save and except the provisions regarding fees, notices and governing law and jurisdiction which shall remain in full force and effect) and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

As at the Latest Practicable Date, none of the conditions above had been fulfilled and the Company had no intention to waive any of the conditions which are capable of being waived.

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SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, the Company had 518,644,031 Shares in issue. On the assumption that there is no change in the shareholding structure of the Company from the Latest Practicable Date to completion of the Rights Issue other than the allotment and issue of Rights Shares pursuant to the Rights Issue, the table below depicts, for illustrative purposes only, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by all Qualifying Shareholders; and (iii) immediately upon completion of the Rights Issue assuming no acceptance of the Rights Shares by the Qualifying Shareholders:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by all Qualifying Shareholders under the Rights Issue		Immediately upon completion of the Rights Issue assuming no acceptance of the Rights Shares by the Qualifying Shareholders under the Rights Issue	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Best Richest (Note 1)	181,196,866	34.94	724,787,464	34.94	724,787,464	34.94
Underwriter, sub-underwriter(s) and/or subscriber(s) procured by them (Note 2)	-	-	-	-	1,012,341,495	48.80
Other public shareholders	337,447,165	65.06	1,349,788,660	65.06	337,447,165	16.27
Total	518,644,031	100.00	2,074,576,124	100.00	2,074,576,124	100.00

Notes:

1. Best Richest is wholly and beneficially owned by Mr. Chan, the chairman and an executive Director and a controlling shareholder of the Company.
2. In the event that the Underwriting Agreement becoming unconditional and the Underwriter being called upon to subscribe for or procure subscribers of the Underwritten Shares pursuant to the Underwriting Agreement, the Underwriter has irrevocably undertaken to the Company that:
 - a. without affecting the Underwriter's obligation to procure underwriting for all the Underwritten Shares (whether to underwrite the same by itself or procure sub-underwriting of the same), the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares, which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter and parties acting in concert (within the meaning of the Takeovers Code) with it upon the completion of the Rights Issue;

LETTER FROM THE BOARD

- b. the Underwriter shall ensure that each of the sub-underwriters or subscribers or purchasers of the Underwritten Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or Substantial Shareholders of the Company or their respective associates (as defined in the GEM Listing Rules); and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold such number of Underwritten Shares which will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of such sub-underwriters or subscribers or purchasers and parties acting in concert (within the meaning of the Takeovers Code) with it upon completion of the Rights Issue; and
- c. the Underwriter and the Company shall ensure that the minimum public float requirement under the GEM Listing Rules be fulfilled by the Company upon completion of the Rights Issue.
3. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Company is a company incorporated in the Cayman Islands and continued into Bermuda with limited liability, the Shares of which are listed on GEM of the Stock Exchange (stock code: 8079). The Group is principally engaged in the money lending business, retail and wholesale business, financial instruments and quoted shares investment in Hong Kong.

As disclosed in the annual report of the Company for the year ended 31 March 2023 (the “**2023 Annual Report**”), the Group has been loss making over the last five financial years. Set out below are the financial summary of the Group since the financial year 2019:

	FY2023	FY2022	FY2021	FY2020	FY2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)	(audited)	(audited)
Revenue	71,399	98,271	115,368	116,110	206,268
Loss for the year	(54,104)	(64,324)	(94,698)	(63,940)	(37,134)
	As at				
	31/3/2023	31/3/2022	31/3/2021	31/3/2020	31/3/2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)	(audited)	(audited)
Total assets	188,730	225,133	278,695	378,796	443,488
Total liabilities	(17,024)	(21,763)	(11,001)	(15,704)	(23,585)
Net assets	171,706	203,370	267,694	363,092	419,903

LETTER FROM THE BOARD

As disclosed in the 2023 Annual Report, the Group's revenue amounted to approximately HK\$71.4 million for the year ended 31 March 2023, representing a decrease of approximately 27.3% compared to approximately HK\$98.3 million in 2022. The Group also recorded a net loss of approximately HK\$54.1 million for the year ended 31 March 2023. In addition, the net assets of Group as at 31 March 2023 was approximately HK\$171.7 million, representing a decrease of approximately HK\$31.7 million or approximately 15.6% comparing to that of the financial year ended 31 March 2022. The above loss making position and declining net assets position over the years are mainly attributable to the economic environment arising from the novel coronavirus disease (COVID-19), the factors to be considered for possible loan impairment include the clients' repayment track record and updated financial position, the change in the market value of clients' properties as well as the sentiment of the overall market in Hong Kong.

The Group has been continuing the money lending business as its core business and the Group has been developing the retail and online business since 2015 and has sourced and launched new product lines for pet products including pet supplements and pet foods. As disclosed in the 2023 Annual Report, the Group has been implementing certain business strategies in response to the worsened market conditions arising by the novel coronavirus outbreak in Hong Kong. The Group plans to expand its money lending business and retail business. The novel coronavirus outbreak has changed consumer behavior and led to consumers shop more online than visiting in person physical stores to shop. On the other hand, the measures to contain the spread of COVID-19 such as travel restrictions and limiting opening hours of shops and restaurants during the pandemic and its aftermath had hit the Hong Kong economy badly and created the funding needs of businesses and households across the board. Accordingly, the Company needs to raise funds for working capital and for expanding its money lending business and launch new products for its retail operations for diversification and broadening of the product base and to strength the financial position of the Group.

As disclosed in the 2023 Annual Report, the cash and cash equivalent of the Company was approximately HK\$25.8 million. As at the Latest Practicable Date, the Group's cash on hand dropped to approximately HK\$4.8 million. In the coming months, the estimate of the net cash outflow of the Group per month is set out below:

	Approximate <i>HK\$'000</i>
Cash inflow/(outflow)	
Loan receivables	1,500
Proceeds from retail and wholesales	2,800
Salaries and commission	(2,000)
Rent, rates and management fee	(560)
Utilities expenses	(200)
Transportation	(200)
General office, shop and other expenses	(800)
Costs of purchase for retail and wholesales	(2,240)
	<hr/>
Net cash outflow of the Group	(1,700)
	<hr/> <hr/>

LETTER FROM THE BOARD

As such, the Company has a net cash outflow of approximately HK\$1.7 million per month. Accordingly, the Company needs to raise funds for working capital and for expanding its money lending business which has seen steady growth over the past years and launch new products for its retail operations for diversification and broadening of the product base.

The Group will continue to expand its existing businesses, namely the money lending business and retail business. The property market of Hong Kong has been correcting and with the increase in interest rate in the major markets and the more stringent regulatory environment for money lending business, the money lending business has been very difficult. However, there are good opportunities for higher return in interest as well as securing quality properties provided funds are available when such opportunities arise. As a result, the Group would like to have sufficient cash on hand to grasp such opportunities when they become available.

On the contrary, the retail business has been very steady and the expectation is that stability should continue as people in Hong Kong changed their way of living post-COVID with more home cooking. We have seen a big demand in frozen food and ready to eat meal packages over the last 12 months and the expectation is customers would continue this way of living in the foreseeable future especially with the difficult economic environment and the reduced spending capacity of the general population due to inflation, high interest rates and relatively poor financial performance of companies in general. In order to capture the growing demand, the Group intends to expand its product range in its retail business as well as growing its retail network and possibly have its own logistics team to support our online retail business.

Use of proceeds

The gross proceeds from the Rights Issue will be approximately HK\$70.0 million (assuming no Shares have been issued or repurchased by the Company before the Record Date). The net proceeds after deduction of relevant expenses (including but not limited to underwriting commission, professional parties expenses and disbursements) are estimated to be approximately HK\$64.5 million, representing a net subscription price of approximately HK\$0.041 per Rights Share.

LETTER FROM THE BOARD

Set out below a breakdown of the intended use of proceeds from the Rights Issue and the expected timeline in utilising the estimated net proceeds.

Intended use of proceeds from the Rights Issue	Approximate amount of the estimated net proceeds	Expected timeline in utilising the estimated Net Proceeds
(i) continual expansion of its money lending business, including secured loans and unsecured loans, such as mortgaged loans, car loans and personal loans under current client profiles	HK\$29 million	On or before 30 June 2024
(ii) procurement of healthcare products for human to enhance and expand its retail business	HK\$3 million	On or before 31 March 2024
(iii) procurement pets products including pet supplement and consumable goods	HK\$3 million	On or before 31 March 2024
(iv) expansion of other products offerings of the retail business	HK\$15 million	On or before 30 June 2024
(v) payment of outstanding promissory notes and consultancy fees		
– promissory note of subscription 2 companies' shares	HK\$3.1 million	On or before 31 December 2023
– consultancy fee	HK\$1.9 million	On or before 31 December 2023
(vi) general working capital of the Group (including rental, staff salaries, utilities expenses and general expenses etc)	HK\$9.5 million	On or before 31 March 2024

LETTER FROM THE BOARD

Details of the Company intends to apply the net proceeds from the Rights Issue as follow:

- (i) as to HK\$29 million for the continual expansion of its money lending business under current client profiles including secured and unsecured loans such as mortgaged loan, car loans and personal loans. As at the Latest Practicable Date, the Company had no plan to conduct any other fundraising activities in the next 12 months and would focus on the Rights Issue. Nevertheless, the Group is actively participating in money lending business, as stated in the 2023 Annual Report, the demand for loans is correlated to consumer and business sentiment on expenditure and/or purchase of real estate assets for residential or investment purposes which can then be reflected in the level of domestic economic activities. The economic activities and business sentiment have been affected by the novel coronavirus infection. Many enterprises suffer from a plunge in business turnover, resulting in a liquidity problem, in particular those small and medium enterprises which have difficulty in obtaining commercial bank loans due to their scale of operation. This may provide potential opportunities for licensed money lenders, particularly when banks' attitudes have become more conservative under the worsened economic environment, notwithstanding that the Group has become more cautious in its lending given the weakening economy in Hong Kong which may give rise to more bad debts in the industry. The management of the Company will closely monitor and review the change in the money lending business and assess from time to time whether additional capital is needed. Despite that the Company is cautiously optimistic about the prospects of the money lending business, it is the management's responsibility to plan well ahead of time so that no promising business opportunities will be missed out when such business opportunities arise. As such, the Company intends to allocate net proceeds of approximately HK\$29 million from the Rights Issue to strengthen the capital base for the continual expansion of its money lending business. The management of the Company estimated that the maximum amount of capital that they can lend would increase to approximately HK\$86 million. Subject to the market performance and market sentiment, the net proceeds from the Rights Issue in this regard is expected to be fully utilised by June 2024.
- (ii) as to HK\$3 million for purchase of healthcare products for humans to enhance and expand its retail business. The Company has identified new source of suppliers and different brands of healthcare products and those healthcare products such as cordyceps products, sporoderm-broken ganoderma lucidum products, kidney and heart healthcare products and organic products are expected to be sold in the Company's existing retail stores.
- (iii) as to HK\$3 million to purchase pets products to enhance and expand its retail business, the Company has identified innovative brands such as Yunzhi & Agaricus Blazei Murill products, Petroselinum Crispum products, Broken Ganoderma Spore Meal Booster products, Joint Health Formula products under Brand name King of Chicken Essence, PAg+, Natural Pro, Petsmore, Petural and Cat Daily. The Company will also explore new source of suppliers and different brands of pets products and those pets products are expected to be sold in the existing retail stores.

LETTER FROM THE BOARD

- (iv) as to HK\$15 million for expansion of other products offerings of the retail business; the Company is exploring a cooperation opportunity with a famous brand which sells frozen food products, such as dumplings, buns, dim sum etc. The idea is to bring signature dim sum into supermarket and home. The Company sees the opportunity of the change in consumer behavior during and after the COVID-19 pandemic and that the frozen food and ready-to-eat market suits all age groups and the increasing volume year-on-year. Consumers have now been accustomed to ordering raw food and frozen food to cook at home instead of patronizing restaurants. However, the pandemic has not diminished consumers in particular Hongkongers' appetite in quality dim sum. The Company plans to acquire trademark right from a famous local producer of food and beverage products and engage OEM (original equipment manufacturing) food factory to produce quality frozen dim sum. Leveraging the Group's expertise and experience in retail business and well-established relationship with distribution channels including supermarkets and chain stores, the Group will first launch the products in its own supermarkets and then to other supermarkets in Hong Kong. It is estimated that the proceeds of HK\$15 million will be used to expand into the new product line as follows:

Estimated costs	<i>HK\$' million</i>
Acquisition of trademark	5.0
Inventory cost	5.0
Marketing and promotion	2.0
Transportation	1.0
Employment of office staff	1.0
Cold storage rental	1.0
Total	<u>15.0</u>

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the foregoing trademark owner is an Independent Third Party. Accordingly, acquisition of the trademark from the trademark owner will not constitute a connected transaction under Chapter 20 of the GEM Listing Rules. Based on the initial calculation of the relevant size tests, acquisition of the trademark after completion of the Rights Issue will not constitute a notifiable transaction under Chapter 19 of the GEM Listing Rules. The Company will comply the relevant requirements under the GEM Listing Rule and make announcement as and when appropriate when the acquisition is made.

LETTER FROM THE BOARD

- (v) as to HK\$3.1 million for payment of outstanding promissory notes for investment in 20% shares in Just Production (HK) Limited (“**Just Production**”), a production company which produces unmatched high quality media and private projects. Pursuant to a sale and purchase agreement dated 5 July 2023 between Great Sources Limited (a wholly-owned subsidiary of the Company) (“**Great Sources**”) as buyer and Mr. Siu Chung Ki Jarco, who is an Independent Third Party, as seller, Great Sources agreed to acquire a 20% interest in Just Production for a cash consideration of HK\$3,120,000 which is payable by way of issue of promissory note of Great Sources or its holding company upon completion. Acquisition of the 20% interest in Just Production was completed on 31 July 2023 and a promissory note in the amount of HK\$3,120,000 was issued by Great Sources at the closing of the transaction. The Directors confirm that the acquisition of interest in Just Production does not constitute a notifiable transaction or connected transaction under Chapter 19 and 20 of the GEM Listing Rules. It is expected that Just Production will contribute unparalleled insights into the promotion campaigns of the Company; and approximately HK\$1.9 million for consultancy fee, financial advisory fee and legal fees incurred in the Company’s day-to-day running of its businesses; and
- (vi) the remaining of the net proceeds for general working capital such as rental, staff salaries, utilities expenses and general expenses of the Group.

The Directors (including the members of the Independent Board Committee) have considered other financing alternatives such as debt financing, placing, open offer or internal cash resources to meet the funding needs of the Group, if appropriate, taking into consideration the financial position, capital structure and cost of funding of the Group as well as the prevailing market condition.

As for debt financing, firstly, debt financing such as bank borrowing will incur interest burden to the Group, thus weakening the financial position of the Group by increasing its gearing ratio, especially in light of the current upward trend of interest rates. Secondly, the Group may be subject to due diligence and negotiations for approximately two to three months, including assessment to the Group’s profitability, financial position and the then prevailing market condition. It is thus possible that the Group may either receive insufficient funds for its needs or receive sufficient funds under unfavorable financing conditions. Thirdly, debt financing may involve pledge of the Group’s assets, however, as mentioned above, over 50% of total asset of the Group are the loans and advances to customers and financial assets at fair value through profit or loss and inventory and trade receivables, which may not be regarded as valid pledge by the debt financing providers. Given the above considerations, the Directors consider debt financing to be relatively uncertain and time-consuming and thus not a commercially viable alternative, as compared to equity financing for the Group to obtain additional funding.

LETTER FROM THE BOARD

As for equity fundraising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. Furthermore, to raise fund from placing, substantial amount of securities must be issued and it is not uncommon that the subscriber(s) request for a relatively deeper discount to the trading price of the Shares in view of the substantial amount of securities involved.

As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market unlike a rights issue, which would allow Shareholders to have more flexibility in dealing with the Shares and the nil paid rights attaching thereto.

In determining the subscription ratio of the Rights Issue, the Directors had taken into accounts, among other things, (i) the amounts to be raised by the exercise as compared to the relatively low market capitalisation of the Company of approximately HK\$30 million as at the date of the Underwriting Agreement; (ii) the subscription price shall be set at certain discount levels to the recent closing prices of the Shares at which the potential underwriters may accept and shall be attractive to encourage shareholders to participate in the Rights Issue; and (iii) the requirements of Rule 10.44A of the GEM Listing Rules that Rights Issue should not result in a theoretical dilution effect of 25% or more.

In the view of the above, the Directors (including the members of the Independent Board Committee) are of the view that the Rights Issue can strengthen the financial position of the Group, provide funding to the Group to finance the Group's funding needs as stated above and that the proceeds from previous equity fund raising activities (as stated below) have been fully utilised as at the date of this circular, and will also enable all Qualifying Shareholders to participate in the future development of the Company on equal terms and at the same time to maintain their respective pro rata shareholdings in the Company. As such, the Directors consider that the fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

RISK FACTORS

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. To their best of knowledge and belief, the Directors consider that the followings are the key risks and uncertainties identified by the Group.

LETTER FROM THE BOARD

Risks relevant to the Company's business

Money lending business

The money lending business of the Group is exposed to default from the Group's customers, which involves the risk of loss due to the inability or unwillingness of customers to meet their contractual obligations. While the Group has internal policies and procedures designed to manage such risks, these policies and procedures may not be fully effective. If the customers of the money lending business of the Group fail to meet their contractual obligations, the Company may incur additional costs to collect the loan principal and corresponding interests.

Groceries retail and wholesale business

The groceries retail and wholesale market is highly competitive. In the event the Group is unable to compete effectively, the business and financial results of the Group may be affected.

Foreign Exchange Rates Risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Liquidity Risk

Liquidity risk is the potential risk that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

Price Risk

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to price risk arising from listed equity securities and unlisted fund. The Directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

LETTER FROM THE BOARD

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Apart from the fund raising activities mentioned below, the Company has not conducted any other fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this circular.

Date of announcement	Fund raising activity	Net proceeds raised <i>(approximately)</i>	Proposed use of the net proceeds	Actual use of net proceeds
10 August 2022 (completed on 21 September 2022)	Rights issue on the basis of one (1) rights share for every two (2) Shares held on the record date at the subscription price of HK\$0.12 per rights share	HK\$12.62 million	(i) as to HK\$6 million for the continual expansion of its money lending business; (ii) as to HK\$6 million for purchase of products to expand its retail operations offering; and (iii) the remaining amount for general working capital of the Group.	(i) as to approximately HK\$6 million was used for money lending to clients; (ii) as to approximately HK\$6 million was used for purchase of products to expand its retail operations offering from supplier; and (iii) as to approximately HK\$0.62 million was used for general working capital of the Group.
1 November 2022 (completed on 21 November 2022)	Offer by way of private placing of 72,105,000 Shares to the places	HK\$9.8 million	(i) as to approximately HK\$9 million for continual expansion of its money lending business; and (ii) as to approximately HK\$0.8 million for general working capital of the Group.	(i) as to approximately HK\$9 million for money lending to clients; and (ii) as to approximately HK\$0.8 million was used for general working capital of the Group.

LETTER FROM THE BOARD

Date of announcement	Fund raising activity	Net proceeds raised <i>(approximately)</i>	Proposed use of the net proceeds	Actual use of net proceeds
9 February 2023 (completed on 23 May 2023)	Subscription of 86,000,000 new Shares at the subscription price of HK\$0.20 per Share under specific mandate	HK\$15.2 million	(i) as to HK\$1 million and HK\$1 million for financing the respective acquisitions of Union Raise Limited (“ Union Raise ”) and Pets Supermarket Limited (“ Pets Supermarket ”); and (ii) as to approximately HK\$6.6 million and HK\$6.6 million for the operation and working capital of Union Raise and Pets Supermarket respectively.	(i) as to HK\$1 million and HK\$1 million for financing the respective acquisitions; and (ii) as to approximately HK\$6.6 million and HK\$6.6 million for the operation and working capital of Union Raise and Pets Supermarket respectively.

GEM LISTING RULES IMPLICATIONS

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

As at the Latest Practicable Date, Best Richest (a company which is ultimately owned as to 100% by Mr. Chan, the chairman and an executive Director) holds 181,196,866 Shares (representing approximately 34.94% of the issued share capital of the Company), is a controlling shareholder of the Company. Accordingly, Mr. Chan and his associates are required to abstain from voting in favour of the resolution(s) approving the Rights Issue at the SGM.

The Rights Issue (whether on its own or when aggregated with the 2022 Rights Issue) does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

LETTER FROM THE BOARD

GENERAL

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

The notice convening the SGM to be held at Units 3-9, 10/F, Fook Hong Industrial Building, 19 Sheung Yuet Road, Kowloon Bay, Hong Kong on Wednesday, 29 November 2023 at 4:00 p.m. is set out on page SGM-1 of this circular.

A form of proxy for use at the SGM is enclosed herewith. Whether or not you intend to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM (i.e. 4:00 p.m. on Monday, 27 November 2023, Hong Kong time) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof if you so wish.

Subject to the approval of the Rights Issue by the Independent Shareholders at the SGM, the Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Share and other information in respect of the Group, the PAL(s) and EAF(s) are expected to be despatched to the Qualifying Shareholders on Tuesday, 12 December 2023.

WARNING OF THE RISKS OF DEALING IN SHARES AND 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 (a summary of which is set out in the paragraph headed “Termination of the Underwriting Agreement” under the section headed “THE UNDERWRITING AGREEMENT” above). Accordingly, the proposed Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Friday, 1 December 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 14 December 2023 to Thursday, 21 December 2023 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the proposed Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the proposed Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Independent Board Committee, which comprises all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the Rights Issue, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the SGM. South China Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee set out on page 42 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 44 to 78 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors consider that the Rights Issue and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM.

ADDITIONAL INFORMATION

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

On behalf of the Board
Wisdomcome Group Holdings Limited
Chan Yan Tak
Director and Chairman of the Company

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Rights Issue and the Underwriting Agreement.



仍志集團控股有限公司 WISDOMCOME GROUP HOLDINGS LIMITED

(formerly known as “Easy Repay Finance & Investment Limited (易還財務投資有限公司)”)

(Continued into Bermuda with limited liability)

(Stock Code: 8079)

9 November 2023

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE

We refer to the circular of the Company dated 9 November 2023 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the Rights Issue and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

South China Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice from the Independent Financial Adviser, we are of the opinion that the Rights Issue, 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 you to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Rights Issue.

Yours faithfully,
Independent Board Committee

Mr. Lee King Fui
Independent
non-executive Director

Mr. To Kwan
Independent
non-executive Director

Ms. Ho Sau Ping, Pia
Independent
non-executive Director

**Mr. Joseph Rodrick
Law**
Independent
non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser for the purpose of inclusion in this circular.



South China Capital Limited

28/F., Bank of China Tower

No. 1 Garden Road, Central

Hong Kong

9 November 2023

*To the Independent Board Committee and
the Independent Shareholders*

Wisdomcome Group Holdings Limited

Unit 02, 11/F, Eastmark,

21 Sheung Yuet Road,

Kowloon Bay, Kowloon,

Hong Kong

Dear Sirs,

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue. Details of the Rights Issue are contained in the letter from the Board (the “**Letter from the Board**”) as set out in the circular dated 9 November 2023 (the “**Circular**”). Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those ascribed in the Circular.

Reference is made to the Announcement, in relation to, among other things, the Rights Issue. On 15 August 2023, the Company proposes to raise approximately HK\$70 million before expenses by way of a rights issue of 1,555,932,093 Rights Shares (assuming no Shares have been issued or repurchased by the Company before the Record Date) at the Subscription Price of HK\$0.045 per Rights Share on the basis of three (3) Rights Shares for every one (1) existing Share held on the Record Date (assuming no Shares have been issued or repurchased by the Company before the Record Date).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

IMPLICATIONS UNDER THE GEM LISTING RULES

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

As at the Latest Practicable Date, Best Richest (a company which is ultimately owned as to 100% by Mr. Chan, the chairman of the Company and an executive Director) holds 181,196,866 Shares (representing about 34.94% of the issued share capital of the Company), is a controlling shareholder of the Company. Accordingly, Mr. Chan and his associates are required to abstain from voting in favour of the resolution(s) approving the Rights Issue at the SGM.

The Rights Issue (whether on its own or when aggregated with the 2022 Rights Issue) does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee (comprising all the independent non-executive Directors, namely Mr. Lee King Fui, Mr. Joseph Rodrick Law, Mr. To Kwan and Ms. Ho Sau Ping, Pia) has been established to provide recommendation to the Independent Shareholders in connection with the Rights Issue.

As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the Rights Issue are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and to give independent advice to the Independent Board Committee and the Independent Shareholders as to whether the Independent Shareholders should vote in favour of the Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We are not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fee or benefit from the Group and its associates. During the past two years, there was no engagement between the Group and us. Also, we are not aware of the existence of or change in any circumstances that could affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Rights Issue and the transactions contemplated thereunder of the Company.

BASIS OF OUR OPINION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, the management of the Company (the “**Management**”). We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading.

We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors and/or the Management will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors and/or the Management. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and/or the Management.

We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed. We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

In formulating our opinion, we have not considered the taxation implications on Independent Shareholders in relation to the subscription for, holding or disposal of the Rights Shares, since these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effects on, or liabilities of any person resulting from the subscription for, holding or disposal of the Rights Shares. In particular, Independent Shareholders subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

We consider that we have reviewed all currently available information and documents, among others, the Underwriting Agreement, the Supplemental Underwriting Agreement, the Company's annual report for the financial year ended 31 March 2023 (the "**2023 Annual Report**"), the Company's quarterly report for the three months ended 30 June 2023 (the "**2023 Q1 Report**") and other information contained in the Circular. We have also discussed with the Management regarding the commercial implication of the Rights Issue and the transactions contemplated thereunder, which are made available to us and enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Rights Issue, as referred to in Rule 17.92 of the GEM Listing Rules.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Rights Issue 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 formulating our opinion and recommendation regarding the Rights Issue and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Information of the Group

The Company is a company incorporated in the Cayman Islands and continued into Bermuda with limited liability, the Shares of which are listed on GEM of the Stock Exchange (stock code: 8079). The Group is principally engaged in the money lending business, retail and wholesale business, financial instruments and quoted shares investment in Hong Kong.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Financial information of the Group

Set out below is a summary of (1) the audited consolidated financial information of the Company for the financial years (“FY”) ended 31 March 2022 and 2023 as extracted from the 2023 Annual Report; and (2) the unaudited consolidated financial information of the Company for the three months ended 30 June 2022 and 30 June 2023 as extracted from the 2023 Q1 Report:

	For the FY ended		For the three months ended	
	31 March		30 June	
	2022	2023	2022	2023
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	98,271	71,399	21,988	11,487
Loss for the year/period	(64,324)	(54,104)	(3,976)	(9,621)
			As at 31 March	
			2022	2023
			(Audited)	(Audited)
			<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			87,827	52,753
Current assets			137,306	135,977
Current liabilities			15,609	15,557
Net current assets			121,697	120,420
Non-current liabilities			6,154	1,467
Net assets			203,370	171,706

For the year ended 31 March 2023

The Group’s total revenue decreased by about 27.3% from approximately HK\$98.3 million for the FY ended 31 March 2022 to HK\$71.4 million for the FY ended 31 March 2023. Based on the 2023 Annual Report, such decrease in revenue was mainly attributable to the decrease in the revenue in segment of retail and wholesale business which amounted to approximately HK\$21.4 million.

The Group recognized net loss of approximately HK\$54.1 million for the FY ended 31 March 2023, representing a decrease of about 15.9% as compared to that of approximately \$64.3 million for the FY ended 31 March 2022. Such decrease was mainly attributable to the decrease of the allowance for expected credit losses on loans and advances to customers, which was a non-cash item in nature and did not affect the Group’s cash position and liquidity, for the FY ended 31 March 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 March 2023, the Group's total assets amounted to approximately HK\$188.7 million, representing a decrease of about 16.2% as compared to approximately HK\$225.1 million as at 31 March 2022, which mainly comprised (i) non-current assets of approximately HK\$52.8 million, representing a decrease of about 39.9% as compared to approximately HK\$87.8 million as at 31 March 2022; and (ii) current assets of approximately HK\$136.0 million, representing a decrease of about 1% as compared to approximately HK\$137.3 million as at 31 March 2022, which included cash and cash equivalents of approximately HK\$25.8 million as compared to approximately HK\$21.7 million as at 31 March 2022 and loans and advances to customers of approximately HK\$32.2 million as compared to approximately HK\$65.3 million as at 31 March 2022.

As at 31 March 2023, the Group's total liabilities amounted to approximately HK\$17.0 million, as compared to approximately HK\$21.8 million as at 31 March 2022.

As at 31 March 2023, the Group's total equity amounted to approximately HK\$171.7 million, as compared to approximately HK\$203.4 million as at 31 March 2022.

For the three months ended 30 June 2023

The Group's total revenue decreased by about 47.8% from approximately HK\$22.0 million for the three months ended 30 June 2022 to HK\$11.5 million for the three months ended 30 June 2023. The Group recognized net loss of approximately HK\$9.6 million for the three months ended 30 June 2023, representing an increase of about 142% as compared to HK\$4.0 million for three months ended 30 June 2022. Based on the 2023 Q1 Report, such results were mainly attributable to (i) the increase in market interest rate caused the decrease in demand of borrowing; (ii) continuing to adopt prudent and cautious approaches in the loan assessment and approval process for the segment of money lending business; (iii) there are many new competitors with similar business model in the retail and wholesale market, resulting in severe competitions; and (iv) a decrease in the market share in the wholesales business for the segment of retail and wholesale business.

Having considered the historical financial information of the Group, given that (i) the Group has recorded net loss of approximately HK\$64.3 million, HK\$54.1 million and HK\$9.6 million for the FY ended 31 March 2022 and 2023 and the three months ended 30 June 2023, respectively; (ii) the Group's cash and cash equivalents amounted to approximately HK\$25.8 million as at 31 March 2023; and (iii) the Group needs to have additional funding to finance the Group's funding needs as stated in the Letter from the Board, we are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Reasons for the Rights Issue and the use of proceeds

As stated in the Letter from the Board, the Group has been loss making over the last five financial years. Set out below are the Group's financial summary since the FY ended 31 March 2019:

	the FY ended 31 March				
	2023	2022	2021	2020	2019
	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)
Revenue	71,399	98,271	115,368	116,110	206,268
Loss of the year	(54,104)	(64,324)	(94,698)	(63,940)	(37,134)
	As at 31 March				
	2023	2022	2021	2020	2019
	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)
Total assets	188,730	225,133	278,695	378,796	443,488
Total liabilities	(17,024)	(21,763)	(11,001)	(15,704)	(23,585)
Net assets	171,706	203,370	267,694	363,092	419,903

As disclosed in the 2023 Annual Report, the Group's revenue amounted to approximately HK\$71.4 million for the year ended 31 March 2023, representing a decrease of about 27.3% compared to approximately HK\$98.3 million in 2022. The Group also recorded a net loss of approximately HK\$54.1 million for the year ended 31 March 2023. In addition, the net assets of the Group as at 31 March 2023 was approximately HK\$171.7 million, representing a decrease of approximately HK\$31.7 million or about 15.6% comparing to that of the financial year ended 31 March 2022. The above loss making position and declining net assets position over the years are mainly attributable to the economic environment arising from the novel coronavirus disease (COVID-19), the factors to be considered for possible loan impairment include the clients' repayment track record and updated financial position, the change in the market value of clients' properties as well as the sentiment of the overall market in Hong Kong.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group has been continuing the money lending business as its core business and the Group has been developing the retail and online business since 2015 and has sourced and launched new product lines for pet products including pet supplements and pet foods. As disclosed in the 2023 Annual Report, the Group has been implementing certain business strategies in response to the worsened market conditions arising by the novel coronavirus outbreak in Hong Kong. The Group plans to expand its money lending business and retail business. The novel coronavirus outbreak has changed consumer behavior and led to consumers shop more online than visiting in person physical stores to shop. On the other hand, the measures to contain the spread of COVID-19 such as travel restrictions and limiting opening hours of shops and restaurants during the pandemic and its aftermath had hit the Hong Kong economy badly and created the funding needs of businesses and households across the board. Accordingly, the Company needs to raise funds for working capital and for expanding its money lending business and launch new products for its retail operations for diversification and broadening of the product base and to strength the financial position of the Group.

As disclosed in the 2023 Annual Report, the cash and cash equivalent of the Company was approximately HK\$25.8 million. As at the Latest Practicable Date, the Group's cash and cash equivalents dropped to approximately HK\$4.8 million. In the coming months, the estimate of the net cash outflow of the Group per month is set out below:

	Approximate <i>HK\$'000</i>
Cash inflow/(outflow)	
Loan receivables	1,500
Proceeds from retail and wholesales	2,800
Salaries and commission	(2,000)
Rent, rates and management fee	(560)
Utilities expenses	(200)
Transportation	(200)
General office, shop and other expenses	(800)
Costs of purchase for retail and wholesales	(2,240)
	<hr/>
Net cash outflow of the Group	<u>(1,700)</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As such, the Company has a net cash outflow of approximately HK\$1.7 million per month. Accordingly, the Company needs to raise funds for working capital and for expanding its money lending business which has seen steady growth over the past years and launch new products for its retail operations for diversification and broadening of the product base.

The Group will continue to expand its existing businesses, namely the money lending business and retail business. The property market of Hong Kong has been correcting and with the increase in interest rate in the major markets and the more stringent regulatory environment for money lending business, the money lending business has been very difficult. However, there are good opportunities for higher return in interest as well as securing quality properties provided funds are available when such opportunities arise. As a result, the Group would like to have sufficient cash on hand to grasp such opportunities when they become available.

On the contrary, the retail business has been very steady and the expectation is that stability should continue as people in Hong Kong changed their way of living post-COVID with more home cooking. We have seen a big demand in frozen food and ready to eat meal packages over the last 12 months and the expectation is customers would continue this way of living in the foreseeable future especially with the difficult economic environment and the reduced spending capacity of the general population due to inflation, high interest rates and relatively poor financial performance of companies in general. In order to capture the growing demand, the Group intends to expand its product range in its retail business as well as growing its retail network and possibly have its own logistics team to support our online retail business.

The gross proceeds from the Rights Issue will be approximately HK\$70.0 million (assuming no Shares have been issued or repurchased by the Company before the Record Date). The net proceeds after deduction of relevant expenses (including but not limited to underwriting commission, professional parties expenses and disbursements) are estimated to be approximately HK\$64.5 million, representing a net subscription price of approximately HK\$0.041 per Rights Share.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below a breakdown of the intended use of proceeds from the Rights Issue and the expected timeline in utilising the estimated net proceeds.

Intended use of proceeds from the Rights Issue	Approximate amount of the estimated net proceeds	Expected timeline in utilising the estimated Net Proceeds
(i) continual expansion of its money lending business, including secured loans and unsecured loans, such as mortgaged loans, car loans and personal loans under current client profiles	HK\$29 million	On or before 30 June 2024
(ii) procurement of healthcare products for human to enhance and expand its retail business	HK\$3 million	On or before 31 March 2024
(iii) procurement pets products including pet supplement and consumable goods	HK\$3 million	On or before 31 March 2024
(iv) expansion of other products offerings of the retail business	HK\$15 million	On or before 30 June 2024
(v) payment of outstanding promissory notes and consultancy fees		
– promissory note of subscription 2 companies' shares	HK\$3.1 million	On or before 31 December 2023
– consultancy fee	HK\$1.9 million	On or before 31 December 2023
(vi) general working capital of the Group (including rental, staff salaries, utilities expenses and general expenses etc.)	HK\$9.5 million	On or before 31 March 2024

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Details of the proposed application of the net proceeds from the Rights Issue as follow:

- (i) as to HK\$29 million for the continual expansion of its money lending business under current client profiles including secured and unsecured loans such as mortgaged loan, car loans and personal loans. As at the Latest Practicable Date, the Company had no plan to conduct any other fundraising activities in the next 12 months and would focus on the Rights Issue. Nevertheless, the Group is actively participating in money lending business, as stated in the 2023 Annual Report, the demand for loans is correlated to consumer and business sentiment on expenditure and/or purchase of real estate assets for residential or investment purposes which can then be reflected in the level of domestic economic activities. The economic activities and business sentiment have been affected by the novel coronavirus infection. Many enterprises suffer from a plunge in business turnover, resulting in a liquidity problem, in particular those small and medium enterprises which have difficulty in obtaining commercial bank loans due to their scale of operation. This may provide potential opportunities for licensed money lenders, particularly when banks' attitudes have become more conservative under the worsened economic environment, notwithstanding that the Group has become more cautious in its lending given the weakening economy in Hong Kong which may give rise to more bad debts in the industry. The Management will closely monitor and review the change in the money lending business and assess from time to time whether additional capital is needed. Despite that the Company is cautiously optimistic about the prospects of the money lending business, it is the Management's responsibility to plan well ahead of time so that no promising business opportunities will be missed out when such business opportunities arise. As such, the Company intends to allocate net proceeds of approximately HK\$29 million from the Rights Issue to strengthen the capital base for the continual expansion of its money lending business. The Management estimated that the maximum amount of capital that they can lend would increase to approximately HK\$86 million. Subject to the market performance and market sentiment, the net proceeds from the Rights Issue in this regard is expected to be fully utilised by June 2024.
- (ii) as to HK\$3 million for purchase of healthcare products for humans to enhance and expand its retail business. The Company has identified new source of suppliers and different brands of healthcare products and those healthcare products such as cordyceps products, sporoderm-broken ganoderma lucidum products, kidney and heart healthcare products and organic products are expected to be sold in the Company's existing retail stores.
- (iii) as to HK\$3 million to purchase pets products to enhance and expand its retail business, the Company has identified innovative brands such as Yunzhi & Agaricus Blazei Murill products, Petroselinum Crispum products, Broken Ganoderma Spore Meal Booster products, Joint Health Formula products under Brand name King of Chicken Essence, PAg+, Natural Pro, Petsmore, Petural and Cat Daily. The Company will also explore new source of suppliers and different brands of pets products and those pets products are expected to be sold in the existing retail stores.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) as to HK\$15 million for expansion of other products offerings of the retail business, the Company is exploring a cooperation opportunity with a famous brand which sells frozen food products, such as dumplings, buns, dim sum etc. The idea is to bring signature dim sum into supermarket and home. The Company sees the opportunity of the change in consumer behavior during and after the COIVD-19 pandemic and that the frozen food and ready-to-eat market suits all age groups and the increasing volume year-on-year. Consumers have now been accustomed to ordering raw food and frozen food to cook at home instead of patronizing restaurants. However, the pandemic has not diminished consumers in particular Hongkongers' appetite in quality dim sum. The Company plans to acquire trademark right from a famous local producer of food and beverage products and engage OEM (original equipment manufacturing) food factory to produce quality frozen dim sum. Leveraging the Group's expertise and experience in retail business and well-established relationship with distribution channels including supermarkets and chain stores, the Group will first launch the products in its own supermarkets and then to other supermarkets in Hong Kong. It is estimated that the proceeds of HK\$15 million will be used to expand into the new product line as follows:

Estimated costs	<i>HK\$' million</i>
Acquisition of trademark	5.0
Inventory cost	5.0
Marketing and promotion	2.0
Transportation	1.0
Employment of office staff	1.0
Cold storage rental	1.0
Total	<u><u>15.0</u></u>

- (v) as to HK\$3.1 million for payment of outstanding promissory notes for investment in 20% shares in a production company which produces unmatched high quality media and private projects. Pursuant to a sale and purchase agreement dated 5 July 2023 between Great Sources Limited (a wholly-owned subsidiary of the Company) ("**Great Sources**") as buyer and Mr. Siu Chung Ki Jarco as seller, Great Sources agreed to acquire a 20% interest in Just Production (HK) Limited at a consideration of HK\$3,120,000 which is payable by way of issue of promissory note of Great Sources or its holding company upon completion. Acquisition of the 20% interest in Just Production was completed on 31 July 2023 and a promissory note in the amount of HK\$3,120,000 was issued by Great Sources at the closing of the transaction. It is expected that the production company will contribute unparalleled insights into the promotion campaigns of the Company; and approximately HK\$1.9 million for consultancy fee, financial advisory fee and legal fees incurred in the Company's day-to-day running of its businesses; and
- (vi) the remaining of the net proceeds for general working capital such as rental, staff salaries, utilities expenses and general expenses of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As discussed with the Management, approximately HK\$29 million is intended to be used for expanding its money lending business. The Group intends to cautiously expand its loan business by soliciting new customers. Upon our discussion with the Management in relation to the money lending business, given the recent weakening economy in Hong Kong, despite the increase in market interest rate, the demand of the mortgage loan and personal loan are expected to be increased, the Group has from time to time received request from its clients for applying the new loans in daily operation. However, the Management expects that, without further external funding, the size of the loan portfolio will be limited by the existing scale of operations of the Group. The Management has also supplemented that despite the increasing demand of loans, the Management will still adopt prudent and cautious approaches in the loan assessment and approval process.

In order to ascertain the money lending business of the Group, we have conducted an analysis on the money lending business to the Group's results. From the 2023 Q1 Report, the revenue from money lending for the three months ended 30 June 2023 was amounted to approximately HK\$4.0 million, which represents about 35% of the total revenue of the Group for the three months ended 30 June 2023. From the 2023 Annual Report, the revenue from money lending for the financial year ended 31 March 2023 was amounted to approximately HK\$22.1 million, which represents about 31% of the total revenue of the Group for the financial year ended 31 March 2023. The reportable segment profit before tax from money lending was amounted to approximately HK2.0 million while other segment was still loss-making for the financial year ended 31 March 2023. In addition, we have tried to conduct research on the money lending industry in Hong Kong, however we only found that the figures published by Hong Kong Monetary Authority ("HKMA") in relation to loans to customers (inside Hong Kong) by authorized institutions in Hong Kong are the most related statistics which can illustrate the general trend of the credit markets in Hong Kong. According to the 2022 annual report issued by HKMA, the loans to customers (inside Hong Kong) by authorized institutions increased from approximately HK\$4,158 billion in 2018 to approximately HK\$4,845 billion in 2022, which represented an increase of about 16.5% from 2018 to 2022. Such increase indicates a rising demand in credit market in Hong Kong in recent years. Given (i) the substantial contribution from the money lending business to the Group's results; and (ii) a rising demand in credit market in Hong Kong in recent years even in a high interest environment, we are of the view that the deployment of net proceeds from the Rights Issue on the continual expansion of its money lending business is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As discussed with the Management, total of approximately HK\$21 million is intended to be used for the expansion of product offerings of its retail business. The Group has been developing the retails and online sales business since year 2015 and developed its self-own brand products, namely Master Chef Series and FRESHNESSMART, Dawooyeon Hanwoo, Buon Cibo, Ganges Curry, 李朝, 月姐滋養湯, 貞下起元 and 老蕭燉湯 and will source different types of products from local or overseas suppliers to satisfy the ever-changing conditions of its customers. The Group has 4 retail shops which located in Wanchai, Lai Chi Kok, Kowloon Bay and Tai Po and operates online business for the sales of grocery products. The Group has also sourced and launched new product line for pets products including pets supplement and pets food. The brand name for these new products included King of Chicken Essence, PAg+, Natural Pro, Petsmore, Petural and Cat Daily. Upon our discussion with the Management in relation to its retail business, the Management expects that, after the full resumption of normal travel since February 2023, the sales of food groceries including the frozen food and the health supplements would be improved. We understand that the expansion of product offerings present a good opportunity for the Group to expand its business by expanding the customer base of different favour. We have also reviewed business plan of the Group. We are of the view that the deployment of net proceeds from the Rights Issue on the expansion of product offerings of its retail business is fair and reasonable.

Apart from using the net proceeds from the Rights Issue to develop the Group's existing businesses, approximately HK\$5 million would be used for payment of outstanding promissory notes and consultancy fee and approximately HK\$9.5 million would be used for general working capital of the Group. We had obtained the key financials of the Group and noted that the Group had a cash balance of approximately HK\$9.2 million as at 31 August 2023. As discussed with the Management, the Group will have to pay outstanding promissory notes and consultancy fee by 31 December 2023. After taking into account the cash set aside for payment of outstanding promissory notes and consultancy fee and based on the cash balance of the Group as at 31 August 2023, the Group would have an available cash balance of approximately HK\$4.2 million. As such, we consider the use of proceeds of approximately HK\$5 million would be used for payment of outstanding promissory notes and consultancy fee and approximately HK\$9.5 million for general working capital are fair and reasonable.

Alternative financing methods

As disclosed in the Letter from the Board, the Directors have considered other financing alternatives such as debt financing, placing, open offer or internal cash resources to meet the funding needs of the Group, if appropriate, taking into consideration the financial position, capital structure and cost of funding of the Group as well as the prevailing market condition.

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As for debt financing, firstly, debt financing such as bank borrowing or other borrowings will incur interest burden to the Group, thus weakening the financial position of the Group by increasing its gearing ratio, especially in light of the current upward trend of interest rates. In our calculations, by assuming the amount of approximately HK\$64.5 million (being the net proceeds of the Rights Issue) could be fully financed by the financial institution, (i) regarding the finance cost, for illustration purpose only, with reference to the current prime rate of 5.875% as quoted on the official website of Bank of China (Hong Kong) Limited, the finance cost of such bank borrowings would amount to approximately HK\$3.8 million for a 12-month period, but as discussed with and understood from the Management, (1) under the current high interest rate environment and the latest financial performance and position of the Company, it is very unlikely to obtain such borrowings at that favourable level of interest rate so as much higher cost of financing would very likely to be incurred therefrom, if available; and (2) in the twelve month period prior to the Last Trading Day, the Company has approached more than three financial institutions, but none of them has intention to provide financing to the Company in view of its current financial performance and position; (ii) regarding the gearing ratio (being the Group's borrowings divided by the total equity), the gearing ratio would increase from about 0.7% to 38.3% (as if such borrowings would have taken place in the FY 2023), which would increase the financial risk of the Company. Secondly, the Group may be subject to due diligence and negotiations for approximately two to three months, including assessment to the Group's profitability, financial position and the then prevailing market condition. It is thus possible that the Group may either receive insufficient funds for its needs or receive sufficient funds under unfavorable financing conditions. Thirdly, debt financing may involve pledge of the Group's assets, however, as mentioned above, over 50% of total asset of the Group are the loans and advances to customers and financial assets at fair value through profit or loss and inventory and trade receivables, which may not be regarded as valid pledge by the debt financing providers. As advised by the Management, (1) the debt financing, if available, would result in additional interest burden and create pressure to the liquidity of the Group given the Group's latest cash balances of merely HK\$9.2 million as at 31 August 2023 and the expected repayment schedule of such borrowings (as if such borrowings would have taken place in the FY 2023). As at the Latest Practicable Date, the Company did not receive any positive feedbacks regarding borrowings from the financial institutions; and (2) given the Group's profitability, financial position and the then prevailing market condition, the Group may not be feasible, or even impossible, for obtaining favourable terms on the debt financing in a timely manner as it may be subject to lengthy due diligence and negotiations with financial institutions. Given the above considerations (including the certainty of amount of funds can be raised within a reasonable timeframe regarding the Rights Issue), we concur with the view of the Directors that debt financing is relatively uncertain and time-consuming and thus not commercially viable, as compared to equity financing for the Group to obtain additional funding.

As for equity fundraising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. Furthermore, to raise fund from placing, substantial amount of securities must be issued and it is not uncommon that the subscriber(s) request for a relatively deeper discount to the trading price of the Shares in view of the substantial amount of securities involved.

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As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market unlike a rights issue, which would allow Shareholders to have more flexibility in dealing with the Shares and the nil paid rights attaching thereto.

In determining the subscription ratio of the Rights Issue, the Directors had taken into accounts, among other things, (i) the amounts to be raised by the exercise as compared to the relatively low market capitalisation of the Company of approximately HK\$30 million as at the date of the Underwriting Agreement; (ii) the subscription price shall be set at certain discount levels to the recent closing prices of the Shares at which the potential underwriters may accept and shall be attractive to encourage shareholders to participate in the Rights Issue; and (iii) the requirements of Rule 10.44A of the GEM Listing Rules that Rights Issue should not result in a theoretical dilution effect of 25% or more.

In view of the above, the Directors are of the view that the Rights Issue can strengthen the financial position of the Group, provide funding to the Group to finance the Group's funding needs as stated above and that the proceeds from previous equity fund-raising activities (as stated below) have been fully utilised as at the date of the Circular, and will also enable all Qualifying Shareholders to participate in the future development of the Company on equal terms and at the same time to maintain their respective pro rata shareholdings in the Company. As such, the Directors consider that the fund-raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

After taking into account the benefits and potential cost of each of the alternatives such as debt financing, the respective finance cost and the opportunities offering to the Shareholders, we are of the view and concur with the view of the Directors that the Rights Issue (i) can strengthen the financial position of the Group, provide funding to the Group to finance the Group's funding needs; and (ii) will enable all Qualifying Shareholders to participate in the future development of the Company on equal terms and at the same time to maintain their respective pro rata shareholdings in the Company. Accordingly, we are of the view and concur with the view of the Directors that the fund-raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Rights Issue

Set out below is a summary of the principal terms of the Rights Issue, further details of which are set out in the Letter from the Board:

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) existing Share held on the Record Date
Subscription Price	:	HK\$0.045 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	518,644,031 Shares

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Number of Rights Shares to be issued under the Rights Issue	:	1,555,932,093 Rights Shares (assuming no Shares have been issued or repurchased by the Company before the Record Date)
Enlarged number of Shares upon completion of the Rights Issue	:	2,074,576,124 Shares (assuming no Shares have been issued or repurchased by the Company before the Record Date)
Number of Rights Shares undertaken to be taken up	:	Best Richest has undertaken to take up 543,590,598 Rights Shares (representing about 34.94% (assuming no Shares have been issued or repurchased by the Company before the Record Date) of the total Rights Shares proposed to be provisionally allotted by the Company) pursuant to the Irrevocable Undertaking
Number of Rights Shares underwritten by the Underwriter	:	1,012,341,495 Rights Shares
Amount to be raised before expenses	:	approximately HK\$70.0 million before expenses

As at the Latest Practicable Date, there are no outstanding derivatives, options, warrants or securities in issue which confer any rights to subscribe for, convert or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 1,555,932,093 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 300% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) about 75% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Irrevocable Undertaking

As at the Latest Practicable Date, Best Richest (a company which is ultimately owned as to 100% by Mr. Chan, being a controlling shareholder, the chairman of the Company and an executive Director) holds 181,196,866 Shares (representing about 34.94% of the issued share capital of the Company as at the Latest Practicable Date).

Pursuant to the Irrevocable Undertaking, Best Richest has undertaken to the Company, (i) it will subscribe, or procure its nominee(s) to subscribe, for 543,590,598 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 181,196,866 Shares beneficially held by him; and (ii) it will not dispose of 181,196,866 Shares comprising the current shareholding in the Company owned by Best Richest, and such

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181,196,866 Shares will remain beneficially owned by it up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights issue will not proceed, whichever is earlier.

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any substantial shareholder of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

Subscription Price

The Subscription Price is HK\$0.045 per Rights Share, payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or, where applicable, applies for excess Rights Shares, or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of about 25% to the closing price of HK\$0.06 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of about 22.4% to the closing price of HK\$0.058 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of about 18.2% to the average closing price of approximately HK\$0.055 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of about 18.2% to the average closing price of approximately HK\$0.055 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a discount of about 6.3% to the theoretical diluted price of HK\$0.048 per Share based on the closing price of HK\$0.058 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of about 86.4% to the audited net asset value per Share of approximately HK\$0.33 based on the published audited consolidated net assets of the Company of approximately HK\$171,706,000 as at 31 March 2023 as extracted from the annual report of the Company for the year ended 31 March 2023 and the issued share capital of the Company of 518,644,031 Shares as at Latest Practicable Date;

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- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of about 16.8%, represented by the theoretical diluted price of approximately HK\$0.048 per Share to the benchmarked price of approximately HK\$0.058 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.058 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days prior to the Last Trading Date of approximately HK\$0.054 per Share). The Rights Issue will not result in a theoretical dilution effect of 25% or more calculated based on Rule 10.44A of the GEM Listing Rules; and

- (viii) a cumulative theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) in aggregation with the 2022 Rights Issue represented by a discount of about 21.2%, represented by the cumulative theoretical diluted price of approximately HK\$0.18 per Share to the benchmarked price of HK\$0.23 per Share in respect of the 2022 Rights Issue (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the benchmarked price of HK\$0.23 of the 2022 Rights Issue). The Rights Issue will not result in a cumulative theoretical dilution effect of 25% or more calculated based on Rule 10.44A of the GEM Listing Rules.

As stated in the Letter from the Board, the Subscription Price was determined by the Company after arm's length negotiation between the Company and the Underwriter with reference to, among other factors, (i) the recent closing price of the Shares and the prevailing market conditions; (ii) the latest business performance and financial position of the Group; (iii) lack of liquidity in the market, especially investment money into GEM companies; and (iv) the funding and capital needs of the Company, due to the nature of the Group's business require capital, in particular money lending business which require capital and good risk management to earn interest and fees, details of which are set out in the section headed "Reasons for the Rights Issue and the use of proceeds" in the Letter from the Board.

In determining the Subscription Price, the Board reviewed the prevailing market prices of the Shares prior to the Last Trading Day and considered different dimensions of discounts with reference to the rights issue activities announced by other 17 companies whose shares are listed on GEM of the Stock Exchange for the twelve-months prior to the date of the Underwriting Agreement (Please refer to the Letter from the Board for the details of the Reference Cases). The Directors believed that the sample size and the period covered by the Reference Cases were representative as different forms of market practices for rights issues, including but not limited to various subscription ratio, subscription price range and underwriting basis, as well as the prevailing market conditions and sentiments prior to the date of the Underwriting Agreement were fairly covered and considered.

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The Reference Cases presented a range of subscription price premium over/discounts to their respective (i) closing prices on the last trading day before the release of the rights issue announcements ranging from a price discount of about 52.4% to a price premium of about 15.6% with an average price discount of about 17.4%; (ii) theoretical ex-entitlement prices ranging from a price discount of about 42.2% to a price premium of about 4.7% with an average price discount of about 11.1%; and (iii) theoretical dilution effects ranging from 0% to about 22.6% with an average of about 8.8%. Compared to the above, the Subscription Price discounts of the Rights Issue set within the ranges of all the dimensions.

The Directors are also aware of the significant discount of about 86.4% to the unaudited net asset value per Share as illustrated above. In this regard, the Directors noted from the Reference Cases of the relation between their subscription prices and their then net asset values per share ranging from price discount of about 79.1% to price premium of 188.0% (excluding the outlier as mentioned in the Letter from the Board). Given that (i) it is not uncommon for the subscription price to present a significant discount to the net asset value per share in similar fund raising exercises; (ii) the Shares had been traded at a discount to the Group's audited net asset value per Share for the 12-month period up to the Last Trading Day, as illustrated by the discount of about 51.8% of the average closing price of the Shares of approximately HK\$0.159 for the aforesaid 12-month period to the Group's audited net asset value per Share as at 31 March 2023 of approximately HK\$0.33; and (iii) the underwriters approached by the Company expressed similar view that unless the Subscription Price is set at a realistic level (considering the recent closing prices and the size of the offer), they will have serious reservations about accepting the engagement to underwrite the rights issue. In order for the Company to ensure a successful fund raising, the Company has been attempting to get underwriters to fully underwrite the rights issue. Had the Company fail to secure the commitment from RaffAello Securities (HK) Limited, the Rights Issue would have been on a best effort basis through placing of unsubscribed Rights Shares. Hence, the Directors consider it is reasonable to make reference to the market price of the Shares, rather than the net asset value of the Group, in determining the Subscription Price and that the discount of the Subscription Price to the net asset value per Share is justifiable and fair and reasonable.

The Directors are of the view that the Subscription Price is fair and reasonable having considered all the particular facts and circumstances of the Group and market conditions as a whole. It is observed that the Company has a low market capitalization of approximately HK\$30.0 million while the average market capitalization of HK\$103.8 million of the Reference Cases. Given the current negative market sentiment on low market capitalization stocks and that institutional investors generally are not mandated to invest in low market capitalization stocks, the Company would not be able to make new issues without a considerable discount. The Company acknowledges the discount of Subscription Price to the last trading price and the theoretical dilution effect in above the average of the Reference Cases. However, it is impossible to weight on each factor with a precise weighting and to identify how these references counter each other where some reference measures are above the average and some are below the average.

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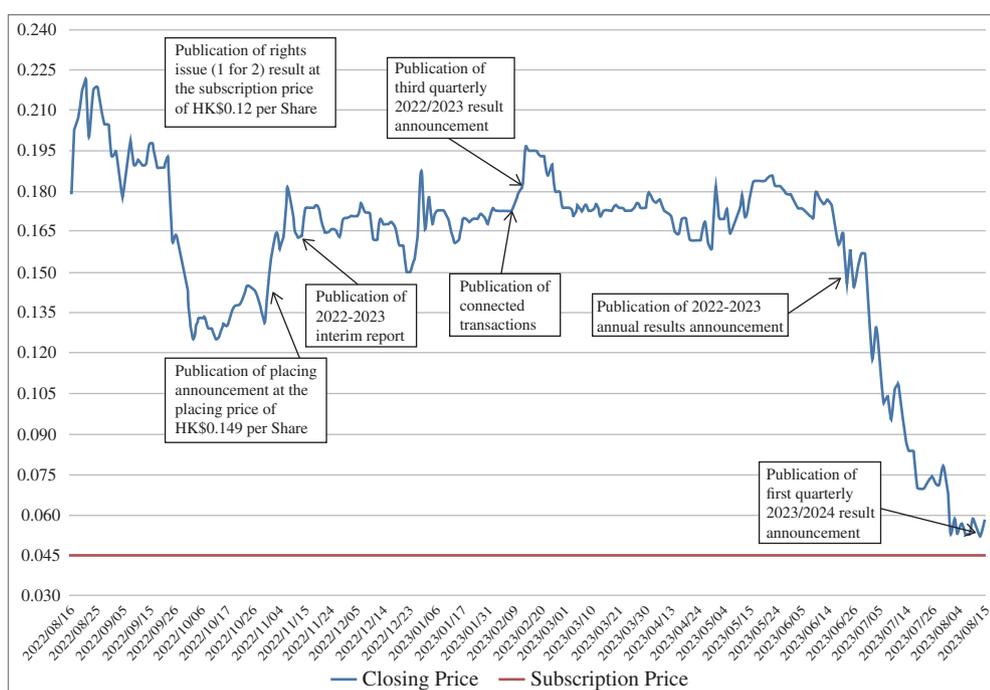
Furthermore, taking into account (i) the continuation of the substantial loss-making position and the continual declining net assets of the Group for the past five financial years since 2019; and (ii) a favourable discount should attract the Qualifying Shareholders to participate in the Rights Issue and invest in the Company so as to enable the Company to satisfy its funding and capital needs, the Directors (including the members of Independent Board Committee) are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

In addition to the above, the Directors (including the members of the Independent Board Committee) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account the following factors: (a) 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; (b) the proposed Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company; and (c) the Qualifying Shareholders are given opportunity to increase their investment in the Company through excess application on of the Rights Shares to participate in the future growth of the Company.

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Comparison with historical closing prices of the Shares

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the daily closing prices and trading volume of the Shares from 16 August 2022 up to and including the Last Trading Day (the “**Review Period**”) (being a period of approximately 12 months prior to and including the Last Trading Day) and compared with the Subscription Price. We consider that the Review Period is adequate and representative to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices prior to the Announcement and such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price, as the share price before the Announcement represent a fair market value of the Company the Shareholders had expected, while that after the Announcement, the value may have taken into account the potential effect of the Rights Issue which may distort the analysis. The chart below illustrates the daily closing price per the Share (“**Closing Price**”) versus the Subscription Price of HK\$0.045 per Rights Share during the Review Period:



Source: website of the Stock Exchange

During the Review Period, the average closing price was approximately HK\$0.159 per Share (the “**Average Closing Price**”). The daily closing price ranged from HK\$0.052 per Share recorded on 14 August 2023 (the “**Lowest Closing Price**”) to HK\$0.222 per Share recorded on 22 August 2022 (the “**Highest Closing Price**”). We note that Shares were traded above the Subscription Price during the Review Period. The Subscription Price of HK\$0.045 represents (i) a discount of about 13.5% to the Lowest Closing Price; (ii) a discount of about 79.7% to the Highest Closing Price; and (iii) a discount of about 71.7% to the Average Closing Price.

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As illustrated in the chart above, during the Review Period, we noted four waves of surge and plunge: (1) from 16 August 2022 to 22 August 2022, the closing price reached its peak of HK\$0.222 (i.e. the Highest Closing Price) on 22 August 2022; (2) the closing price then plunged and hit HK\$0.125 on 12 October 2022; (3) from 13 October 2022, the closing price surged upward to HK\$0.197 on 14 February 2023; and (4) from 15 February 2023, the closing price gradually decreased to the Lowest Closing Price on 14 August 2023. As discussed with the Management, the Management was not aware of any reason for the price movement as mentioned above.

We have also noted that the Shares had been consistently traded at a deep discount to the then net asset value per Share ranging from a minimum discount of about 52.6% to a maximum discount of 84.3% during the Review Period, and we have considered that the prevailing historical trading prices of the Shares have already reflected the market valuation of the Company based on its financial results, corporate actions and the prevailing market sentiment.

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Historical trading liquidity of the Shares

Month	Total volume of Shares traded <i>Shares</i>	Number of trading days <i>days</i>	Approximately average daily trading volume of the Shares <i>Shares</i>	Percentage of average daily trading volume to total number of issued shares as at the end of the month/ period <i>(Note)</i>
2022				
August (from 16 August 2022)	8,659,727	12	721,644	0.30%
September	27,816,444	21	1,324,593	0.37%
October	13,455,000	20	672,750	0.19%
November	7,269,795	22	330,445	0.08%
December	22,404,832	20	1,120,242	0.26%
2023				
January	17,793,071	18	988,504	0.23%
February	28,881,829	20	1,444,091	0.33%
March	28,410,090	23	1,235,221	0.29%
April	20,627,719	17	1,213,395	0.28%
May	34,080,000	21	1,622,857	0.31%
June	12,090,920	21	575,758	0.11%
July	56,365,081	20	2,818,254	0.54%
August (up to the Last Trading Day)	48,195,000	11	4,381,364	0.84%

Source: website of the Stock Exchange

Note: Based on the number of total issued Shares as at each month end as disclosed in the monthly returns of the Company.

As shown in the table above, the average daily trading volume of the Shares in each month ranged from 330,445 Shares in November 2022 to 4,381,364 Shares in August 2023 (up to the Last Trading Day) during the Review Period, representing about 0.08% to 0.84% of the total number of issued shares as at the end of the month/period, respectively, indicating a relatively thin trading liquidity during the Review Period.

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Given such relatively thin liquidity of the Shares during the Review Period, it would be difficult for the Shareholders to acquire a substantial block of the Shares in the open market without exerting a significant impact on the share price. We consider that the prices, liquidity and general price trend of the Shares during the Review Period should have fairly reflected market evaluation on the recent business performance of the Group.

In view of the above, we consider that it is fair and reasonable for the Company to determine the Subscription Price with reference to (i) the recent closing price of the Shares and the prevailing market conditions; (ii) the discount of historical trading price of the Shares to the then net asset value per Share; (iii) the latest business performance and financial position of the Group; and (iv) the funding and capital needs of the Group for its business plans and prospects set out in the section headed “Reasons for the Rights Issue and the use of proceeds” in the Letter from the Board.

Comparison with recent rights issue transactions

In order to assess the fairness and reasonableness of the Subscription Price, we exhaustively conducted a search of recent proposed rights issue exercises in the Hong Kong stock market, as announced by the companies listed on the GEM of the Stock Exchange (excluding those terminated) within approximately 12 months prior to the Last Trading Day (the “**Comparison Period**”) to understand the price trend of the recent market practice. Based on our research, we have identified a total of 17 rights issue comparables (the “**Comparables**”) during the Comparison Period and we believe and confirm the list of Comparables as shown below is an exhaustive list.

We consider the Comparison Period of approximately 12 months is adequate and appropriate given that (i) such period would provide us with the recent and relevant information to demonstrate the prevailing market practice prior to the Announcement under the prevailing market conditions; and (ii) we are able to identify sufficient and reasonable samples size for selection of Comparables within the Comparison Period. We note that the terms of the rights issue announced by the Comparables may not be directly comparable to the terms of the Rights Issue announced by the Group due to the differences in business activities and performances. We note that the business activities of the Comparables may not be directly comparable to the business activities carried out by the Group. We consider that despite the terms of the rights issue depend on various factors, including the dilution effect to shareholding, funding needs and use of proceeds, discounts to share price, etc., they are often influenced by the recent market trends for rights issue. Although the Comparables included rights issue on different basis of entitlement, and involved issuers which engaged in different business or with different financial performance and funding needs from the Company, we consider that the Comparables are suitable to serve as a general reference for the purpose of an assessment on the Subscription Price, as (i) all of the Comparables and the Company are listed on GEM of the Stock Exchange; (ii) our analysis is mainly concerned with the comparison of subscription price to closing price, maximum dilution on the shareholding and theoretical dilution effect; and (iii) the Comparables were included without any artificial selection or filtering on our part thus they represented a true and fair view of the recent market trends for rights issue.

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Date of announcement	Company (stock code)	Basis of entitlement	Maximum amount of funds to be raised from the rights issue	Premium/ (discount) of the subscription price over the closing price of the respective last trading day	Premium/ (discount) of the subscription price to the net assets per share	Maximum dilution on the shareholding	Theoretical dilution effect	Excess application/ Placing	Underwriting arrangement	Placing Commission	Underwriting commission
			HK\$' million	Approximate %	Approximate %	Approximate %	Approximate %				%/HK\$
11/8/2023	Almana Limited (8186)	3 for 1	18.7	(26.7)	22.2	75.0	22.6	Placing	Non-underwritten	0.01	N/A
14/7/2023	Tasty Concepts Holding Limited (8096) <i>Note</i>	5 for 2	27.5	4.7	566.7	71.4	0	Placing	Non-underwritten	Higher of HK\$100,000 and 2.5%	N/A
6/7/2023	Classified Group (Holdings) Limited (8232)	3 for 2	14.3	(15.0)	(49.1)	60.0	8.8	Placing	Fully underwritten	HK\$38,000	0.00
8/6/2023	Hi-Level Technology Holdings Limited (8113)	1 for 1	78.3	(35.5)	188.0	50.0	17.7	Placing	Non-underwritten	1.00	N/A
5/6/2023	Jisheng Group Holdings Limited (8133)	1 for 2	0.6	(20.8)	66.7	33.3	7.3	Excess application	Underwritten on a best-effort basis	N/A	1.50
30/5/2023	Min Fu International Holding Limited (8511)	1 for 2	24.0	(8.3)	12.4	33.3	3.3	Placing	Non-underwritten	4.00	N/A
29/5/2023	Hao Bai International (Cayman) Limited (8431)	1 for 2	19.5	(5.7)	37.0	33.3	3.8	Placing	Non-underwritten	1.60	N/A
25/5/2023	Jimu Group Limited (8187)	2 for 1	14.4	15.6	Net liabilities	66.7	0	Excess application	Fully underwritten	N/A	0.70
13/4/2023	Finet Group Limited (8317)	1 for 2	33.9	(52.4)	96.1	33.3	18.0	Placing	Fully underwritten	HK\$20,000	0.00

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Date of announcement	Company (stock code)	Basis of entitlement	Maximum amount of funds to be raised from the rights issue	Premium/ (discount) of	Premium/ (discount) of the	Maximum dilution on the shareholding	Theoretical dilution effect	Excess application/ Placing	Underwriting arrangement	Placing Commission	Underwriting commission
				price over the closing price per share on the respective last trading day	subscription price to the net assets per share						
			HKS' million	Approximate %	Approximate %	Approximate %	Approximate %			%/HKS	%
6/4/2023	Luk Hing Entertainment Group Holdings Limited (8052)	1 for 1	43.9	(5.9)	Net liabilities	50.0	2.9	Placing	Fully underwritten	3.00	3.00
6/3/2023	CBK Holdings Limited (8428)	5 for 1	20.6	(15.9)	(79.1)	83.3	13.2	Placing	Non-underwritten	3.50	N/A
17/2/2023	China New Consumption Group Limited (8275)	3 for 2	35.3	(26.5)	(53.5)	60.0	16.0	Placing	Non-underwritten	2.50	N/A
10/1/2023	Kinetix Systems Holdings Limited (8606)	1 for 2	31.3	(29.4)	(47.0)	33.3	9.8	Placing	Non-underwritten	1.30	N/A
6/1/2023	SDM Education Group Holdings Limited (8363)	1 for 2	22.9	0	Net liabilities	33.3	0	Excess Application	Fully underwritten	N/A	4.00
28/12/2022	New Amante Group Limited (8412)	1 for 2	12.6	(10.6)	Net liabilities	33.3	5.6	Excess Application	Underwritten on a best-effort basis	N/A	1.50
28/12/2022	Jiading International Group Holdings Limited (8153)	1 for 2	51.0	(50.0)	77.3	33.3	17.3	Placing	Non-underwritten	3.50	N/A

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Date of announcement	Company (stock code)	Basis of entitlement	Maximum amount of funds to be raised from the rights issue	Premium/ (discount) of the subscription price over the closing price of the subscription	Maximum dilution on the shareholding	Theoretical dilution effect	Excess application/ Placing	Underwriting arrangement	Placing Commission	Underwriting commission	
				per share on the respective last trading day					to the net assets per share	the	to the net assets per share
			HK\$' million	Approximate %	Approximate %	Approximate %	Approximate %				
21/10/2022	C&N Holdings Limited (8430)	3 for 1	32.5	(13.3)	93.0	75.0	3.7	Placing	Non-underwritten	1.50	N/A
		Maximum		15.6	188.0	83.3	22.6				4.00
		Minimum		(52.4)	(79.1)	33.3	0				0.00
		Average		(17.4)	30.3	50.5	8.8				1.53
15/8/2023		The Group	70.0	(22.4)	(86.4)	75.0	16.8	Excess Application	Fully underwritten	N/A	7.07

Note: The premium of the subscription price over the net asset value per issued share of the relevant Comparable is exceptionally high and considered an outlier, and is therefore not included in the calculation of the premium/discount of the subscription price to the net assets per share.

Based on the table above, we noted that almost all of the Comparables had set the subscription price of their rights issue at a discount to the prevailing market price of the relevant shares before the relevant announcements in respect of the rights issue were made except three Comparables, being (1) Tasty Concepts Holding Limited (8096.HK), with premium of about 4.7% over the closing price on the respective last trading day, (2) Jimu Group Limited (8187.HK), with premium of about 15.6% over the closing price on the respective last trading day, and (3) SDM Education Group Holdings Limited (8363.HK), with its subscription price same as the closing price on the respective last trading day. Therefore, we consider it is a normal market practice for listed companies to set the subscription price of rights issue at a discount to the prevailing market price of the relevant shares so as to attract the shareholders to participate in the rights issue.

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Based on the table above, we also noted that (i) the subscription prices to the closing price on the last trading day prior to the announcement of the Comparables ranged from a discount of about 52.4% to a premium of about 15.6%, with an average discount of about 17.4%. The discount of the Subscription Price to the closing price per Share on the Last Trading Day of about 22.4% is within the range and we consider such discount is fair and reasonable; (ii) the subscription prices to the consolidated net assets per share of the Comparables ranged from a discount of about 79.1% to a premium of 188.0%, with an average premium of about 30.3%. The discount of the Subscription Price to the consolidated net assets per Share of about 86.4% is out of the range of the Comparables. Due to the fact that (1) the Shares had been traded at a deep discount to the Group's net asset value per Share for the 12-month period up to the Last Trading Day ranging from about 52.6% to 84.3%; (2) the Shares had been traded at a deep discount to the Group's net asset value per Share for one month period up to the Last Trading Day ranging from about 74.6% to 84.3%; (3) the prevailing historical trading prices of the Shares have already reflected the market valuation of the Company based on its financial results, corporate actions and the prevailing market sentiment; (4) it is not uncommon for the subscription price to present a significant discount to the net asset value per share; and (5) the deep discount to the net assets per share served to encourage participation of the Rights Issue and such discount provided an opportunity for Qualifying Shareholders to lower their overall investment costs per Share to maintain their respective shareholdings and benefit from the Company's future growth, we consider that such discount is acceptable, fair and reasonable as far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; (iii) the theoretical dilution effect of the Comparables ranged from nil to about 22.6%, with an average dilution effect of about 8.8%. The theoretical dilution effect of the Rights Issue of about 16.8% falls within the range of the Comparables, we consider that the theoretical dilution effect of the Rights Issue is acceptable so far as the Independent Shareholders are concerned; and (iv) the maximum dilution on the shareholding of the Comparables ranged from about 33.3% to 83.3%, with an average of about 50.5%. The maximum dilution on the shareholding of the Rights Issue of about 75% falls within the range of the Comparables. Taking into consideration the maximum dilution on the shareholding of the Rights Issue falls within the range of the Comparables, we are of the view that the proposed offer basis is in the interest of the Company and the Shareholders as a whole and as far as the Independent Shareholders are concerned.

Excess application

As mentioned in the Letter from the Board, Qualifying Shareholders are entitled to apply, by way of excess application, for any unsold entitlements to the Rights Shares of the Non-Qualifying Shareholder(s) (if any), and for any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.

Among the Comparables, 4 out of 17 of the Comparables allow application for excess rights shares. As such, we consider that the Rights Issue allowing application for excess Rights Shares and the possibility of applying for excess Rights Share under the Rights Issue are not uncommon in the market.

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Furthermore, the Rights Issue has already given the opportunity to all Qualifying Shareholders to maintain their proportionate interests in the Company should they so wish by applying for the Rights Shares in full and acquire additional nil-paid Rights Shares in the market, which we consider it is fair and reasonable.

Underwriting commission

From the table under the sub-section above regarding “Comparison with recent rights issue transactions”, we noted that the underwriting commission of 7.07% falls out of the range of commissions of nil to 4.00% received by the underwriters of the respective Comparables. In this regard, we have enquired into the Management as for the basis of determination of the underwriting commission. As advised by the Management, the underwriting commission of 7.07% was determined after arm’s length negotiations between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, the normal rate of underwriting commission charged by the Underwriter in the recent rights issue of other listed issuers of the Stock Exchange underwritten by the Underwriter and the current and expected market condition.

The table below sets out the commission rate charged by the Underwriter in some of the recent rights issue exercises in which the Underwriter acted as an underwriter of other issuers of which are listed on the Stock Exchange with similar terms and structure of the Rights Issue, which was 7.07% of the value of the respective underwritten rights shares:

Company name (stock code)	Date of underwriting agreement	Amounts raised from the rights issue before expenses	Basis of underwriting	Underwriting commission
Palinda Group Holdings Limited (stock code: 8179)	28 April 2022	Approximately HK\$29.3 million	Fully underwritten	7.07% of the total subscription price of the rights shares
China Wantian Holdings Limited (stock code: 1854)	11 April 2023	Approximately HK\$111.4 million	Fully underwritten	7.07% of the total subscription price of the rights shares

From the table above, we noticed that the Underwriter had completed two rights issue which underwriting commissions charged in its these two underwriting transactions were at the rate of 7.07%, we consider that the underwriting commission of the Rights Issue charged by the Underwriter is no less favourable to the Company as compared with other listed issuers in the market even such underwriting commission falls out of the range of commissions of nil to 4.00% received by the underwriters of the respective Comparables as illustrated in the sub-section above regarding “Comparison with recent rights issue transactions”.

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In the sub-section above regarding “Comparison with historical closing prices of the Shares”, the price movements of Shares under the Review Period was on the downward trend and the liquidity of the Shares was thin, in addition, taking into account of the recent market sentiment and the financial performance of the Group in the recent years, we consider the underwriting commission of 7.07%, even falls out of the range of the commissions received by the underwriters of the respective Comparables, is acceptable, fair and reasonable.

5. Dilution effect of the Rights Issue on the shareholding of the Company

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue		Immediately upon completion of the Rights Issue assuming no acceptance by the Qualifying Shareholders under the Rights Issue	
	No. of Shares	Approx. % (Note 1)	No. of Shares	Approx. % (Note 1)	No. of Shares	Approx. % (Note 1)
Best Richest (Note 2) Underwriter, sub-underwriter(s) and/or subscriber(s) procured by them (Note 3)	181,196,866	34.94	724,787,464	34.94	724,787,464	34.94
Other public shareholders	-	-	-	-	1,012,341,495	48.80
	<u>337,447,165</u>	<u>65.06</u>	<u>1,349,788,660</u>	<u>65.06</u>	<u>337,447,165</u>	<u>16.26</u>
Total	<u>518,644,031</u>	<u>100.00</u>	<u>2,074,579,124</u>	<u>100.00</u>	<u>2,074,579,124</u>	<u>100.00</u>

Notes:

1. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
2. Best Richest is wholly and beneficially owned by Mr. Chan, the chairman and an executive Director and a controlling shareholder of the Company.
3. In the event that the Underwriting Agreement becoming unconditional and the Underwriter being called upon to subscribe for or procure subscribers of the Underwritten Shares pursuant to the Underwriting Agreement, the Underwriter has irrevocably undertaken to the Company that:
 - a. without affecting the Underwriter’s obligation to procure underwriting for all the Underwritten Shares (whether to underwrite the same by itself or procure sub-underwriting of the same), the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares, which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter and parties acting in concert (within the meaning of the Takeovers Code) with it upon the completion of the Rights Issue;

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- b. the Underwriter shall ensure that each of the sub-underwriters or subscribers or purchasers of the Underwritten Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or Substantial Shareholders of the Company or their respective associates (as defined in the GEM Listing Rules); and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold such number of Underwritten Shares which will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of such sub-underwriters or subscribers or purchasers and parties acting in concert (within the meaning of the Takeovers Code) with it upon completion of the Rights Issue; and
- c. the Underwriter and the Company shall ensure that the minimum public float requirement under the GEM Listing Rules be fulfilled by the Company upon completion of the Rights Issue.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

All Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date. For those Qualifying Shareholders who take up their provisional allotments in full under the Rights Issue, their shareholding interests in the Company will remain unchanged upon completion of the Rights Issue. 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. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and their aggregate shareholding interests in the Company may be reduced by a maximum of 48.8%.

We also noted that as shown in the table of Comparables in the section headed “Comparison with recent rights issue transactions” above, the maximum dilution of the Comparables ranged from about 33.3% to 83.3%. For the Non-Qualifying Shareholders and those Qualifying Shareholders who do not take up their full provisional allotments under the Rights Issue, depending on the extent to which they subscribe for the Rights Shares, their shareholding interests in the Company upon completion of the Rights Issue will be diluted by up to a maximum of about 75.0%, which fall within the range of the Comparables.

Having considered that (i) all Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue and their respective interests in the Company will be not diluted if they choose to subscribe for their pro-rata entitlement of the Rights Shares; (ii) shareholding dilution is inherent in the rights issue in general; and (iii) the positive impact on the financial position of the Group as a result of the Rights Issue as detailed in paragraph headed “Possible Financial Effect of the Rights Issue” below, we are of the view that the potential dilution effect on the shareholding is acceptable.

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6. Equity fund raising activities of the Company during the past 12 months

Apart from the fund raising activities mentioned below, the Company has not conducted any other fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this circular.

Date of announcement	Fund raising activity	Net proceeds raised <i>(approximately)</i>	Proposed use of the net proceeds	Actual use of net proceeds
10 August 2022 (completed on 21 September 2022)	Rights issue on the basis of one (1) rights share for every two (2) Shares held on the record date at the subscription price of HK\$0.12 per rights share	HK\$12.62 million	(i) as to HK\$6 million for the continual expansion of its money lending business; (ii) as to HK\$6 million for purchase of products to expand its retail operations offering; and (iii) the remaining amount for general working capital of the Group.	(i) as to approximately HK\$6 million was used for money lending to clients; (ii) as to approximately HK\$6 million was used for purchase of products to expand its retail operations offering from supplier; and (iii) as to approximately HK\$0.62 million was used for general working capital of the Group.
1 November 2022 (completed on 21 November 2022)	Offer by way of private placing of 72,105,000 Shares to the placees	HK\$9.8 million	(i) as to approximately HK\$9 million for continual expansion of its money lending business; and (ii) as to approximately HK\$0.8 million for general working capital of the Group.	(i) as to approximately HK\$9 million for money lending to clients; and (ii) as to approximately HK\$0.8 million was used for general working capital of the Group.

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Date of announcement	Fund raising activity	Net proceeds raised <i>(approximately)</i>	Proposed use of the net proceeds	Actual use of net proceeds
9 February 2023 (completed on 23 May 2023)	Subscription of 86,000,000 new Shares at the subscription price of HK\$0.20 per Share under specific mandate	HK\$15.2 million	(i) as to HK\$1 million and HK\$1 million for financing the respective acquisitions of Union Raise Limited (“ Union Raise ”) and Pets Supermarket Limited (“ Pets Supermarket ”); and (ii) as to approximately HK\$6.6 million and HK\$6.6 million for the operation and working capital of Union Raise and Pets Supermarket respectively.	(i) as to HK\$1 million and HK\$1 million for financing the respective acquisitions; and (ii) as to approximately HK\$6.6 million and HK\$6.6 million for the operation and working capital of Union Raise and Pets Supermarket respectively.

As advised by the Management, the unutilized use of proceeds from the fund raising activities of the Company of approximately HK\$6.6 million was planned to utilize by the end of 2023 and the Group’s cash and cash equivalents were amounted to approximately HK\$4.8 million as at the Latest Practicable Date and the Management is expected that the Group would have a net cash outflow of approximately HK\$1.7 million per month for the coming months. The Company needs to raise funds for working capital and for expanding its money lending business which has been contributed a stable income and cash flow over the past years and launch of new products for its retail operations for diversification and broadening of the product base. In view of (1) the liquidity needs of the working capital; and (2) the needs for the expansion of money lending business and the retail and wholesale business, we concur with the Directors that the Rights Issue is in the interest of the Company and the Shareholders as a whole.

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7. Possible Financial Effect of the Rights Issue

According to the 2023 Annual Report, as at 31 March 2023, the cash and cash equivalents of the Group was approximately HK\$25.8 million and the Group had current assets of approximately HK\$136.0 million, current liabilities of approximately HK\$15.6 million. Accordingly, the current ratio of the Group (being the current assets of the Group divided by the current liabilities of the Group) as at 31 March 2023 was approximately 8.74 times. Immediately upon completion of the Rights Issue, the cash and cash equivalents of the Group is expected to increase by the expected net proceeds from the Rights Issue of approximately HK\$64.5 million. The current ratio of the Group will be increased from approximately 8.74 times to approximately 12.9 times. As such, the current ratio and the liquidity of the Group will be improved upon the completion of the Rights Issue.

After taking into consideration of the above, we are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into account the principal factors and reasons as referred to the above, we are of the view that the terms of the Rights Issue and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution(s) to be proposed at the forthcoming SGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
South China Capital Limited

Nicholas Cheng
Managing Director

Felix Leung
Associate Director

Note: Mr. Nicholas Cheng and Mr. Felix Leung are licensed persons registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. Mr. Nicholas Cheng has extensive experience in corporate finance industry and has participated in, and completed, the provision of independent financial advisory services for numerous connected transactions involving listed companies in Hong Kong. Mr. Felix Leung has over ten years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 March 2021, 2022 and 2023 and the first quarterly results for the three months ended 30 June 2023 were disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (www.ecrepay.com):

- annual report of the Company for the year ended 31 March 2021 published on 25 June 2021 (pages 44 to 116):

(<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0625/2021062502423.pdf>);
- annual report of the Company for the year ended 31 March 2022 published on 26 June 2022 (pages 52 to 120):

(<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0626/2022062600011.pdf>);
- annual report of the Company for the year ended 31 March 2023 published on 25 June 2023 (pages 63 to 128):

(<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0625/2023062500127.pdf>);
- 1st quarterly report of the Company for three months ended 30 June 2023 published on 14 August 2023 (pages 3 to 8):

(<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0814/2023081401039.pdf>).

2. INDEBTEDNESS**Statement of indebtedness**

As at the close of business on 30 September 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had a total outstanding borrowings of approximately HK\$4,904,000, comprising borrowings of approximately HK\$1,200,000 and lease liabilities of approximately HK\$3,704,000.

Save as aforesaid and apart from intra-group liabilities, the Group did not, at the close of the business on 30 September 2023, have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, charges or debentures, mortgages, loans or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptance (other than normal trade bills and payables), acceptance credits, or any guarantees or other material contingent liabilities.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the applicable rates of exchange prevailing at the close of business on 30 September 2023.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the financial resources presently available to the Group, including the existing cash and bank balances, available facilities and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, save as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31 March 2023, being the date to which the latest published audited financial statements of the Company were made up, up to the Latest Practicable Date:

- as disclosed in the first quarterly report of the Group, the Group recorded an unaudited loss attributable to shareholders of the Company of approximately HK\$9.6 million for the three months ended 30 June 2023 as compared to the corresponding period a loss of approximately HK\$4.0 million in 2022. Such decrease was mainly attributable to the reduction of loan portfolios size during the three months ended 30 June 2023 when compared with the corresponding period in 2022.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is an investment holding company. The Group is principally engaged in money lending business, retail and wholesale business, financial instruments and quoted shares investment in Hong Kong.

Money Lending Business

The money lending business is the core business of the Group and generate stable income to the Group. The Group has been engaging actively in money lending business for more than ten years and a solid client base was built.

For the three months ended 30 June 2023, turnover for this segment under review was approximately HK\$4.0 million as compared to approximately HK\$9.6 million for the corresponding period in 2022. Such decrease was mainly attributable to the reduction of loan portfolios size during the three months ended 30 June 2023 when compared with the corresponding period in 2022.

Retail and Wholesale Business

The Group is operating 4 retail shops which located in Wanchai, Lai Chi Kok, Kowloon Bay and Tai Po and online business for the sales of grocery products. Beyond the general products like frozen food, the Group will focus more the in-house ready-to-eat products for the public. Turnover for this segment for the three months ended 30 June 2023 under review was approximately HK\$7.5 million when compared with the corresponding period in 2022 was of HK\$12.4 million. The Group also sourced and launched new product line for pets products including pets supplement and pets food. The brand name for these new products included King of Chicken Essence, PAg+, Natural Pro, Petsmore, Petural and Cat Daily. In addition, the Group also sourced and launched new product line for human supplement under the brand Cordyceps-19.

Outlook

The Group will proceed to seek investment opportunities for further improving the business and explore new investments to boarder the business scope of the Group with the ultimate goal to maximise the return to its shareholders.

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

The following 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 paragraph 7.31 of the Rules Governing the Listing of Securities on the GEM operated by The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had been completed on 31 March 2023.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company upon completion of the Rights Issue or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2023, as extracted from the published audited consolidated statement of financial position as at 31 March 2023, and is adjusted for the effect of the Rights Issue described below:

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2023 HK\$'000 (Note 1)	Net proceeds from issue of subscription of shares HK\$'000 (Note 1)	Estimated net proceeds from the Rights Issue HK\$'000 (Note 1)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue HK\$'000
Rights issue of 1,555,932,093 Rights Shares at a Subscription Price of HK\$0.045 per Rights Share	170,362	15,200	64,517	250,079

HK\$

Audited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 31 March 2023 before the completion of the Rights Issue (<i>Note 3</i>)	0.39
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue per adjusted Share (<i>Note 4</i>)	
Based on 1,555,932,093 Rights Shares to be issued	0.12

Notes:

1. The amount of audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2023 is extracted from the Group's published audited consolidated financial statement for the year ended 31 March 2023.

The net proceeds from subscription of shares of 86,000,000 shares at subscription price of HK\$0.2 per share was HK\$15,200,000 on 23 May 2023.
2. Best Richest, as at the date of this circular, has in an aggregate of 181,196,866 Shares and Best Richest has undertaken to accept in full the Rights Shares to be provisionally allotted to it under the Rights Issue of 543,590,598 Rights Shares.

The estimated net proceeds from the Rights Issue of approximately HK\$64,517,000 are calculated based on 1,555,932,093 Rights Shares to be issued at Subscription Price of HK\$0.045 per Rights Share, after deduction of estimated expenses of approximately HK\$5,500,000 to be incurred by the Company, which include underwriting commission and professional fees payable to lawyers, reporting accountants, financial printer and other parties involved in the Rights Issue.
3. The calculation of the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2023 per Share in issue is determined based on the audited consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$170,362,000 divided by the number of Shares in issue of 432,644,031 as at 31 March 2023.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2023 immediately after the completion of the Right Issue per adjusted Share is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue of approximately HK\$250,079,000 divided by the adjusted number of Shares of 2,074,576,124 Shares, which represents:
 - (i) 432,644,031 Shares in issue as at 31 March 2023; and
 - (ii) Subscription for 86,000,000 Shares assuming that the subscription had been completed on 31 March 2023.
5. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2023.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, CL Partners CPA Limited.

**Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro Forma Financial Information****To the directors of Wisdomcome Group Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wisdomcome Group Holdings Limited (the “**Company**”, formerly known as “Easy Repay Finance & Investment Limited (易還財務投資有限公司)”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) 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 31 March 2023, and related notes as set out on pages II-1 to II-2 of the circular dated 9 November 2023 (the “**Circular**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-5 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 1,555,932,093 rights shares (the “**Rights Shares**”) at the subscription price of HK\$0.045 per Rights Shares on the basis of three Rights Share for every one existing shares in issue held on the record date on a fully underwritten basis (the “**Rights Issue**”) on the Group's financial position as at 31 March 2023 as if the Rights Issue had taken place at 31 March 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's audited consolidated financial statements for the year ended 31 March 2023, on which an audit report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors 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 operated by The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 Preparation of “Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**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 (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and 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 circular” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors 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 a 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 31 March 2023 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' judgement, 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(1) of the GEM Listing Rules.

CL Partners CPA Limited
Certified Public Accountants

Hong Kong, 9 November 2023

1. RESPONSIBILITY STATEMENTS

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 OF THE COMPANY

The authorized and issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately after the completion of the Rights Issue (assuming no change in the number of issued Shares on or before the Record Date) are as follows:

(a) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>30,000,000,000</u>	Shares of HK\$0.01 each	<u>300,000,000.00</u>
<i>Issued and fully paid up:</i>		
<u>518,644,031</u>	Shares of HK\$0.01 each	<u>5,186,440.31</u>

(b) Immediately after completion of the Rights Issue (assuming no change in the number of issued Shares on or before the Record Date)

<i>Authorised:</i>		<i>HK\$</i>
<u>30,000,000,000</u>	Shares	<u>300,000,000.00</u>
<i>Issued and fully paid up:</i>		
518,644,031	Shares as at the Latest Practicable Date	5,186,440.31
<u>1,555,932,093</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>15,559,320.93</u>
<u>2,074,576,124</u>	Total enlarged number of Shares upon completion of the Rights Issue	<u>20,745,761.24</u>

All issued Shares rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital, and with all the Shares in issue as at the date of allotment and issue of the Rights Shares.

The Rights Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares. The Company has applied to the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both 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. Accordingly, there are no dealing and settlement arrangements for securities of the Company between the Stock Exchange and any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants or other similar rights which confer any right to convert into or subscribe for Shares and there was no capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives of the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors or chief executives of the Company or their associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 and short positions which they have taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) have to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

Name of Director	Capacity	Number of Shares held	Approximate % of shareholding in the Company (Note 1)
Mr. Chan	Interest in controlled corporation (Note 2)	181,196,866 (L)	34.94%

Notes:

1. As at the Latest Practicable Date, the total number of Shares in issue was 518,644,031 Shares.
2. The 181,196,866 Shares are held by Best Richest, which is wholly-owned by Mr. Chan, the chairman and an executive Director of the Company. Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Chan is deemed to have an interest in all shares in which Best Richest has, or deemed to have an interest.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Interests of substantial shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as was known to any Director or chief executive of the Company, the following persons or companies (not being a Director or chief executive of the Company) had, or was deemed or taken to have interests or short positions in the Shares or underlying Shares 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 were directly or indirectly deemed to be interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity	Number of Shares held	Approximate percentage of total Issued Shares (Note)
Mr. Cheng Sai Chit Luke	Beneficial owner	43,000,000	8.29%
Ms. Li Yung	Beneficial owner	43,000,000	8.29%

Note: As at the Latest Practicable Date, the total number of Shares in issue was 518,644,031 Shares.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any other persons who had an interests or a short position in the Shares and underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered into in the register required to be kept by the Company pursuant to section 336 of the SFO.

4. LITIGATIONS

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which was not determinable within one year without payment of compensation, other than statutory compensation.

6. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or the controlling Shareholders of the Company were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP

As at the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group. As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors had any interest, directly or indirectly, in any assets which have been, since 31 March 2023 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) of the Group have been entered into by the members of the Group during the period commencing two years preceding the date of this circular and are or may be material:

- (a) a subscription agreement dated 17 January 2022 between Yvonne Credit Service Co., Limited, a subsidiary of the Company (“**Yvonne Credit**”) as subscriber and Albany Creek Fund SPC as issuer for the subscription of Class A Shares in the Albany Creek Bond Series Segregated Portfolio, a segregated portfolio of Albany Creek Fund SPC of up to approximately HK\$10,000,000;
- (b) the conditional placing agreement dated 10 August 2022 and entered into between the Company (as issuer) and RaffAello Securities (HK) Limited (“**RSL**”) (as placing agent) in relation to the offer by way of private placing of (i) the unsubscribed rights shares under the rights issue (the “**2022 Rights Issue**”) on the basis on one (1) rights share for every two (2) Shares at the subscription price of HK\$0.12 per rights share; and (ii) the rights shares which would otherwise have been provisionally allotted to the non-qualifying Shareholders under the 2022 Rights Issue;

- (c) the conditional placing agreement dated 1 November 2022 and entered into between the Company (as issuer) and RSL (as placing agent) in relation to the offer by way of private placing of up to 72,105,000 new Shares to the placee(s) under the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 27 September 2022;
- (d) the conditional sale and purchase agreement dated 8 February 2023 and entered into between the Company and Mr. Cheng Sai Chit Luke (“**Mr. Cheng**”) in respect of the acquisition of 901 shares of Union Raise Limited;
- (e) the conditional subscription agreement dated 8 February 2023 and entered into between the Company and Mr. Cheng in respect of the subscription for 43,000,000 new Shares by Mr. Cheng;
- (f) the conditional sale and purchase agreement dated 8 February 2023 and entered into between the Company and Ms. Li Yung (“**Ms. Li**”) in respect of the acquisition of 901 shares of Pets Supermarket Limited;
- (g) the conditional subscription agreement dated 8 February 2023 and entered into between the Company and Ms. Li in respect of the subscription for 43,000,000 new Shares by Ms. Li;
- (h) the Underwriting Agreement; and
- (i) the Supplemental Underwriting Agreement.

9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinions, letters or advice contained in this circular:

Name	Qualifications
CL Partners CPA Limited	Certified public accountants
South China Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group nor did they have any 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, the above expert did not have any direct or indirect interest in any assets which had been, since 31 March 2023 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office	Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda
Head Office and Principal Place of Business in Hong Kong	Unit 02, 11/F, Eastmark 21 Sheung Yuet Road Kowloon Bay, Kowloon Hong Kong
Authorised Representatives	Mr. Chan Yan Tak Mr. Lim Ming Shing, Tony
Company Secretary	Mr. To Chi (CPA, FCCA)
Principal Bankers	Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Central Hong Kong DBS Bank (Hong Kong) Limited 11/F, The Center 99 Queen's Road Central Hong Kong
Principal share registrar and transfer office	Ocorian Management (Bermuda) Limited Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda
Hong Kong branch share registrar and transfer office	Tricor Standard Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Underwriter of the Rights Issue	RaffAello Securities (HK) Limited 1/F, E168 166-168 Des Voeux Road Central Central, Hong Kong

Legal Adviser to the Company	C&T Legal LLP 10/F & 22/F, Shum Tower 268 Des Voeux Road Central Sheung Wan, Hong Kong
Auditor and reporting accountant	CL Partners CPA Limited 3203A-5, Tower 2 Lippo Centre 89 Queensway, Admiralty Hong Kong

11. EXPENSES

The expenses in connection with the Rights Issue, including but not limited to the Underwriting, the printing, registration, translation and legal and accounting fees are estimated to be approximately HK\$5.5 million and are payable by the Company.

12. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. CHAN Yan Tak (“**Mr. Chan**”), aged 54, joined the Company on 22 July 2022. He is the Chairman and the Controlling Shareholder of the Company. He is also the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. Mr. Chan is the chairman and chief executive officer of Wisdomcome Group. The group engaged in different businesses including pet related products, health food and pharmaceutical trading business as well as property investment and development. Mr. Chan was the chairman of the board of directors of Shunten International (Holdings) Limited, a company the shares of which are listed on the Stock Exchange until 1 April 2019. Mr. Chan has acted as the honorary president of the Federation of Beauty Industry (H.K.). He has been a member of the Association of Hong Kong and Kowloon Practitioners of Chinese Medicine Limited since 2004 and was then appointed as the advisor of the abovementioned association in 2008. Mr. Chan is currently a director of Yan Oi Tong and a founding member of Affectionate World Charitable Foundation Limited (人間有情慈善基金有限公司) since May 2017, both are registered non-profit making charitable organisations.

Mr. Chan is the brother-in-law of Mr. Lim Ming Shing, Tony, an executive Director of the Company.

Mr. LIM Ming Shing, Tony (“**Mr. Lim**”), aged 62, joined the Company on 22 July 2022. He is a member of the Nomination Committee and the Remuneration Committee of the Company.

Mr. Lim is a senior official of Wisdomcome Group. The group engaged in different businesses including pet related products, health food and pharmaceutical trading business as well as property investment and development. From 2014 to March, 2020, he served as Director and Chief Financial Officer of the Shunten Holdings Limited. Mr Lim has over 22 years of experience in financial and management accounting. He was awarded a professional diploma in management accountancy from the Hong Kong Polytechnic University (previously known as Hong Kong Polytechnic) in 1985 and he obtained his Master Degree in Business Administration from

Heriot-Watt University, United Kingdom in 1999. He is a member of Hong Kong Institute of Certified Public Accountants; Association of Chartered Certified Accountants and Chartered Institute of Management Accountants.

Mr. Lim is the brother-in-law of Mr. Chan Yan Tak, the Chairman and an executive Director of the Company.

Ms. SIU Yeuk Hung, Clara (“Ms. Siu”), aged 58, joined the Company on 9 August 2017. She is compliance officer, a member of the Nomination Committee and Remuneration Committee of the Company.

Ms. Siu has extensive experience in marketing and business development. Prior to joining the Company, Ms. Siu has worked in a company listed on the Stock Exchange, responsible for the marketing and business development since 2006.

Mr. LAW Ka Kei (“Mr. Law”), aged 47, is a director of several subsidiaries of the Company. Mr. Law joined the Group as the General Manager of People’s Market in 2012 and appointed as executive director of the Company with effect from 2 July 2020. Mr. Law has over 18 years’ retail chain management experience. Mr. Law obtained a Degree of Business Administration from Lingnan University, Hong Kong.

Independent non-executive Directors

Mr. LEE King Fui (“Mr. Lee”), aged 45, joined the Company in July 2019. Mr. Lee is the Chairman of the Audit Committee and Remuneration Committee, the member of Nomination Committee of the Company. Mr. Lee is a director of Visionwide Consultancy Limited since October 2017. Mr. Lee has more than 20 years of experience in accounting, audit and corporate finance and advisory services in Malaysia, Hong Kong and Mainland China. He worked at Enesoon Technology Limited from January 2016 to December 2016, and his last position was vice president of strategic investment. Mr. Lee had been the chief financial officer of different companies in Hong Kong and China namely, Legend Oilfield Services Limited, Aujet Industry Limited, and Wellable Marine Biotech Holding Limited for the period from August 2011 to April 2015. Prior to the abovementioned positions, Mr. Lee worked in KPMG Hong Kong from October 2006 to March 2011 and the last position that he held was senior manager.

Mr. Lee obtained a master’s degree in accountancy from The Hong Kong Polytechnic University in October 2012. He was admitted as an associate member of the Hong Kong Institute of Certified Public Accountants since January 2012 and became a fellow member since September 2020. Mr. Lee was admitted as a member of the Association of Chartered Certified Accountants in September 2003 and became a fellow member since September 2008. Mr. Lee was also admitted as a chartered accountant of the Malaysian Institute of Accountants since March 2004.

Mr. Joseph Rodrick Law (“Mr. Law”), aged 43, joined the Company on 22 July 2022. Mr. Law is a member of Audit Committee, Nomination Committee and Remuneration Committee of the Company. Mr. Law is an entrepreneur, investor, bestselling author, visiting professor and philanthropist. He is the Chairman of J Global Limited, a consulting firm serving companies across Australia, Hong Kong, China, Southeast Asia, India, the United States, and Europe.

Mr. Law is a mentor for Cyberport Hong Kong and Tasmu Smart Qatar, an initiative aligned to the Ministry of Communications and Information Technology of Qatar. He is a visiting professor for the school of entrepreneurship at the Rishihood University.

Mr. Law is an Amazon best-selling author and columnist for the Forbes Magazine in China. He is the author of *The Chill Panda: Dealing with Change in Work and Life* and *Authentic Power and Greatness*. He has been interviewed by international media outlets, such as Yahoo! Finance, The Australian Financial Review, Sky News, the Financial Times, and the Wall Street Journal.

Mr. Law was invited by the former Foreign Minister of Australia to the advisory board of the think tank, Australia-China Relations Institute at the University of Technology Sydney. He has worked with the Sustainable Stock Exchange Initiative, co-organized by the United Nations Conference on Trade and Development. Mr. Law is the Chairman of the International Association of Mental Health Hong Kong and cofounder of JC Happiness Charity Foundation. He is also a member of the advisory committee of The Fred Hollows Foundation (HK).

Mr. To Kwan (“**Mr. To**”), aged 49, joined the Company on 1 November 2022. Mr. To is a member of Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Mr. To holds a bachelor degree in commerce from The University of Melbourne, Australia. Mr. To is an executive director of China Uptown Group Company Limited (a company listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”); stock code: 2330). Mr. To was an executive director of Sino Union Energy Investment Group Limited (“**Sino Union**”) (now known as Yanchang Petroleum International Limited) (a company listed on the main board of Stock Exchange; stock code: 346) during April 2012 to August 2014 and the chief financial officer of Sino Union during December 2009 to March 2012. He was also the chief financial officer of Hoifu Petroleum Group Limited (now known as Wisdom Wealth Resources Investment Holding Group Limited) (a company listed on the main board of the Stock Exchange; stock code: 007) during May 2012 to April 2014, the chief accountant and financial controller of China Oil and Gas Group Limited (a company listed on the main board of the Stock Exchange; stock code: 603) during September 2004 to December 2008 and the chief financial officer of Tem Fat Hing Fung (Holdings) Limited (now known as China Daye Non-Ferrous Metals Mining Limited) (a company listed on the main board of the Stock Exchange; stock code: 661) during December 2002 to May 2004. He has over 20 years of experience in accounting, corporate finance, merger and acquisition and corporate governance. He is a member of the CPA Australia.

Ms. Ho Sau Ping, Pia (“**Ms. Ho**”), aged 64, joined the Company on 16 January 2023. Ms. Ho is a member of Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Ms. Ho has been a senior media company officer, and has been engaged in executive management of media content and broadcast programme activities, as well as philanthropy and operational management of social and cultural enterprises, for over 14 years.

Ms. Ho was formerly Creative Director and Producer at Hong Kong Commercial Broadcasting Company Limited, one of Hong Kong's major broadcasting companies. She is a co-founding member of international theatre company Zuni Icosahedron, that has managed events in more than 30 cities, is a venue partner of the Hong Kong Cultural Centre, and is one of the major Hong Kong government-supported professional performing arts groups.

Senior Management

Mr. TO Chi (“**Mr. To**”) has been the company secretary of the Company since 7 August 2014. Mr. To holds a Master of Finance from RMIT University. He is a member of The Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. To has over 33 years of experience in company management, accounting, taxation as well as corporate finance.

Business address of the Directors

The business address of the Directors is the same as the Company's head office and principal place of business in Hong Kong at Unit 02, 11/F, Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

13. MISCELLANEOUS

- (a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) The English texts of this circular shall prevail over the Chinese texts in case of any inconsistency.

14. DOCUMENTS ON DISPLAY

The following documents will be available on (i) the website of the Company (www.ecrepay.com) and (ii) the website of the Stock Exchange (www.hkexnews.hk) from the date of this circular up to and including the date of the SGM:

- (a) the letter from the Independent Financial Adviser, the text of which is set out on pages 44 to 78 of this circular;
- (b) the report from CL Partners CPA Limited in respect of the unaudited pro forma financial information of the Group, the text of which as set out in appendix II of this circular;
- (c) the written consents referred to in the paragraph headed “Qualifications and Consents of Experts” in this appendix; and
- (d) the material contracts referred to in the section headed “Material Contracts” in this appendix.

NOTICE OF SGM



仍志集團控股有限公司 WISDOMCOME GROUP HOLDINGS LIMITED

(formerly known as “Easy Repay Finance & Investment Limited (易還財務投資有限公司)”)

(Continued into Bermuda with limited liability)

(Stock Code: 8079)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (“SGM”) of Wisdomcome Group Holdings Limited (the “Company”) will be held at Units 3-9, 10/F, Fook Hong Industrial Building, 19 Sheung Yuet Road, Kowloon Bay, Hong Kong on Wednesday, 29 November 2023 at 4:00 p.m. for the following purposes:

ORDINARY RESOLUTIONS

1. “**THAT** conditional upon: (i) The Stock Exchange of Hong Kong Limited granting or agreeing to grant (subject to allotment) and not having revoked the listing of and permission to deal in the Rights Shares (as defined below) to be allotted and issued to the shareholders of the Company (the “**Shareholder(s)**”) pursuant to the terms and conditions of the Rights Issue (as defined below); and (ii) the Underwriting Agreement (as defined below) becoming unconditional and not being terminated in accordance with its terms:
 - (a) the issue by way of rights issue (the “**Rights Issue**”) of 1,555,932,093 ordinary shares (the “**Rights Share(s)**”) at the subscription price of HK\$0.045 per Rights Share to the qualifying shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the date (the “**Record Date**”) by reference to which entitlement under the Rights Issue will be determined (other than those shareholders (the “**Excluded Shareholders**”) with registered addresses outside Hong Kong whom the Directors, after making relevant enquiry, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) in the proportion of three (3) Rights Shares for every one (1) share of the Company then held on the Record Date at the subscription price of HK\$0.045 per Rights Share and otherwise on the terms and conditions set out in the circular be and is hereby approved;
 - (b) the underwriting agreement (the “**Underwriting Agreement**”) dated 15 August 2023 and entered into among the Company and RaffAello Securities (HK) Limited (a copy of which has been produced to the SGM marked “A” and signed by the chairman of the SGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

NOTICE OF SGM

- (c) the Directors be and are hereby authorised to allot and issue the Rights Shares pursuant to the Rights Issue notwithstanding the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Directors may (i) make such exclusions or other arrangements in relation to the Non-Qualifying Shareholders as they may deem necessary, desirable or expedient having regard to any restrictions or obligations under the articles of association of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong; and (ii) offer for application under forms of excess application for any Rights Shares provisionally allotted but not accepted, and to do all such acts and things as they consider necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and
- (d) the Directors be and are hereby authorised to sign or execute such documents and do all such acts and things in connection with the allotment and issue of the Rights Shares, the implementation of the Rights Issue and the Underwriting Agreement, the exercise or enforcement of any of the Company's rights under the Underwriting Agreement and to make and agree to make such variations of the terms of the Underwriting Agreement as they may in their discretion consider to be appropriate, necessary, desirable or expedient to carry out, to give effect to or in connection with the Rights Issue or any transaction contemplated thereunder."

Yours faithfully,
For and on behalf of the Board of
Wisdomcome Group Holdings Limited
Chan Yan Tak
Chairman

Hong Kong, 9 November 2023

Registered office:
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Principal place of business in Hong Kong:
Unit 02,11/F, Eastmark
21 Sheung Yuet Road
Kowloon Bay, Kowloon
Hong Kong

Notes:

- i. A form of proxy for use at the Meeting is enclosed herewith.
- ii. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.
- iii. Any shareholder of the Company entitled to attend and vote at the Meeting convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
- iv. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be submitted to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding of the above Meeting or any adjournment thereof (as the case may be).

NOTICE OF SGM

- v. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting convened or at any adjourned meeting (as the case may be) and in such event, the form of proxy will be deemed to be revoked.

This notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 notice 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 notice misleading.

This notice will remain on the “Latest Company Announcements” page of the website of the GEM at www.hkgem.com for at least seven days from the date of its posting and on the Company’s website at www.ecrepay.com.