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LETTER FROM THE BOARD

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**SINGASIA HOLDINGS LIMITED**

**星亞控股有限公司 \***

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

**(Stock Code: 8293)**

*Executive Directors:*

Mr. Lam Chun Yip (*Chairman*)

Mr. Xie Feng

*Independent non-executive Directors:*

Mr. Chou Chiu Ho

Mr. Chai Ming Hui

Mr. Lin Jian Feng

*Registered office:*

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman, KY1-1108

Cayman Islands

*Head office and principal place of business:*

60 Paya Lebar Road

#12-29 Paya Lebar Square

Singapore 409051

*Principal place of business in Hong Kong:*

Unit 1307A, 13/F

Two Harbourfront

22 Tak Fung Street

Hunghom, Kowloon

Hong Kong

30 April 2024

*To the Qualifying Shareholders and,  
for information only, the Excluded Shareholders (if any)*

Dear Sir or Madam,

**I. PROPOSED RIGHTS ISSUE ON THE BASIS OF  
TWO (2) RIGHTS SHARES FOR EVERY  
ONE (1) EXISTING SHARE HELD ON THE RECORD DATE; AND  
II. PROPOSED CHANGE IN BOARD LOT SIZE**

**INTRODUCTION**

References are made to the Announcement in relation to, among other matters, the Rights Issue, the Placing and the Change in Board Lot Size.

\* For identification purposes only

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) further details of the Rights Issue, the Placing and the Change in Board Lot Size; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; (iv) other information required under the GEM Listing Rules; and (v) a notice convening the EGM.

### PROPOSED RIGHTS ISSUE

The Board proposes to raise gross proceeds of up to approximately HK\$14.4 million (assuming full subscription under the Rights Issue) by way of issuing up to 144,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.10 per Rights Share on the basis of two (2) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any). Further details of the Rights Issue are set out below:

Basis of the Rights Issue	:	two (2) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date
Maximum number of Rights Shares to be issued	:	144,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Subscription Price	:	HK\$0.10 per Rights Share
Net subscription price per Rights Share (i.e. Subscription Price less Rights Issue expenses)	:	Approximately HK\$0.09 per Rights Share
Maximum gross proceeds to be raised from the Rights Issue before expenses	:	Approximately HK\$14.4 million
Maximum net proceeds to be raised from the Rights Issue after expenses	:	Approximately HK\$13.6 million
Number of Shares in issue as at the Latest Practicable Date	:	72,000,000 Shares

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## LETTER FROM THE BOARD

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Number of Shares in issue upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed) : 216,000,000 Shares (assuming no change in the number of Shares in issue on or before the Record Date)

Aggregate nominal value of the Rights Shares : HK\$7.2 million (assuming no change in the number of Shares in issue on or before the Record Date)

Assuming there is no change to the total issued share capital of the Company on or before the Record Date, 144,000,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 200% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 66.67% of the total issued share capital of the Company as enlarged by the allotment and issuance of the Rights Shares immediately upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed).

As at the Latest Practicable Date, the Company has no outstanding derivatives, warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares.

### **The Subscription Price**

The Subscription Price is HK\$0.10 per Rights Share, which shall be payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Share(s) applies for the Rights Share(s).

The Subscription Price represents:

- (i) a discount of approximately 25.37% to the closing price of HK\$0.134 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 11.50% to the closing price of HK\$0.113 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 18.70% to the average closing price of approximately HK\$0.123 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 20.63% to the average closing price of approximately HK\$0.126 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

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## LETTER FROM THE BOARD

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- (v) a discount of approximately 3.85% to the theoretical ex-rights price of approximately HK\$0.104 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 14.17% of the theoretical diluted price of approximately HK\$0.109 per Share to the benchmarked price of approximately HK\$0.127 per Share (as defined under Rule 10.44A of the GEM Listing Rules), taking into account the higher of the closing price of HK\$0.113 per Share on the Last Trading Day and the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the Last Trading Day of HK\$0.127 per Share);
- (vii) a discount of approximately 67.32% to the net asset value of the Company of approximately HK\$0.306 per Share based on the latest published audited net asset value attributable to owners of the Company of approximately S\$3.78 million (equivalent to approximately HK\$22.0 million) as at 31 July 2023 as set out in the annual report of the Company for the year ended 31 July 2023 and the total number of issued Shares of 72,000,000 Shares as at the Latest Practicable Date; and
- (viii) a discount of approximately 59.68% to the unaudited net asset value of the Company of approximately HK\$0.248 per Share based on the unaudited net asset value attributable to owners of the Company of approximately S\$3.07 million (equivalent to approximately HK\$17.9 million) as at 31 January 2024 as set out in the interim report of the Company for the six months ended 31 January 2024 and the total number of issued Shares of 72,000,000 Shares as at the Latest Practicable Date.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.09.

During the 12 month period immediately preceding the Latest Practicable Date, the Company has not undertaken any rights issue, open offer or specific mandate placing. The theoretical diluted price, the benchmarked price and theoretical dilution effect (as those terms are defined under Rule 10.44A of the GEM Listing Rules) for the Rights Issue are approximately HK\$0.109 per Share, HK\$0.127 per Share and 14.17%, respectively. The Rights Issue will 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 Subscription Price was determined by the Board with reference to, among others, (i) the market price of the Shares under the prevailing market conditions in Hong Kong; (ii) the financial position of the Group; (iii) the reasons for and benefits of the Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and the use of proceeds” in this circular.

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## LETTER FROM THE BOARD

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The Board considers, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

### **Irrevocable Undertakings**

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any Shareholder of any intention in relation to the Rights Shares to be provisionally allotted to them under the Rights Issue.

### **Non-underwritten Basis**

Subject to the fulfilment of conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Unsubscribed Rights Shares together with the ES Unsold Rights Shares will be placed to independent Placees, who and whose ultimate beneficial owners(s) shall be Independent Third Party(ies), under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue and there is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder(s) who apply to take up all or part of his/her/its entitlements under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or may result in the non-compliance by the Company of the Public Float Requirement under Rule 11.23(7) of the GEM Listing Rules. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (i) does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 10.26(2) of the GEM Listing Rules; and (ii) does not result in the non-compliance of the Public Float Requirement on the part of the Company.

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## LETTER FROM THE BOARD

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### Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled:

- (i) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Right Shares) by no later than the Prospectus Posting Date;
- (ii) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of the Prospectus Documents in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Excluded 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 Prospectus Posting Date; and
- (v) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed. The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions precedent by the Latest Time for Termination or such other date as the Company and the Placing Agent may agree. As at the Latest Practicable Date, none of the above conditions has been fulfilled.

**The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of the conditions of the Rights Issue set forth above. In the event that the Rights Issue is not fully subscribed and provided the Placing Agreement has not been terminated in accordance with the provisions thereof, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid Rights Shares together with the ES Unsold Rights Shares will be placed to independent places on a best effort basis under the Compensatory Arrangements. In the event of any Unsubscribed Rights Shares or ES Unsold Rights Shares which are not placed under the Compensatory Arrangements, the Rights Issue will continue to proceed but such Unsubscribed Rights Shares or ES Unsold Rights Shares will not be issued by the Company**

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## LETTER FROM THE BOARD

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and the size of the Rights Issue will be reduced accordingly. Meanwhile, in the event that the Rights Issue is not fully subscribed and the Placing Agreement is terminated for whatever reasons, the Rights Issue will not proceed.

For the avoidance of doubt, given the Placing will be proceeded on a best effort basis, there is no guarantee that all the Unsubscribed Rights Shares or ES Unsold Rights Shares could eventually be successfully placed by the Placing Agent.

### **Basis of provisional allotments**

The Rights Shares will be allotted on the basis of two (2) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Placing Agreement and the Prospectus Documents.

The PAL 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. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made with the Registrar on or before the Latest Time for Acceptance by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for. There will be no excess application arrangements in relation to the Rights Issue.

### **Status of the Rights Issue**

The Rights Shares (when allotted, issued and fully paid or credited as fully paid) will rank *pari passu* in all respects with the existing Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the 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 fully-paid Rights Shares.

### **Qualifying Shareholders**

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

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## LETTER FROM THE BOARD

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In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. (Hong Kong time) on Monday, 27 May 2024.

It is expected that the last day of dealings in the Shares on a cum-rights basis is Thursday, 23 May 2024, and the Shares will be dealt with on an ex-rights basis from Friday, 24 May 2024.

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

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL) to the Excluded Shareholders for their information only.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company.

**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.**

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest cent) to the relevant Excluded Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit.

Any unsold entitlement of Excluded Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will, if possible, be placed by the Placing Agent under the Compensatory Arrangements to independent Placees, who and whose ultimate beneficial owners(s) shall be Independent Third Party(ies), for the benefit of the Shareholders to whom they were offered by way of the Rights Issue.



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## LETTER FROM THE BOARD

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### **Rights of the Overseas Shareholder(s) (if any)**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law 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 Company will make necessary enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

As at the Latest Practicable Date, based on the record in the register of members of the Company, there were two Overseas Shareholders with registered addresses located in the PRC, which were interested in an aggregate of 6,000 Shares, representing approximately 0.01% of the total issued share capital of the Company. Save for the two Overseas Shareholders with registered addresses located in the PRC, there were no other Overseas Shareholders based on the register of members of the Company as at the Latest Practicable Date.

Taking into account the advice provided by legal adviser in the PRC, the Directors are of the view that the relevant PRC legal restrictions and requirements of the regulatory body or stock exchange in the PRC do not make it necessary or expedient to exclude the Overseas Shareholders with registered addresses located in the PRC from the Rights Issue. Therefore, such Overseas Shareholders are not Excluded Shareholders and the Rights Issue will be extended to such Overseas Shareholders.

**Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 17.41(1) of the GEM Listing Rules. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the securities of the Company.**

### **Certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Thursday, 11 July 2024, to those entitled thereto by ordinary post, at their own risk, to their registered addresses.

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## LETTER FROM THE BOARD

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Refund cheques in respect of applications for Rights Shares if the Rights Issue is terminated are expected to be posted on or before Thursday, 11 July 2024 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

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

On the basis of provisional allotment of two (2) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

### **Application for listing of the Rights Shares and applicable fees**

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the new board lots of 20,000 Rights Shares.

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

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

### **Taxation**

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded 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 listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC.

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## LETTER FROM THE BOARD

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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 licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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

Pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make the Compensatory Arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering these Shares to independent Placees, who and whose ultimate beneficial owners(s) shall be Independent Third Party(ies), for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

Accordingly, on 30 January 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to independent Placees on a best effort basis. As a result of the revisions to the expected timetable as set out in the announcement of the Company dated 28 March 2024, the Company and the Placing Agent entered into the Supplemental Placing Agreement on 10 April 2024, to reflect the changes of the relevant dates of the Rights Issue as referred to in the Placing Agreement.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and ES Unsold Rights Shares during the Placing Period to independent Placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Wednesday, 3 July 2024, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and ES Unsold Rights Shares. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

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

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## LETTER FROM THE BOARD

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

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

### THE PLACING AGREEMENT

Principal terms of the Placing Agreement (as supplemented by the Supplemental Placing Agreement) are summarised as below.

On 30 January 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to, on a best effort basis, procure Placee(s), who and whose ultimate beneficial owner(s) are Independent Third Party(ies), to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date	:	30 January 2024 (after trading hours)
Issuer	:	the Company
Placing Agent	:	Astrum Capital Management Limited, a licensed corporation under the SFO to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) are not Shareholders and are Independent Third Parties.

Placing Price	:	The placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares and ES Unsold Rights Shares during the placement process.
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## LETTER FROM THE BOARD

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- Placing Period : The period from Monday, 24 June 2024 up to 4:00 p.m. on Wednesday, 3 July 2024, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements.
- Placing Commission : The Company shall pay the Placing Agent a placing commission equivalent to, in Hong Kong dollars, (i) a fixed fee of HK\$100,000; or (ii) 1.5% of the amount which is equal to the Placing Price multiplied by the total number of the Unsubscribed Rights Shares and ES Unsold Rights Shares which are successfully placed by the Placing Agent, whichever is higher.
- Placees : The Unsubscribed Rights Shares and ES Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).
- For the avoidance of doubt, no Placee shall become a substantial shareholder of the Company.
- Ranking of the placed Unsubscribed Rights Shares and ES Unsold Rights Shares : The placed Unsubscribed Rights Shares and ES Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Placing.
- Conditions Precedent : The obligations of the Placing Agent under the Placing Agreement are conditional upon the following conditions being fulfilled:
- i) the GEM Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares;
  - ii) the approval of the Rights Issue and the transactions contemplated thereunder (including the Placing Agreement) by more than 50% of the Independent Shareholders at the EGM by way of poll;

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## LETTER FROM THE BOARD

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- iii) the Placing Agreement not having been terminated in accordance with the provisions thereof; and
- iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect.

The Placing Agent may in its absolute discretion waive the fulfillment of all or any part of the conditions by notice in writing to the Company, except paragraphs (i) and (ii) above which are not capable of being waived.

The Company shall use its best endeavours to procure the fulfilment of such conditions precedent to the Placing Agreement by 31 December 2024 (or such other date as may be agreed by the Placing Agent and the Company in writing). If any of the conditions precedent to the Placing Agreement have not been fulfilled by 31 December 2024 or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waiver or extend the time for fulfilment of such conditions), then the Placing will lapse and all rights, obligations, liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

Termination : The Placing Period shall end at 4:00 p.m. on Wednesday, 3 July 2024 or any other date by mutual agreement between the Placing Agent and the Company.

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## LETTER FROM THE BOARD

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The Placing Agent may terminate the Placing Agreement by notice in writing given to the Company at any time prior to 4:00 p.m. on Thursday, 4 July 2024 (or any other date by mutual agreement between the Placing Agent and the Company) upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, to be material in the context of the Placing or has or may have a material adverse effect on the business or financial conditions or prospects of the Group or the success of the Placing or the full placement of all of the Unsubscribed Rights Shares and ES Unsold Rights Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing;
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole;

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## LETTER FROM THE BOARD

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- (c) any material breach of any of the representations and warranties by the Company comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of completion of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement;
- (d) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would materially and adversely affect the success of the Placing, excluding any suspension in connection with the clearance of the Prospectus Documents or other announcements and circulars of the Company in connection with the Rights Issue; or
- (e) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

If notice of termination is given by the Placing Agent, the Placing Agreement shall be terminated and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.



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## LETTER FROM THE BOARD

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The terms of the Placing Agreement (including the commission payable) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and the market conditions. The Board considers the terms of the Placing for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) are on normal commercial terms and are fair and reasonable.

In assessing the placing commission payable to the Placing Agent, the Board has taken into consideration (i) the prevailing economic conditions and stock market performance in Hong Kong; (ii) the overall market sentiment for subscription of rights shares of a company listed on GEM of the Stock Exchange; and (iii) the prevailing placing commission chargeable by placing agent for rights issues conducted by listed companies on the Stock Exchange within the six months prior to the Latest Practicable Date. Based on publicly available information, the Board noted that the placing commission rate of 1.5% chargeable by the Placing Agent generally falls within the range of placing commission, which ranges between 0.5% and 3.5%, chargeable by placing agent for placing under rights issues conducted by listed companies on the Stock Exchange within the six months prior to the Latest Practicable Date.

Besides, the Board considered that the fixed fee in the amount of HK\$100,000 charged by the Placing Agent under the Placing Agreement is fair and reasonable taking into consideration irrespective of the results of the Rights Issue and the number of Unsubscribed Rights Shares and ES Unsold Rights Shares successfully placed by the Placing Agent, the Placing Agent would have already incurred time and resources in conducting negotiation, client acceptance procedures and preparing relevant documentations in relation to the Placing.

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

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Board considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

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

The Group is a Singapore-based workforce solutions provider which provides manpower outsourcing services, manpower recruitment services and manpower training services. The Group's workforce solutions meet customers' needs for a reliable and efficient workforce in the hotel and resort, retail, food and beverage ("F&B") and other sectors across Singapore. These sectors are always in demand for flexible workforce support to reduce cost and respond to seasonal and fluctuating market conditions.

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## LETTER FROM THE BOARD

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As disclosed in the annual report of the Company for the year ended 31 July 2023, revenue of the Group grew from approximately S\$9,787,000 for the financial year ended 31 July 2022 to approximately S\$18,524,000 for the financial year ended 31 July 2023, representing a significant increase of approximately 89.3%. The increase in revenue largely attributed to an increase in revenue generated from manpower outsourcing services as the Singapore economy made significant progress towards normalisation during the financial year ended 31 July 2023.

As the impact of COVID-19 epidemic gradually recedes and benefited by the reopening of borders in various countries, Singapore's tourism industry has started to thrive. According to the information available from public domain, the number of international visitor arrivals in Singapore recorded from January 2023 to November 2023 was approximately 12.3 million, which is nearly double the figure for the entire year of 2022 (approximately 6.3 million). The Company expects the tourism sector in Singapore to continue its growth momentum in the year ahead, on the back of increasing flight connectivity and capacity, and China's gradual reopening. The Company believes the recovery of the tourism industry will simultaneously drive the hotel and resort, retail, F&B and other sectors in Singapore, thereby generating increased demand for manpower.

In light of the significant growth in the Group's revenue and the number of visitor arrivals in Singapore as mentioned above, the Company is of the view that this is an opportune time for the Group to scale up to seize market demand and, accordingly, generate profits. For this purpose, the Company plans to enhance the Group's enterprise resource planning system and other IT infrastructure to more efficiently align with customers' needs. The management considers that an improvement in the Group's IT infrastructure would enable it to build up a more comprehensive database on the attributes and backgrounds of its staff and contractors, which, in turn would facilitate the Group in matching the appropriate candidates or deployed staff with the right employers or customers. Additionally, the Company intends to recruit or hire more staff and/or freelance contractors so as to expand the labour force available for deployment, thereby capturing the growing market demand for manpower in the hotel and resort, retail, F&B and other sectors in Singapore.

Furthermore, the Company also plans to utilise part of the net proceeds from the Rights Issue to explore new business opportunities by way of establishing the Group's market presence and operations in Hong Kong. According to the information available from public domain, between 2018 and 2022, the labour force in Hong Kong has shown a consistent downward trend, contracting by a total of 219,000 individuals or 6%. As Hong Kong gradually returns to normalcy following the COVID-19 epidemic, this decline in the labour force has inevitably led to a significant shortage of manpower. In addition, the total number of job vacancies in the private sector has surged and nearly doubled within two years, reaching 77,800 in March 2023. Consequently, the vacancy rate has reached a nine-year high of 2.8%.

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## LETTER FROM THE BOARD

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The Company believes that the reopening of borders in Hong Kong last year, coupled with the government's successive implementation of policies to stimulate the tourism industry, will further increase the local private sector's demand for manpower, particularly the hotel and resort, retail and F&B sectors. Therefore, the Company considers this to be an opportunity to expand its business and capture the local market in Hong Kong. In view of this, the Company plans to establish an operation centre and employ certain staff in Hong Kong to support the Group's expansion plans, including providing manpower outsourcing services and manpower recruitment services to meet the local demand. Once the Group has established its workforce in Hong Kong, it would arrange vocational trainings for the staff to equip them with relevant knowledge and skills in serving different labour intensive industries in Hong Kong, with a particular focus on the hotel and resort, retail and F&B sectors. Leveraging the existing business model of the Group which proved to be highly successful in Singapore, the management believes that the Group's ability and consistent track record in deploying quality workers on an as-needed basis would facilitate business enterprises in Hong Kong to be readily supported by a reliable workforce, while sparing them from the significant time and expenses which may otherwise be required for the recruitment, training and retention of their own staff.

Accordingly, the Company requires substantial financial and operational resources to expand and raise the scale for operations. The net proceeds from the Rights Issue will not only provide the necessary funding to facilitate the development and expansion of the Group's business but also strengthen the financial positions of the Group.

Assuming there will be no change in the number of Shares in issue on or before the Record Date and full subscription of the Rights Issue, the maximum net proceeds from the Rights Issue (after deducting the estimated expenses of approximately HK\$0.8 million) is expected to be approximately HK\$13.6 million, which will be used as follows during the forthcoming 12 months:

- (i) approximately HK\$4.1 million, being approximately 30% of the net proceeds, for enhancement of the enterprise resource planning system and other IT infrastructure of the Group;
- (ii) approximately HK\$4.1 million, being approximately 30% of the net proceeds, for recruiting or hiring additional staff and/or freelance contractors for the Group's business in Singapore;
- (iii) approximately HK\$2.7 million, being approximately 20% of the net proceeds, for establishing the Group's market presence and operations in Hong Kong; and
- (iv) approximately HK\$2.7 million, being approximately 20% of the net proceeds, for general working capital of the Group.

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## LETTER FROM THE BOARD

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The Rights Issue will proceed irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be allocated and utilised in accordance with the same proportion to the above uses.

### **Other fund-raising alternatives**

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing, or an open offer.

In respect of debt financing, the Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders. Debt financing will also result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner.

As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company.

As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Directors consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, based on publicly available market information, the Board understands that where the Unsubscribed Rights Shares and ES Unsold Rights Shares are to be fully-underwritten, the underwriting commission charged by underwriters is generally much higher than the commission charged for placing on a best-effort basis. To improve the cost effectiveness of the Rights Issue and having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholder(s), if any, should note that their shareholdings will be diluted.

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## LETTER FROM THE BOARD

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### FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities during the 12 months immediately preceding the Latest Practicable Date.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group is principally engaged in the provision of specialised workforce solutions, including manpower outsourcing services and manpower recruitment to the hotel and resort, retail, food and beverage and other sectors such as event organisers, facility management and various industries in Singapore. The Directors believe that there are certain risks and uncertainties involved in the operations of the Group, some of which are beyond the Group's control. The Directors believe the significant risks relating to the business of the Group are as follows:

- the Group's revenue derived from its manpower outsourcing services is mainly dependent on the number of staff deployed. The Group generally enters into framework manpower outsourcing service agreements with its major customers, but such service agreements do not provide any obligation and/or commitment on the part of the Group's customers to use its manpower outsourcing services and they may be terminated by the customers within a short period of time. Any substantial decrease in the number of staff deployed by the Group may have a material adverse effect on its business, financial and results of operations;
- the efficient operation of the Group's business is dependent on its software, computer and network systems. Any unexpected disruption to the Group's software, computer or network system may have material adverse effects on the Group's business, operations as well as reputation;
- the Group is subject to extensive labour and immigration laws, regulations and policies that govern the employment of foreign workers. Any changes in the applicable laws, regulations or policies of Singapore or those of the foreign workers' countries of origin may result in labour shortages and/or increase in the Group's recruitment and operating costs;
- the labour turnover rate in the hotel and resort, food and beverage and retail sectors is high, and qualified individuals of the requisite caliber and number needed to fill these positions may be in short supply. The Group's inability to recruit, train and maintain a sufficient number of qualified individuals may delay or affect the speed of its strategic execution and planned growth. Delayed expansion, significant increases in labour turnover rates or significant increases in labour costs could have a material adverse effect on the Group's business, financial condition and results of operations; and

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## LETTER FROM THE BOARD

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- any economic downturn in Singapore may affect the retail, hotel and resort and food and beverage sectors, which may thereby lower their demand for labour force and materially and adversely the Group's business, financial condition and results of operations.

### CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company, assuming no further change in the number of issued Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares, (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by existing Shareholders; and (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by Qualifying Shareholders and all the Unsubscribed Rights Shares and ES Unsold Rights Shares having been placed by the Placing Agent:

Name of Shareholders	As at the Latest Practicable Date		Immediately upon completion of Rights Issue assuming full acceptance of Rights Shares by existing Shareholders		Immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and all the Unsubscribed Rights Shares and ES Unsold Rights Shares having been placed by the Placing Agent	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Irregular Consulting Limited (Note 1) Public Shareholders	9,146,600	12.70	27,439,800	12.70	9,146,600	4.23
– Independent Placees (Note 2)	–	–	–	–	144,000,000	66.67
– Other public Shareholders	<u>62,853,400</u>	<u>87.30</u>	<u>188,560,200</u>	<u>87.30</u>	<u>62,853,400</u>	<u>29.10</u>
	<u>72,000,000</u>	<u>100.0</u>	<u>216,000,000</u>	<u>100.0</u>	<u>216,000,000</u>	<u>100.0</u>

Notes:

- The entire issued share capital of Irregular Consulting Limited is beneficially owned by Wee Yu-Chih.
- As it is not expected that any of the individual Placees will become a substantial Shareholder immediately after completion of the Placing, the Unsubscribed Rights Shares and ES Unsold Rights Shares having been placed by the Placing Agent will form part of the public float of the Company.

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## LETTER FROM THE BOARD

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### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the Latest Practicable Date, the existing Shares are traded on the Stock Exchange in the board lot size of 5,000 Shares. The Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 5,000 Shares to 20,000 Shares with effect from 9:00 a.m. on Tuesday, 4 June 2024.

Based on the theoretical ex-rights price of HK\$0.104 per Share (calculated based on the closing price of HK\$0.113 per Share as quoted on the Stock Exchange on the Last Trading Day), the market value of each existing board lot of 5,000 Shares is HK\$520 and the estimated market value of each proposed new board lot of 20,000 Shares would be HK\$2,080.

The Change in Board Lot Size will not result in change in the relative right of the Shareholders. Shareholders should take note that Shareholders' approval is not required for the Change in Board Lot Size.

### **Arrangement on odd lot trading and matching services**

In order to alleviate the difficulties of the trading of odd lots (if any) of the Shares arising from the Change in Board Lot Size, the Company will appoint Astrum Capital Management Limited as a designated broker to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their holding of odd lots of the Shares during the period from 9:00 a.m. on Tuesday, 4 June 2024 to 4:00 p.m. on Tuesday, 25 June 2024. Shareholders who wish to take advantage of this facility should contact Ms. Angie Yeung of Astrum Capital Management Limited at Room 2704, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong (telephone number: (852) 3665-8160 and facsimile number: (852) 2559-2880) during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period.

Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above arrangement.

All existing share certificates in board lot of 5,000 Shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the Change in Board Lot Size, and therefore no arrangement for free exchange of the existing share certificates in board lot of 5,000 Shares to new share certificate in board lot of 20,000 Shares is necessary.

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## LETTER FROM THE BOARD

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### REASONS FOR THE CHANGE IN BOARD LOT SIZE

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by The Hong Kong Exchange and Clearing Limited, the expected value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. In view of the fact that the closing price of the Shares as quoted on the Stock Exchange as at the Latest Practicable Date was HK\$0.134 per Share, the value of each existing board lot of 5,000 Shares was HK\$670, which was less than HK\$2,000.

Based on the above, the Board resolved to propose the Change in Board Lot Size, resulting in HK\$2,680 per board lot of 20,000 Shares (based on the closing price of the Shares as quoted on the Stock Exchange as at the Latest Practicable Date) with the view to complying with the trading requirements under the GEM Listing Rules.

Further, the Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

In addition, the Board considers that the Change in Board Lot Size would maintain the trading amount for each board lot at a reasonable level which will increase the attractiveness of investing the Shares from a broader range of investors and thus would help to further broaden the shareholder base of the Company and improve the value of the Shares in the long run.

Accordingly, the Board considers that the Change in Board Lot Size would maintain the trading amount for each board lot at a reasonable level in order to attract potential investors and to extend the shareholder base of the Company. The Board believes that the Change in Board Lot Size is in the interests of the Company and the Shareholders as a whole and that will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 16 May 2024 to Wednesday, 22 May 2024 (both dates inclusive) for determining the Shareholders’ entitlements for attending and voting at the EGM.

The register of members of the Company will be closed from Tuesday, 28 May 2024 to Monday, 3 June 2024 (both dates inclusive) for determining the entitlements to the Rights Issue.

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



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## LETTER FROM THE BOARD

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### GEM LISTING RULES IMPLICATIONS

#### **Rights Issue**

In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50%, the Rights Issue is conditional upon the Independent Shareholders' approval at the EGM, and any controlling Shareholder(s) and their respective associates, or where there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

As at the Latest Practicable Date, the Company has no controlling Shareholder (as defined under the GEM Listing Rules) and there is no Director being beneficially interested in any Share. Accordingly, no Shareholder is required to abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing and the transactions contemplated thereunder at the EGM.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The Rights Issue will 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.

#### **GENERAL**

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue and the Placing. The register of members of the Company will be closed from Thursday, 16 May 2024 to Wednesday, 22 May 2024 (both days inclusive) for determining the Shareholders' entitlements for attending and voting at the EGM.

In order to be registered as a member of the Company on the record date for attendance and voting at the EGM, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by no later than 4:30 p.m. (Hong Kong time) on Tuesday, 14 May 2024.

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## LETTER FROM THE BOARD

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A notice convening the EGM to be held at Portion 2, 12/F, The Center, 99 Queen's Road Central, Central, Hong Kong on Wednesday, 22 May 2024 at 3:00 p.m. is set out on pages EGM-1 to EGM-4 of this circular. Whether you are able to attend the EGM or not, you are requested to complete the enclosed proxy form in accordance with the instructions printed on it and return the completed proxy form to the Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event so that it is received at least 48 hours before the time appointed (i.e. Monday, 20 May 2024 at 3:00 p.m.) for the EGM or adjourned meeting (as the case may be). Submission of a proxy form shall not preclude you from attending the EGM (or any adjournment of such meeting) and voting in person should you so wish.

The Company will despatch the Prospectus Documents containing, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information of the Group, and PAL(s) to the Qualifying Shareholders on or before Tuesday, 4 June 2024. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send the Prospectus to the Excluded Shareholders (if any) for their information only, but the Company will not send the PAL to the Excluded Shareholders (if any).

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

**Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed "Conditions of the Rights Issue" in this circular.**

**Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in the Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Excluded Shareholders, if any, should note that their shareholding in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.**

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## LETTER FROM THE BOARD

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Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the 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).

### RECOMMENDATIONS

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chou Chiu Ho, Mr. Chai Ming Hui and Mr. Lin Jian Feng, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM. Vinco Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

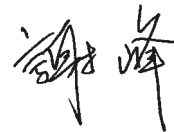
Your attention is drawn to the letter from the Independent Board Committee set out on pages 38 to 39 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 40 to 67 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

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

### ADDITIONAL INFORMATION

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

For and on behalf of  
**SingAsia Holdings Limited**



**Xie Feng**

*Executive Director*