
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, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Zijing International Financial Holdings Limited (the “Company”), you should at once forward this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

This circular appears 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 the Company.



Zijing International Financial Holdings Limited

紫荊國際金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8340)

I. PROPOSED RIGHTS ISSUE ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE; II. PROPOSED CHANGE IN BOARD LOT SIZE; AND III. NOTICE OF EXTRAORDINARY GENERAL MEETING

Placing Agent to the Company



Independent Financial Adviser to the Independent Board Committee and Independent Shareholders



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

A letter from the Board is set out on pages 7 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 to 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 73 of this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Wednesday, 19 June 2024. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 3 July 2024 to Wednesday, 10 July 2024 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Wednesday, 3 July 2024 to Wednesday, 10 July 2024 (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 EGM to be held at Units 502A, 503 and 503A, 5/F, Tower 2, Admiralty Centre, No. 18 Harcourt Road, Hong Kong on Monday, 17 June 2024 at 11:00 a.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 Hong Kong branch share registrar and transfer office of the Company, 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. Saturday, 15 June 2024 at 11:00 a.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 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 conditions. Please refer to the paragraph headed “Conditions of the Rights Issue” in this circular. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid Rights Shares together with the ES Unsold Rights Shares will be placed to independent places on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares or 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.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled.

27 May 2024

CHARACTERISTICS OF GEM

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

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

CONTENTS

	<i>Page</i>
Expected Timetable	iii
Definitions	1
Letter from the Board	7
Letter from the Independent Board Committee	42
Letter from the Independent Financial Adviser	44
Appendix I — Financial Information of the Group	I-1
Appendix II — Unaudited Pro Forma Financial Information of the Group	II-1
Appendix III — General Information	III-1
Notice of Extraordinary General Meeting	EGM-1

EXPECTED TIMETABLE

Set out below is the expected timetable for the proposed Rights Issue, the Change in Board Lot Size and the Placing which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Event	Date and time (Hong Kong time)
Latest time for lodging transfer of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Friday, 7 June 2024
Closure of register of members for determination of the right to attend and vote at the EGM (both days inclusive)	Tuesday, 11 June 2024 to Monday, 17 June 2024
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Saturday, 15 June 2024
Record date for attendance and voting at the EGM	Monday, 17 June 2024
Expected time and date of the EGM to approve the proposed Rights Issue, the Placing and the transactions contemplated respectively thereunder.	11:00 a.m. on Monday, 17 June 2024
Announcement of the poll results of the EGM.	Monday, 17 June 2024
Register of members re-opens	Tuesday, 18 June 2024
Last day of dealings in the Shares on a cum-rights basis of the Rights Issue	Tuesday, 18 June 2024
First day of dealings in the Shares on an ex-rights basis of the Rights Issue	Wednesday, 19 June 2024
Latest time for the Shareholders to lodge transfer of the Shares to qualify for the Rights Issue.	4:30 p.m. on Thursday, 20 June 2024
Closure of register of members for the Rights Issue (both days inclusive)	Friday, 21 June 2024 to Thursday, 27 June 2024
Record Date for the Rights Issue	Thursday, 27 June 2024
Register of members of the Company re-opens	Friday, 28 June 2024

EXPECTED TIMETABLE

Despatch of Prospectus Documents (in the case of the Excluded Shareholders, the Prospectus only)	Friday, 28 June 2024
Effective date of the Change in Board Lot Size from 10,000 Shares to 20,000 Shares	Friday, 28 June 2024
Designated broker starts to stand in the market to provide matching services for odd lots of Shares.	9:00 a.m. on Friday, 28 June 2024
First day of dealings in nil-paid Rights Shares in the new board lot size of 20,000 Rights Shares.	Wednesday, 3 July 2024
Latest time for splitting of the PALs.	4:30 p.m. on Friday, 5 July 2024
Last day of dealing in nil-paid Rights Shares in the new board lot size of 20,000 Rights Shares	Wednesday, 10 July 2024
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Monday, 15 July 2024
Latest time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 15 July 2024
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares.	4:00 p.m. on Friday, 19 July 2024
Announcement of the number of Unsubscribed Rights Shares and ES Unsold Rights Shares subject to the Compensatory Arrangements	Monday, 22 July 2024
Commencement of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agent.	Tuesday, 23 July 2024
Latest time of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares subject to Compensatory Arrangements	4:00 p.m. on Wednesday, 31 July 2024
Latest time for termination of the Placing Agreement.	4:00 p.m. on Thursday, 1 August 2024

EXPECTED TIMETABLE

Announcement of the allotment results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and ES Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and per ES Unsold Rights Share under the Compensatory Arrangements)	Wednesday, 7 August 2024
Despatch of share certificates for fully-paid Rights Shares	Thursday, 8 August 2024
Despatch of refund cheques, if any, if the Rights Issue is terminated.	Thursday, 8 August 2024
Commencement of dealings in fully-paid Rights Shares in the new board lot size of 20,000 Rights Shares	9:00 a.m. on Friday, 9 August 2024
Payment of Net Gain to relevant No Action Shareholders (if any)	Tuesday, 20 August 2024

All times and dates in this circular refer to Hong Kong local times and dates. In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the website of the Stock Exchange and on the website of the Company as and when appropriate.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE 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 at the time indicated above if there is a tropical cyclone warning signal no. 8 or above, “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 15 July 2024. Instead, the Latest Time for Acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 15 July 2024. Instead, the Latest Time for Acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

EXPECTED TIMETABLE

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Monday, 15 July 2024, the dates mentioned in this section may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

DEFINITIONS

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

“2022 AGM”	the annual general meeting of the Company held on 6 May 2022
“2023 AGM”	the annual general meeting of the Company held on 30 May 2023
“AFRC”	the Accounting and Financial Reporting Council
“Announcement”	the announcement of the Company dated 25 March 2024 in relation to, among other things, the Rights Issue, the Change in Board Lot Size and the Placing
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 10,000 Shares to 20,000 Shares
“Company”	Zijing International Financial Holdings Limited (紫荊國際金融控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM (Stock Code: 8340)
“Compensatory Arrangements”	the compensatory arrangements made pursuant to Rule 10.31(1)(b) of the GEM Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements” in this circular
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held at 11:00 a.m. on Monday, 17 June 2024 for the purpose of considering and, if thought fit, approving the Rights Issue and the Placing
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form
“Excluded Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board comprising all the independent non-executive Directors, which has been established to advise the Independent Shareholders in respect of the Rights Issue
“Independent Financial Adviser”	Silverbricks Securities Company Limited, a corporation licensed by the SFC to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue
“Independent Shareholder(s)”	any Shareholder(s) who is(are) not required to abstain from voting on the resolution relating to the Rights Issue and the Placing at the EGM under the GEM Listing Rules

DEFINITIONS

“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons and not connected with any of them or their respective associates
“Irrevocable Undertaking”	a letter of irrevocable undertaking executed by Mr. Lee in favour of the Company, the principal terms of which are disclosed in the section headed “The Irrevocable Undertaking” in this circular
“Last Trading Day”	Monday, 25 March 2024, last trading day for the Shares on the Stock Exchange immediately before the publication of the Announcement
“Latest Practicable Date”	22 May 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Latest Time for Acceptance”	4:00 p.m. on Monday, 15 July 2024, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Thursday, 1 August 2024 or such later date as the Company and the Placing Agent may agree in writing, being the latest time to terminate the Placing Agreement
“Mr. Lee”	Mr. Lee Chun Wai, an executive Director, the chairman of the Board and a substantial Shareholder who is directly holding 13,879,000 Shares (approximately 15.49% of the issued share capital of the Company) as at the Latest Practicable Date
“Net Gain”	the premium paid by the Placees over the Subscription Price for the Unsubscribed Rights Shares and ES Unsold Rights Shares placed by the Placing Agent
“New Capital Investment Entrant Scheme”	the new migration programme offered by the Hong Kong government which has become effective on 1 March 2024 that enables eligible persons to reside and pursue development in Hong Kong through capital investment in the form of financial assets
“No Action Shareholder(s)”	those Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong

DEFINITIONS

“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	institutional, corporate or individual investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agents to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement
“Placing Agent”	China Sky Securities Limited, a corporation licensed by the SFC to engage in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 25 March 2024 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	a period commencing from the first Business Day after the date of announcement of the number of the Unsubscribed Rights Shares and ES Unsold Rights Shares, which is expected to be Tuesday, 23 July 2024, and ending at 4:00 p.m. on Wednesday, 31 July 2024
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued to the Shareholders containing details of the Rights Issues
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Friday, 28 June 2024 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Public Float Requirement”	the public float requirement under Rule 11.23(7) of the GEM Listing Rules
“Qualifying Shareholder(s)”	Shareholders, other than Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date

DEFINITIONS

“Record Date”	Thursday, 27 June 2024 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to participate in the Rights Issue will be determined
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	The proposed issue of the Rights Shares by way of rights on the basis of five (5) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price
“Rights Share(s)”	up to 448,000,000 new Shares (assuming no change in the number of issued Shares on or before the Record Date) to be allotted and issued pursuant to the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“S\$”	Singapore dollars, the lawful currency in Singapore
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.120 per Rights Share under the Rights Issue
“substantial shareholder(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Share(s)”	the Rights Shares that are not subscribed by the Qualifying Shareholders, which do not include any Rights Shares to be provisionally allotted to Mr. Lee for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “The Irrevocable Undertaking” in this circular

DEFINITIONS

“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent



Zijing International Financial Holdings Limited

紫荊國際金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8340)

Executive Directors:

Mr. Lee Chun Wai

Ms. Ji Yi

Independent non-Executive Directors:

Mr. Choi Tak Fai

Ms. Lau Mei Suet

Mr. Tsang Ho Yin

Registered office:

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman

KY1-1108

Cayman Islands

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

Units 502A, 503 and 503A, 5/F

Tower 2, Admiralty Centre

No. 18 Harcourt Road

Hong Kong

*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
FIVE (5) 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.

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

LETTER FROM THE BOARD

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 Company proposes to raise gross proceeds of up to approximately HK\$53.8 million (assuming full subscription under the Rights Issue) by way of issuing up to 448,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) by way of Rights Issue at the Subscription Price of HK\$0.120 per Rights Share on the basis of five (5) 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	:	five (5) 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	:	448,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Subscription Price	:	HK\$0.120 per Rights Share
Net subscription price per Rights Share (i.e. Subscription Price less Rights Issue expenses)	:	Approximately HK\$0.118 per Rights Share
Maximum gross proceeds to be raised from the Rights Issue before expenses	:	Approximately HK\$53.8 million
Maximum net proceeds to be raised from the Rights Issue after expenses	:	Approximately HK\$52.8 million
Number of Shares in issue as at the Latest Practicable Date	:	89,600,000 Shares
Number of Shares in issue upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed)	:	537,600,000 Shares (assuming no change in the number of Shares in issue on or before the Record Date)

LETTER FROM THE BOARD

- Aggregate nominal value of the Rights Shares : HK\$44.8 million (assuming no change in the number of Shares in issue on or before the Record Date)
- Number of Rights Shares undertaken to be taken up : Mr. Lee has undertaken to take up an aggregate of 69,395,000 Rights Shares under his assured entitlement (representing approximately 15.49% of the total Rights Shares proposed to be provisionally allotted by the Company) pursuant to the Irrevocable Undertaking

Assuming there is no change to the total issued share capital of the Company on or before the Record Date, 448,000,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 500% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 83.33% 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\$0.120 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 65.22% to the closing price of HK\$0.345 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 20.53% to the closing price of HK\$0.151 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 25.00% to the average closing price of approximately HK\$0.160 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 23.08% to the average closing price of approximately HK\$0.156 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 4.00% to the theoretical ex-rights price of approximately HK\$0.125 per Share based on the closing price of HK\$0.151 per Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM THE BOARD

- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 20.25% of the theoretical diluted price of approximately HK\$0.126 per Share to the benchmarked price of approximately HK\$0.158 per Share (as defined under Rule 10.44A of the GEM Listing Rules), taking into account the higher of the closing price of HK\$0.151 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\$0.158 per Share);
- (vii) a discount of approximately 52.0% to the net asset value of the Company of approximately HK\$0.25 per Share based on the latest published unaudited net asset value attributable to owners of the Company of approximately HK\$22.77 million as at 30 June 2023 as set out in the interim report of the Company for the six months ended 30 June 2023 and the total number of issued Shares of 89,600,000 Shares as at the Latest Practicable Date; and
- (viii) a discount of approximately 55.6% to the net asset value of the Company of approximately HK\$0.27 per Share based on the latest published audited net asset value attributable to owners of the Company of approximately HK\$24.58 million as at 31 December 2023 as set out in the annual report of the Company for the year ended 31 December 2023 and the total number of issued Shares of 89,600,000 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\$0.118 (assuming no change in the number of Shares in issue on or before the Record Date).

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\$0.126 per Share, HK\$0.158 per Share and 20.25%, 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 prevailing market price and recent trading performance of the Shares which includes the daily closing price and daily trading volume of the Shares during the six months prior to the Last Trading Day, where the closing price of the Shares demonstrated an overall downward trend from HK\$0.212 per Share on 26 September 2023 to HK\$0.151 per Share on the Last Trading Day with an average daily trading volume amounting to approximately 0.60% of the total issued share capital of the Company as at the Last Trading Day, which indicated a lack of liquidity and demand for the Shares; (ii) the latest business performance and financial position of the Group. For the year ended 31 December 2022 and 2023, the Company recorded total comprehensive loss attributable to the Shareholders of

LETTER FROM THE BOARD

approximately HK\$7.4 million and HK\$3.9 million, respectively; (iii) the current bearish Hong Kong stock market condition, which is evidenced by the continuous downward trend of the Hang Seng Index from approximately 17,466.9 on 26 September 2023 to approximately 16,473.64 on the Last Trading Day; (iv) the Directors' view that it is reasonable to set the Subscription Price at a discount to the closing price per Share on the Last Trading Day and the consolidated net asset value per Share attributable to the Shareholders as described above in order to enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders and investors to participate, given the challenging market conditions, unfavourable price trend and lack of liquidity of the Shares; (v) the relatively large fundraising size when compared with the market capitalisation of the Company as at the Last Trading Day; and (vi) 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.

The Board noticed that there has been recent fluctuation in the price of the Shares. In particular, the closing price per Share increased from HK\$0.151 per Share as at the Last Trading Day to HK\$0.345 per Share as at the Latest Practicable Date. The Board confirms that it is not aware of any reasons for the recent fluctuation in the price of the Shares. The Subscription Price represents a discount of approximately 65.22% to the closing price per Share as at the Latest Practicable Date. Nonetheless, the Board considers that it may not be representative to compare the Subscription Price to the closing price of the Shares as at a particular date. Instead, the Board considers that it is more reasonable and justifiable to compare the Subscription Price with the average closing price of the Shares for a longer time frame in order to eliminate any abrupt fluctuations in the Share price. For illustrative purpose, the Subscription Price represents a discount of approximately 48.50% to the average closing price of HK\$0.233 per Share as quoted on the Stock Exchange during the one (1) year period prior to and including the Latest Practicable Date. The Board considers that the Subscription Price is fair and reasonable taking into consideration (a) the factors as aforementioned in determining the Subscription Price; and (b) the discount of approximately 48.50% of the Subscription Price to the average closing price per Share during the one (1) year period prior to and including the Latest Practicable Date falls within the range of discount, from 1.69% to 53.10% with an average of 22.83%, in the subscription price for rights issues exercises conducted by companies listed on the Stock Exchange within the six months prior to the Last Trading Day.

Besides, the Subscription Price was determined based on, amongst other factors, the then Share price performance and trading volume, the then latest business performance and financial position of the Group as well as the then prevailing market conditions and investment sentiment at the time of entering into the Placing Agreement. The Directors could not have reasonably foreseen and/or taken into account the recent fluctuation in the price of the Shares when determining the Subscription Price. It is also not justifiable for the Directors to adjust the Subscription Price based on the latest Share price performance on a continual basis because the Company would have to re-negotiate with the Placing Agent on the Subscription Price, the placing price and the entire placing structure which would inevitably result in substantial delay to the Rights Issue.

LETTER FROM THE BOARD

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.

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 that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares together with the ES Unsold Rights Shares (which do not include any Rights Shares to be provisionally allotted to Mr. Lee for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “The Irrevocable Undertaking” in this circular) will be placed to independent Places on a best effort basis 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, 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 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.

LETTER FROM THE BOARD

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 and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights 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) compliance with and performance of all undertakings and obligations of Mr. Lee under the Irrevocable Undertaking in all material respects;
- (iv) 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;
- (v) 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
- (vi) 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.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

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 (which do not include any Rights Shares to be provisionally allotted to Mr. Lee for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “The Irrevocable

LETTER FROM THE BOARD

Undertaking” in this circular) 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 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 five (5) 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 Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any). 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.

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 at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on Thursday, 20 June 2024 (Hong Kong time).

LETTER FROM THE BOARD

It is expected that the last day of dealings in the Shares on a cum-rights basis is Tuesday, 18 June 2024, and the Shares will be dealt with on an ex-rights basis from Wednesday, 19 June 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 purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable.

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, on a best effort basis, 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, at the price at least equal to the Subscription Price.

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.

LETTER FROM THE BOARD

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, the Company has no Overseas Shareholder with registered address outside Hong Kong.

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, (i) share certificates for the fully-paid Rights Shares; and (ii) refund cheques in respect of wholly or partially unsuccessful applications for the Rights Shares (if any) are expected to be posted on or before Thursday, 8 August 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 five (5) 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.

LETTER FROM THE BOARD

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.

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 (which do not include any Rights Shares to be provisionally allotted to Mr. Lee for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “The Irrevocable Undertaking” in this circular) 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. As the Compensatory Arrangements are in place, 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.

LETTER FROM THE BOARD

Accordingly, on 25 March 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. 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 realized 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, 31 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. for No Action Shareholders, the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. for Excluded Shareholders, 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 Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of HK\$100 or less for its own benefit.

Shareholders are reminded that Net Gain may or may not be realised and, accordingly, the No Action Shareholders and Excluded Shareholders may or may not receive any Net Gain.

THE IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, Mr. Lee, being a substantial Shareholder, an executive Director and the chairman of the Board, directly holds 13,879,000 Shares (representing approximately 15.49% of the total issued share capital of the Company). On 25 March 2024, the Company received from Mr. Lee the Irrevocable Undertaking, pursuant to which Mr. Lee has irrevocably undertaken to the Company, among other things, that he:

- (i) shall not sell, transfer or otherwise dispose of the Shares held by him during the period from the date of the Irrevocable Undertaking up to and including the date on which the Rights Issue has become unconditional or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier (both dates inclusive);

LETTER FROM THE BOARD

- (ii) shall accept and subscribe, and procure his nominee(s) (if applicable) to accept and subscribe, in full for all the Rights Shares in which he is beneficially entitled under the Rights Issue on and subject to the terms and conditions of the Rights Issue provided that the total number of Rights Shares to be subscribed by him under the Rights Issue will be scaled down to the extent that Mr. Lee and his associate(s) will not trigger a general offer obligation under the Takeovers Code in accordance with the note to Rule 10.26(2) of the GEM Listing Rules; and
- (iii) shall procure his nominee(s) (if applicable) to lodge the PAL(s) despatched to him together with remittance for the full amount payable on acceptance in accordance with the instructions printed on the Prospectus and the PAL and, in any event, not later than the time specified therefor in the PAL.

Save for the Irrevocable Undertaking given by Mr. Lee, the Company has not received, as at the Latest Practicable Date, any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

THE PLACING AGREEMENT

Principal terms of the Placing Agreement are summarised as below.

On 25 March 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally 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	:	25 March 2024 (after trading hours)
Issuer	:	the Company
Placing Agent	:	China Sky Securities Limited

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.
---------------	---	---

LETTER FROM THE BOARD

- Placing Period : The period from Tuesday, 23 July 2024 up to 4:00 p.m. on Wednesday, 31 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 0.7% 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.
- 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;
 - (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.

LETTER FROM THE BOARD

The Placing Agent may, in its absolute discretion, waive the fulfilment 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.

Based on enquiries with the Placing Agent, it has no present intention to terminate and do not foresee any circumstances which would result in the termination of the Placing Agreement. Further, as at the Latest Practicable Date, the Placing Agent is not aware of any representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect.

The Company shall use its best endeavours to procure the fulfilment of such conditions precedent to the Placing Agreement by Tuesday, 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 Tuesday, 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, 31 July 2024 or any other date by mutual agreement between the Placing Agent and the Company.

LETTER FROM THE BOARD

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, 1 August 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;
- (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;

LETTER FROM THE BOARD

- (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.

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.

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.

LETTER FROM THE BOARD

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

The Group is principally engaged in the provision of corporate finance advisory services in Hong Kong, including but not limited to general corporate finance advisory, placing and underwriting as well as initial public offerings related projects. The Group successfully obtained the licenses to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in March 2022 and started generating revenue therefrom since the second quarter of 2023. To a lesser extent, the Group has recently diversified and expanded its principal business by developing car rental and online-game businesses.

Corporate Finance and Asset Management Businesses

The Group is principally engaged in the provision of financial services, which included corporate finance advisory, securities advisory and asset management services. The Group is licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

During the past few years, both Hong Kong and the PRC had experienced continuous lockdowns and cross-border restrictions due to the outbreak of COVID-19 pandemic which severely affected the Group's business operations and the financial position of its clients in the PRC. Notwithstanding the PRC economy has shown signs of recovery since December 2022, the pace of recovery has been uneven and the business operations and financial position of some of the Group's clients have yet to return to their pre-pandemic levels. As a result, some of the Group's pipeline projects and marketing activities were delayed or temporarily postponed.

Corporate finance advisory business

The initial public offering (“**IPO**”) market in Hong Kong remained sluggish in 2023. According to publicly available information from the Stock Exchange, the number of companies newly listed on the Main Board of the Stock Exchange decreased from 89 in 2022 to 70 in 2023; whereas no company was listed on GEM of the Stock Exchange in each of 2022 and 2023. Also, the total fundraising in Hong Kong recorded a year-on-year decrease of approximately 56% in 2023. The potential issuers generally remained hesitant to proceed with IPO plans as they typically aspired an improvement in the overall market economy as well as their valuations. The decrease in number of potential IPOs has accelerated the keen competition in pricing among corporate finance advisory services providers.

As a market participant of the Hong Kong financial market, the Group's growth and development are inevitably hindered by the aforesaid macro-economic factors. Nonetheless, despite the challenging environment, the Group remains cautiously optimistic about the prospects of Hong Kong financial industry. Leveraging (i) the gradual recovery in the Hong Kong and PRC economy; (ii) the Group's established network in the financial industry; and (iii) the new listing regime for specialist technology companies and GEM listing reform introduced by the Stock Exchange, which came into effect on 31 March 2023 and 1 January

LETTER FROM THE BOARD

2024, respectively, the management of the Company believes that there would be more business opportunities for the Group to capitalize on, and thereby enabling the Group to improve the financial performance of its corporate finance business in 2024.

Amid the slowdown of the corporate finance market in Hong Kong, the Group has successfully sourced four financial advisory transactions in Singapore in 2023 and identified one potential project in relation to proposed initial public offering in the PRC and secured a number of other financial advisory engagements in 2024. As at the Latest Practicable Date, the Group had 13 ongoing corporate finance projects, which mainly involve the provision of corporate financial advisory services (i) for companies listed on the Stock Exchange; and in relation to (ii) the acquisition of shareholding interest in company listed on the Stock Exchange; (iii) notifiable transaction; (iv) fundraising exercise for private limited company; and (v) proposed initial public offering in the international market.

For the year ended 31 December 2023, the Group recognised revenue of approximately HK\$16.2 million from its corporate finance business, out of which approximately HK\$5.1 million was generated from the Group's 13 on-going pipeline projects as at the Latest Practicable Date, whilst the remaining HK\$11.1 million represents revenue generated from other corporate finance projects completed in 2023. To the best estimation of the Directors, the Group's 13 on-going corporate finance projects as at the Latest Practicable Date are expected to further generate revenue in the amount of approximately HK\$11.8 million for the year ending 31 December 2024.

Leveraging its pre-existing business network and showcasing its track record of successful transactions and client testimonials, the Group aims to position itself as a trusted advisor for companies and businesses looking for comprehensive financial guidance, particularly financial advisory services and IPO-sponsor services. The Group will proactively reach out to international companies and businesses, offering tailored corporate financial advisory services to meet their specific needs. This includes providing assistance and guidance throughout the IPO process, acting as an IPO-sponsor, and facilitating access to capital markets. By positioning itself as a reliable partner and offering value-added services, the Group aims to attract a steady stream of clients seeking to go public or expand their financial capabilities.

Asset management business

The Group successfully obtained the licenses to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in March 2022 and started generating revenue therefrom since the second quarter of 2023.

As at the Latest Practicable Date, the Group has set up two open-ended fund companies under the SFO, details of which are set forth as follows:

First open-ended fund company (“First OFC”)

The Group established the First OFC with the SFC in May 2022 and two sub-funds have been established under the First OFC.

LETTER FROM THE BOARD

First Sub-fund

The First Sub-fund, primarily engaging in debt market trading with a focus on bond issued by listed companies in Hong Kong, was successfully established on 3 May 2023. The investment costs per fund unit is HK\$5,000,000 with a lock-up period of seven years. Based on the investment management agreement, the Group charges management fee at the rate of 1% per annum based on the assets under management of the First Sub-fund. The First Sub-fund has been opened for subscription since 3 November 2023. As at the Latest Practicable Date, three investors have each subscribed for one fund unit at the price of HK\$5,000,000, with assets under management of the First Sub-fund amounted to HK\$15,000,000. Accordingly, the Group has started to record revenue based on the management fee charged.

Second Sub-fund

The Second Sub-fund, primarily engaging in equity secondary market trading, was successfully established on 10 August 2023. The investment costs per fund unit shall be HK\$1,000,000 with no lock-up period. The Group expects to charge (i) management fee at the rate of 1.0% per annum based on the assets under management of the Second Sub-fund; and (ii) profit sharing commission at the rate of 10.0%, subject to further negotiations with investor clients. It is expected that subject to market conditions, fund raising activities of the Second Sub-fund will commence during the second half of 2024.

Second open-ended fund company (“Second OFC”)

The Second OFC was successfully established on 3 May 2023 with the aim to specifically invest in listed securities of mining companies, and thereby create fixed and stable return to investor clients. The investment costs per fund unit shall be US\$50,000 with lock-up period of five years. The Group expects to charge (i) management fee at the rate of 0.25% per annum based on the assets under management of the sub-fund; and (ii) subscription fee at the rate of 0.25% based on the initial investment amount. As at the Latest Practicable Date, the Group is identifying potential investors for the Second OFC. It is expected that subject to market conditions, the Second OFC will commence its fund-raising activities by the second half of 2024.

With the granting of the SFC licence to carry out type 4 (advising on securities) regulated activities and as part of the Group’s initiatives to diversify its income stream, the Group continues its effort in expanding its business operations to the provision of security research reports. For the year ended 31 December 2023, the Group generated revenue of approximately HK\$480,000 for the provision of security research reports for five clients.

In addition, the Group has been or will be engaged as the investment manager of three limited partnership funds which have been established as eligible collective investment schemes under the New Capital Investment Entrant Scheme introduced by the Hong Kong government which became effective on 1 March 2024.

LETTER FROM THE BOARD

First Limited Partnership Fund (the “First LPF”)

The First LPF was set up to attract investment from successful applicants of the New Capital Investment Entrant Scheme, of which the Group has been engaged as the investment manager. Based on the rules of the New Capital Investment Entrant Scheme, successful applicant shall invest no less than HK\$30.0 million in permissible investment assets. Investments in ownership interests in private limited partnership fund is considered as one of the permissible investment assets (subject to an aggregate cap of HK\$10.0 million).

The purpose of the First LPF is to carry on the business of investment to generate attractive risk-adjusted returns through investing, directly or indirectly in securities listed in Hong Kong and the United States. The Group expects to charge (i) subscription fee at the rate up to 2% based on the initial investment amount; and (ii) investment manager’s fee at the rate of 1% per annum based on the initial investment amount. The term of the First LPF shall continue until the date falling on the third anniversary of the closing date, provided however that the life of the First LPF may be extended after the expiry of such three years at the sole discretion of the general partner.

As at the Latest Practicable Date, the Group has approached at least 10 potential investors on the potential opportunity to subscribe in the ownership interest of the First LPF. As the New Capital Investment Entrant Scheme started accepting applications from 1 March 2024, it is expected that application submitted by the potential clients under the New Capital Investment Entrant Scheme would be approved by the second half of 2024.

Second Limited Partnership Fund (the “Second LPF”)

It is expected that the Group will be engaged as investment manager of the Second LPF after its establishment. An application for the registration of the Second LPF as a limited partnership fund was filed with the Companies Registry in Hong Kong on 2 May 2024 by its general partners. To the best knowledge of the Company, the investment objective of the Second LPF shall be to achieve mid-term capital appreciation and maximise total returns by carefully selecting and constructing an investment portfolio comprised primarily of private equity and direct investment of assets. It is expected that the fund raised by the Second LPF will be invested in the 3D billboard industry with the aim to generate a rate of return of 11% per annum.

The Second LPF shall have a minimum target size of HK\$10,000,000 and a maximum target size of HK\$800,000,000 of commitments. The Group expects to charge (i) subscription fee at the rate up to 5% based on the initial investment amount; and (ii) investment manager’s fee at the rate of 1% per annum based on the portfolio of the Second LPF, subject to further negotiations with investor clients. It is intended that the Second LPF will exit its investment on the seventh anniversary of making the relevant investment.

It is expected that the Second LPF will be established in June 2024 and will begin its fundraising activities from thereon. Based on the latest timetable and the best knowledge of the Company, the initial closing date of the Second LPF for the subscription of its interest will be in the second half of 2024.

LETTER FROM THE BOARD

The Third Limited Partnership Fund (the “Third LPF”)

It is expected that the Group will be engaged as investment manager of the Third LPF after its establishment. An application for the registration of the Third LPF as a limited partnership fund was filed with the Companies Registry in Hong Kong on 2 May 2024 by its general partners. To the best knowledge of the Company, the investment objective of the Third LPF shall be to achieve mid-term capital appreciation and maximise total returns by carefully selecting and constructing an investment portfolio comprised primarily of private equity and direct investment of assets. It is expected that the fund raised by the Third LPF will be invested in renewable energy products with the aim to generate a rate of return of 11% per annum.

The Third LPF shall have a minimum target size of HK\$10,000,000 and a maximum target size of HK\$800,000,000 of commitments. The Group expects to charge (i) subscription fee at the rate up to 5% based on the initial investment amount; and (ii) investment manager’s fee at the rate of 1% per annum based on the portfolio of the Third LPF, subject to further negotiations with investor clients. It is intended that the Third LPF will exit its investment on the seventh anniversary of making the relevant investment.

It is expected that the Third LPF will be established in June 2024 and will begin its fundraising activities from thereon. Based on the latest timetable and the best knowledge of the Company, the initial closing date of the Third LPF for the subscription of its interest will be in the second half of 2024.

Taking into consideration (i) the expected increase in demand for the Group’s corporate finance advisory services attributable to the gradual recovery of the Hong Kong and PRC economy and financial markets; (ii) the recent reforms to the Hong Kong listing regime launched by the Stock Exchange; and (iii) the kick-start of the Group’s asset management business, especially the collective investment schemes newly established by the Group under the New Capital Investment Entrant Scheme, the Group plans to continue focusing on developing its corporate finance and asset management businesses by strengthening its marketing and client pitching activities and expanding its workforce in the near future. As at the Latest Practicable Date, the Group has 10 and three staff specialised in its corporate finance and asset management businesses, respectively. The Group has no intention to terminate/scale down/dispose its corporate finance and asset management businesses.

Car Rental Business

The Group commenced its car rental business (the “**Car Rental Business**”) in the Guangdong-Hong Kong-Macao Greater Bay Area (the “**GBA**”) at the end of 2023. The Group generated approximately HK\$53,000 and HK\$1.2 million from its Car Rental Business for the year ended 31 December 2023 and the period from 1 January 2024 up to 30 April 2024. As at the Latest Practicable Date, the Group has a fleet of six motor vehicles, comprising luxury and up-scale cars under renowned brands such as Bentley and Rolls Royce. Most of the motor vehicles acquired by the Group have been successfully leased out as at the Latest Practicable Date. The Group’s car rental business primarily focuses on

LETTER FROM THE BOARD

offering car rentals catering to the needs and preferences of different customers. As at the Latest Practicable Date, the Group offers car rental on a daily, weekly or monthly basis up to a maximum period of six (6) months.

Currently, the Group mainly secures car rental business by referral from its network of car dealers and agencies. The Group generally determines the pricing of its car rental services based on various factors, including the type of vehicle, rental duration, prevailing market demand and seasonality. Besides, the Group may charge its customers for mileage rates and late return fees.

The Group places emphasis on compliance with relevant regulations and licensing requirements for carrying out its car rental business and strives to provide customers with a seamless and convenient rental experience. The Group's fleet of motor vehicles is covered by comprehensive car insurance and undergoes regular maintenance and annual inspection to ensure optimal performance and customer satisfaction.

In light of the GBA development plan of the PRC government, especially the launch of the "Northbound Travel for Macau Vehicles" policy (澳車北上) and the "Northbound Travel for Hong Kong Vehicles" policy (港車北上), it is expected that there will be an increase in demand for cross-border transportation and car rental services in the GBA. In order to seize more business opportunities and expand its market share in the car rental industry, the Group will focus on enhancing its existing fleet of motor vehicles by actively searching for and acquiring suitable motor vehicles. The Group aims to strengthen its competitiveness and attract a wider customer base by offering a diverse range of motor vehicles which cater to different customers' requirements and preferences in the GBA.

Additionally, the Group will continuously monitor market trends and customer feedback to identify emerging demands and adapt its offerings accordingly. By staying attuned to evolving customer preferences, the Group will be able to proactively adjust its car rental services, ensuring they remain competitive and in line with the expectations of customers in the GBA. Through these strategic initiatives, the Group aims to solidify its presence in the car rental market of the GBA, capitalising on the favourable conditions provided by the PRC government's development plan.

Online-Game Business

The Group commenced its online game business in October 2023. Leveraging its distribution network relationships and game marketing and promotional capabilities, the Group has obtained the exclusive, transferrable and sub-licensable rights to publish, operate, promote, reproduce and distribute in overseas market certain online games licensed from third-party PRC online-game developers. As at the Latest Practicable Date, the Group has entered into licensing agreements with various PRC online-game developers for four online games. The Group's online game business commenced generating revenue from January 2024 and has generated total revenue of approximately HK\$7.7 million up to 30 April 2024.

LETTER FROM THE BOARD

The table below sets forth details of the development status, authorised territory(ies), mobile platform(s) and actual/expected release date of the respective online games licensed by the Group:

	Online Game 1	Online Game 2	Online Game 3	Online Game 4
Development status	Development and testing stage, which is subject to final adjustments and optimisation	Completed the development stage, entered the public testing stage and released on mobile platforms	Completed the development stage, entered the public testing stage and released on mobile platforms	Development stage
Authorised territory(ies)	Europe, America, East Asia	Japan	Hong Kong, the Macau Special Administrative Region and Taiwan	Worldwide in exclusion of the PRC, Japan, Hong Kong, the Macau Special Administrative Region, Taiwan and the Republic of Korea
Mobile platform(s)	Apple App Store and Google Play Store	Apple App Store and Google Play Store	Apple App Store and Google Play Store	Apple App Store and Google Play Store
Actual/expected release date	Fourth quarter of 2024	4 April 2024	26 March 2024	Fourth quarter of 2024

Going forward, the Group plans to further expand its online-game business by (i) securing additional online-game licenses; (ii) building an in-house team specialised in the operation of the licensed games by recruiting personnel with the relevant skills, knowledge and experience in the relevant industry; and (iii) strengthening the promotion and marketing activities in respect of the licensed online games.

LETTER FROM THE BOARD

Funding Needs of the Group

The Board considers that the Group has an imminent funding needs for its business expansion taking into consideration the followings:

- as illustrated above, it is the Group's business strategies to (i) further strengthen its corporate finance and asset management businesses leveraging the gradual recovery of the Hong Kong and PRC economy, the recent reforms to the Hong Kong listing regimes launched by the Stock Exchange and the kick-start of the Group's asset management business; (ii) further develop its car rental business by acquiring additional luxury and up-scale motor vehicles; and (iii) further expand its online-game business by securing additional online-game licenses, building an in-house team for the online-game business and strengthening the promotion and marketing activities in respect of the licensed online games. The management of the Group anticipated that the Group's business strategies will significantly increase its working capital requirement. Having considered the Group's current scale of operations, recurrent working capital requirement and current available cash resources, the management of the Company considers that the Group has genuine needs to raise funds for financing its expansion plans. Further, given the Group is a licensed corporation under the SFO, it is required to comply with the minimum paid-up share capital and liquid capital requirements on an on-going basis pursuant to the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong). Based on its existing business and operation scale, the Group is required to maintain minimum paid-up share capital and liquid capital of approximately HK\$10,000,000 and HK\$3,720,000, respectively;
- as at the Latest Practicable Date, the Group had outstanding borrowing notes, which are unsecured and unguaranteed, payable to Independent Third Parties in an aggregate principal amount of approximately HK\$40.0 million. These outstanding borrowing notes carry a simple interest rate ranging between 5% and 8% per annum and would fall due by the third quarter of 2024. The Group currently plans to apply approximately HK\$30.0 million, representing approximately 56.8% of the net proceeds from the Rights Issue for the repayment of part of these outstanding borrowing notes, thereby lowering the Group's gearing ratio and strengthening the liquidity and cashflow position of the Group; and

LETTER FROM THE BOARD

The table below sets forth the nature, principal amount, outstanding amount, interest rate and maturity date of the outstanding borrowing notes of the Group as at the Latest Practicable Date:

No.	Nature	Principal amount <i>HK\$' million</i>	Outstanding amount as at the Latest Practicable Date <i>HK\$' million</i>	Interest rate per annum	Maturity date	Amount of net proceeds from the Rights Issue to be applied for repayment of the outstanding borrowing note <i>HK\$' million</i>
1.	Borrowing note	10.0	5.0	5.0%	2 September 2024	5.0
2.	Borrowing note	6.0	6.0	5.0%	5 October 2024	6.0
3.	Borrowing note	3.0	3.0	8.0%	11 July 2024	3.0
4.	Borrowing note	6.0	6.0	8.0%	11 July 2024	6.0
5.	Borrowing note	9.0	9.0	5.0%	22 August 2024	9.0
6.	Borrowing note	<u>11.0</u>	<u>11.0</u>	5.0%	22 August 2024	<u>1.0</u>
Total:		<u><u>45.0</u></u>	<u><u>40.0</u></u>			<u><u>30.0</u></u>

Subject to the extension of the existing borrowing notes, it is estimated that the Group would save interest payment in the amount of approximately HK\$1.8 million per annum for applying the net proceeds from the Rights Issue for the repayment of the borrowing notes in the manner as set forth above.

- the Group has enquired licensed banks in Hong Kong for obtaining banking facilities from those banks for funding its business expansion. Based on the preliminary discussion with the licensed banks, the banking facilities would be required to be secured by the Group's assets. Taking into consideration the existing carrying amount of the property, plant and equipment of the Group, the Directors consider that the Group may not have sufficient assets for fulfilling the security requirements for taking out banking facilities. Besides, according to publicly available information, the one-month Hong Kong inter-bank offered rate (“**HIBOR**”) increased significantly from approximately 3.0% as at 28 February 2023 to approximately 4.5% as at 29 February 2024. There is no assurance that the lending rate in Hong Kong would drop in the near future. Uncertain interest rate movement in the future may expose the Group to increasing borrowing costs which may adversely affect its financial performance and liquidity. Therefore, the management of the Company considers that it is in the interests of the Company and the Shareholders as a whole to proceed with the Rights Issue instead of debt financing.

LETTER FROM THE BOARD

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\$1.0 million) is expected to be approximately HK\$52.8 million. The Company intends to apply the net proceeds from the Rights Issue in the following manner:

- (a) approximately HK\$30.0 million (being approximately 56.8% of the net proceeds) is intended to be used for repayment of the outstanding borrowing notes of the Group, which amounted to HK\$40.0 million as at the Latest Practicable Date. These outstanding borrowing notes are unsecured and unguaranteed payable to Independent Third Parties and carry a simple interest rate ranging between 5% and 8% per annum;
- (b) approximately HK\$13.0 million (being approximately 24.6% of the net proceeds) is intended to be used for the acquisition of at least three luxury motor vehicle(s) to support its Car Rental Business;
- (c) approximately HK\$7.0 million (being approximately 13.3% of the net proceeds) is intended to be used for the expansion of the Group's online-game business by securing additional online-game licenses, building an in-house team for the online-game business and strengthening the promotion and marketing activities in respect of the licensed online games; and
- (d) approximately HK\$2.8 million (being approximately 5.3% of the net proceeds) is intended to be used for general working capital of the Group, including but not limited to salary expenses and other office and corporate expenses for the Group's ongoing corporate finance and asset management businesses.

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses. To the best estimation of the Directors, the net proceeds from the Rights Issue will be fully utilised by the end of 2024.

LETTER FROM THE BOARD

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 (excluding the members of the Independent Board Committee whose opinion will be rendered after considering the advice from the Independent Financial Adviser) considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, 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.

LETTER FROM THE BOARD

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date:

Date of announcement	Completion date	Fund raising	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
15 May 2023	8 June 2023	Placing of 12,800,000 new shares at the placing price of HK\$0.20 per placing share under general mandate granted to the Directors at the 2022 AGM	HK\$2.50 million	For general working capital of the Group	The net proceeds have been fully utilised as intended.
27 October 2023	20 November 2023	Placing of 12,800,000 new shares at the placing price of HK\$0.15 per placing share under general mandate granted to the Directors at the 2023 AGM	HK\$1.83 million	For general working capital of the Group	The net proceeds have been fully utilised as intended.

Save as disclosed above, the Company did not conduct any equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

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; (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Lee who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and all the remaining Unsubscribed Rights Shares and ES Unsold Rights Shares having been placed by the Placing Agent; and (iv) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying

LETTER FROM THE BOARD

Shareholders other than Mr. Lee who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are placed by the Placing Agent:

Name of Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Lee who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and all the remaining Unsubscribed Rights Shares and ES Unsold Rights Shares having been placed by the Placing Agent		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Lee who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are placed by the Placing Agent	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Lee	13,879,000	15.49	83,274,000	15.49	83,274,000	15.49	32,297,545	29.90 ^(Note 2)
Public Shareholders								
— Independent Placees ^(Note 1)	—	—	—	—	378,605,000	67.61	—	—
— Other public Shareholders	<u>75,721,000</u>	<u>84.51</u>	<u>454,326,000</u>	<u>84.51</u>	<u>75,721,000</u>	<u>16.90</u>	<u>75,721,000</u>	<u>70.10</u>
	<u>89,600,000</u>	<u>100.0</u>	<u>537,600,000</u>	<u>100.0</u>	<u>537,600,000</u>	<u>100.0</u>	<u>108,018,545</u>	<u>100.0</u>

Notes:

- 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 will form part of the public float of the Company.
- The total number of Rights Shares to be subscribed by Mr. Lee will be scaled down to the extent that he and his associates will not trigger a general offer obligation under the Takeovers Code as a result of the Rights Issue.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is principally engaged in the provision of corporate finance advisory services in Hong Kong, including but not limited to general corporate finance advisory, placing and underwriting as well as initial public offerings related projects. The Group successfully obtained the licenses to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in March 2022 and started generating revenue therefrom since the second quarter of 2023. To a lesser extent, the Group has recently diversified and expanded its principal business by developing car rental and online-game businesses. 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.

LETTER FROM THE BOARD

The Directors believe that the principal risks and uncertainties relating to the business of and facing by the Group include (i) reliance on key authorised persons and possible suspension of the business of the Group in case the responsible officers left the Group; (ii) local and international economic and socio-political environments may cause volatility of the Hong Kong securities market; (iii) keen competition from different consulting and professional firms who providing similar corporate finance advisory services; (iv) exchange risk that will affect the Group's income and value of its holdings of assets; and (v) businesses operated by the Group are regulated by legislation and various regulatory authorities. In the event, when there is any change of the relevant laws, rules and regulations, it may adversely affect the Group's operations and business.

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 10,000 Shares. The Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 10,000 Shares to 20,000 Shares with effect from 9:00 a.m. on Friday, 28 June 2024.

Based on the theoretical ex-rights price of HK\$0.125 per Share (calculated based on the closing price of HK\$0.151 per Share as quoted on the Stock Exchange on the Last Trading Day), the market value of each existing board lot of 10,000 Shares is HK\$1,250 and the estimated market value of each proposed new board lot of 20,000 Shares would be HK\$2,500.

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 China Sky Securities 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 Friday, 28 June 2024 to 4:00 p.m. on Friday, 19 July 2024. Shareholders who wish to take advantage of this facility should contact Mr. Simon Yuen of China Sky Securities Limited at Units 2302-03, 23/F, Shun Tak Centre West Tower, 200 Connaught Road Central, Hong Kong (telephone number: (852) 2680 7899 and facsimile number: (852) 2680 7866) 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.

LETTER FROM THE BOARD

All existing share certificates in board lot of 10,000 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 10,000 Shares to new share certificate in board lot of 20,000 Shares is necessary.

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\$0.345 per Share, the value of each existing board lot of 10,000 Shares was HK\$3,450, which was less than HK\$2,000.

Based on the above and with the view to complying with the trading requirements under the GEM Listing Rules, the Board resolved to propose the Change in Board Lot Size, resulting in (i) HK\$6,900 per board lot of 20,000 Shares based on the closing price of HK\$0.345 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and (ii) HK\$2,500 per board lot of 20,000 Shares based on the theoretical ex-rights price of HK\$0.125 per Share (calculated based on the closing price of HK\$0.151 per Share as quoted on the Stock Exchange on the Last Trading Day).

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 institutional and professional 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.

LETTER FROM THE BOARD

GEM LISTING RULES IMPLICATION

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) (as defined under the GEM Listing Rules) 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. Mr. Lee, being an executive Director and a substantial Shareholder is interested in 13,879,000 Shares, representing approximately 15.49% of the total issued share capital of the Company. Mr. Lee and his associate(s) shall abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, save for Mr. Lee, none of the associates of Mr. Lee or the Directors or chief executives of the Company had any interest in the Shares. Accordingly, save for Mr. Lee, no other Shareholder will be required to abstain from voting on 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 11 June 2024 to Monday, 17 June 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 Friday, 21 June 2024 to Thursday, 27 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.

LETTER FROM THE BOARD

GENERAL

The EGM will be convened for the Shareholders to consider and, if fought fit, approve the Rights Issue and the Placing. For the purpose of determining the Shareholders' entitlements to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 11 June 2024 to Monday, 17 June 2024 (both days inclusive).

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 Friday, 7 June 2024.

A notice convening the EGM to be held at Units 502A, 503 and 503A, 5/F, Tower 2, Admiralty Centre, No. 18 Harcourt Road, Hong Kong on Monday, 17 June 2024 at 11:00 a.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. Saturday, 15 June 2024 at 11:00 a.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.

Subject to the fulfilment of the conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, 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 Friday, 28 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.

LETTER FROM THE BOARD

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.

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).

RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Choi Tak Fai, Ms. Lau Mei Suet and Mr. Tsang Ho Yin, 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. Silverbricks Securities Company 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 42 to 43 of this circular which contains its recommendation to the Independent Shareholders in relations to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 44 to 73 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.

Yours faithfully,
By order of the Board
Zijing International Financial Holdings Limited
Lee Chun Wai
Chairman and Executive Director



Zijing International Financial Holdings Limited

紫荊國際金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8340)

27 May 2024

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
FIVE (5) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE
HELD ON THE RECORD DATE**

We refer to the circular of the Company dated 27 May 2024 (the “**Circular**”) of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those 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 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.

Silverbricks Securities Company 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. Details of its recommendation, together with the principal factors and reasons taken into consideration in arriving at such recommendation, are set out on pages 44 to 73 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 7 to 41 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as set out in its letter of advice to the Independent Shareholders and the Independent Board Committee on pages 44 to 73 of the Circular, we are of the opinion that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
The Independent Board Committee

Mr. Choi Tak Fai

Mr. Tsang Ho Yin

Ms. Lau Mei Suet

Independent non-executive Directors
Zijing International Financial Holdings Limited

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Silverbricks Securities Company Limited, the Independent Financial Adviser, which sets out its advice to the Independent Board Committee and Independent Shareholders prepared for the purpose of inclusion in this circular.



Unit 04-06, 10/F,
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

27 May 2024

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

PROPOSED RIGHTS ISSUE ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Group to the Shareholders dated 27 May 2024 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

Reference is made to the Announcement. The Company proposed to raise gross proceeds of up to approximately HK\$53.8 million (assuming full subscription under the Rights Issue) by way of issuing up to 448,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) by way of Rights Issue at the Subscription Price of HK\$0.120 per Rights Share on the basis of five (5) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date.

In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this Circular, the Rights Issue must be made conditional on approval by the Shareholders at the EGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

associates shall abstain from voting in favour of the proposed Rights Issue. 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.

As at the Latest Practicable Date, the Company has no controlling Shareholder. Accordingly, Mr. Lee, being an executive Director and a substantial Shareholder is interested in 13,879,000 Shares, representing approximately 15.49% of the total issued share capital of the Company. Mr. Lee and his associate(s) shall abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, save for Mr. Lee, none of the associates of Mr. Lee or the Directors or chief executives of the Company had any interest in the Shares. Accordingly, save for Mr. Lee, no other Shareholder will be required to abstain from voting on the proposed resolutions to approve the Rights Issue, the Placing and the transactions contemplated thereunder at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Choi Tak Fai, Ms. Lau Mei Suet and Mr. Tsang Ho Yin, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated respectively thereunder 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, taking into account the recommendations of the Independent Financial Adviser appointed by the Company. In this connection, the Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated respectively thereunder are fair and reasonable.

OUR INDEPENDENCE

We, Silverbricks Securities Company Limited (“**Silverbricks**”), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Silverbricks is a licensed corporation licensed under the Securities and Futures Ordinance (“**SFO**”) to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities.

In the last two years, we did not have any engagement with the Group as an independent financial adviser. As at the Latest Practicable Date, we confirmed that there is no relationship or interest between Silverbricks and the Company or any other parties that could be reasonably be regarded as hindrance to Silverbricks’s independence as set out 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 transaction.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We confirmed that there is no existence of or change in any circumstances that would affect our independence.

Accordingly, we consider that we have performed all reasonable steps as required under Rule 17.92 of the GEM Listing Rules and are eligible to give independent advice in respect of the Rights Issue and the transactions contemplated thereunder.

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, management of the Company and its subsidiaries. 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, management of the Company and its subsidiaries, 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, management of the Company and its subsidiaries. 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, management of the Company and its subsidiaries. We will notify the shareholders of any material change of information in the circular up to the date of EGM.

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.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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: (i) the Placing Agreement; (ii) the outstanding borrowing notes details of approximately HK\$40.0 million; (iii) details in expanding its car rental business and online-game business; and (iv) annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”), 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 (including the notes thereto).

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 arriving at our opinion regarding the Rights Issue, we have considered the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in the provision of corporate finance advisory services in Hong Kong, including but not limited to general corporate finance advisory, placing and underwriting as well as initial public offerings related projects. The Group successfully obtained the licenses to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in March 2022 and started generating revenue therefrom since the second quarter of 2023. To a lesser extent, the Group has recently diversified and expanded its principal business by developing car rental and online-game businesses. Set out below is a summary of the consolidated financial information of the Group for the years ended 31 December 2022 (“**FY2022**”) and 31 December 2023 (“**FY2023**”) as extracted from the 2022 Annual Report and 2023 Annual Report.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(a) Financial Performance of the Group

	For the year ended	
	31 December	
	2023	2022
	HK\$'000	HK\$'000
	(audited)	(audited)
Revenue	16,733	16,764
Loss for the year	(3,862)	(7,384)

(b) Financial Position of the Group

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
	(audited)	(audited)
Cash and cash equivalents	11,460	13,508
Total assets	29,089	23,611
Total liabilities	18,182	8,102
— Note payables	16,000	—
Net assets	24,579	24,055

Audited consolidated results for the two years ended 31 December 2023

As disclosed in the 2023 Annual Report, revenue of the Group decreased by approximately 0.18% from approximately HK\$16.76 million for FY2022 to approximately HK\$16.73 million for FY2023. Such decrease was derived from expanding businesses in car rental market, while the original businesses of corporate financial advisory services took a low-margin strategy. As a result of a slight decrease in revenue, the loss for the Group decreased from approximately HK\$7.38 million for FY2022 to approximately HK\$3.86 million for FY2023.

In FY2023, the Group recorded cash and cash equivalents, total assets, total liabilities and net assets of approximately HK\$11.46 million, HK\$29.09 million, HK\$18.18 million and HK\$24.58 million, respectively. The current ratio was approximately 1.60 times in FY2023 as compared to approximately 6.34 times in FY2022, as there includes the note payables of HK\$16 million. The gearing ratio was approximately 42.52% in FY2023 as compared to approximately 25.20% in FY2022.

2. Reasons for and benefits of the Rights Issue and use of proceeds

As disclosed in the Letter from the Board, 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\$1.0 million) is expected to be approximately HK\$52.8 million.

The Company intend to apply from the Rights Issue the net proceeds as follows:

- (a) approximately HK\$30.0 million (being approximately 56.8% of the net proceeds) is intended to be used for repayment of the outstanding borrowing notes of the Group, which amounted to HK\$40.0 million as at the Latest Practicable Date. These outstanding borrowing notes are unsecured and unguaranteed payable to Independent Third Parties and carry a simple interest rate ranging between 5% and 8% per annum;
- (b) approximately HK\$13.0 million (being approximately 24.6% of the net proceeds) is intended to be used for the acquisition of at least three luxury motor vehicle(s) to support its Car Rental Business;
- (c) approximately HK\$7.0 million (being approximately 13.3% of the net proceeds) is intended to be used for the expansion of the Group's online-game business by securing additional online-game licenses, building an in-house team for the online-game business and strengthening the promotion and marketing activities in respect of the licensed online games; and
- (d) approximately HK\$2.8 million (being approximately 5.3% of the net proceeds) is intended to be used for general working capital of the Group, including but not limited to salary expenses, and other office and corporate expenses for ongoing businesses of corporate finance and asset management.

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses. To the best estimation of the Directors, the net proceeds from the Rights Issue will be fully utilised by the end of 2024.

Corporate Finance and Asset Management Businesses

The Group is principally engaged in the provision of financial services, which included corporate finance advisory, securities advisory and asset management services. The Group is licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

Over the past few years, both Hong Kong and PRC have faced consecutive lockdowns and cross-border restrictions due to the COVID-19 pandemic. These measures have had a significant impact on the Group's business operations and the

financial situation of its clients in the PRC. Although the PRC economy has shown signs of recovery since December 2022, the pace of recovery has been uneven, and some of the Group's clients are still struggling to return to pre-pandemic levels. Consequently, the Group has experienced delays and temporary postponements in its pipeline projects and marketing activities.

Corporate finance advisory business

Additionally, the IPO market in Hong Kong remained sluggish in 2023, with a decrease in the number of newly listed companies on both the Main Board and GEM of the Stock Exchange. This decline in IPO activities have intensified competition among corporate finance advisory service providers to secure clients. Despite these macroeconomic challenges, the Group maintains cautious optimism about the prospects of the Hong Kong financial industry. With the gradual recovery of the Hong Kong and PRC economies, the Group's established industry network, and recent listing reforms present business opportunities for the Group to improve its financial performance in the corporate finance sector in 2024.

Amid the slowdown of the corporate finance market in Hong Kong, the Group has successfully sourced four financial advisory transactions in Singapore in 2023 and identified one potential project in relation to proposed initial public offering in the PRC and secured a number of other financial advisory engagements in 2024. As at the Latest Practicable Date, the Group had 13 ongoing corporate finance projects, which mainly involve the provision of corporate financial advisory services (i) for companies listed on the Stock Exchange; and in relation to (ii) the acquisition of shareholding interest in company listed on the Stock Exchange; (iii) notifiable transaction; (iv) fundraising exercise for private limited company; and (v) proposed initial public offering in the international market.

For the year ended 31 December 2023, the Group recognised revenue of approximately HK\$16.2 million from its corporate finance business, out of which approximately HK\$5.1 million was generated from the group's 13 on-going pipeline projects as at the Latest Practicable Date, whilst the remaining HK\$11.1 million represents revenue generated from other corporate finance projects completed in 2023. To the best estimation of the Directors, the Group's 13 on-going corporate finance projects as at the Latest Practicable Date are expected to further generate revenue in the amount of approximately HK\$11.8 million for the year ending 31 December 2024.

Leveraging its pre-existing business network and showcasing its track record of successful transactions and client testimonials, the Group aims to position itself as a trusted advisor for companies and businesses looking for comprehensive financial guidance, particularly financial advisory services and IPO-sponsor services. The Group will proactively reach out to international companies and businesses, offering tailored financial advisory services to meet their specific needs. This includes providing assistance and guidance throughout the IPO process, acting as an IPO-sponsor, and

facilitating access to capital markets. By positioning itself as a reliable partner and offering value-added services, the Group aims to attract a steady stream of clients seeking to go public or expand their financial capabilities.

Asset management business

The Group successfully obtained the licenses to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in March 2022 and started generating revenue therefrom since the second quarter of 2023. As at the Latest Practicable Date, the Group has made significant progress in expanding its business operations through the establishment of open-ended fund companies (“OFC(s)”) and limited partnership funds (“LPF(s)”), as well as the provision of security research reports.

Under the First OFC, two sub-funds have been established. (1) The First Sub-fund focuses on debt market trading, specifically bonds issued by listed companies in Hong Kong. It has three investors with assets under management of HK\$15 million. The Second Sub-fund engages in equity secondary market trading and expects to commence fundraising activities in the second half of 2024 subject to market conditions. (2) The Second OFC aims to invest in listed securities of mining companies, offering fixed and stable returns. The Group is currently identifying potential investors, and fundraising activities are expected to begin in the second half of 2024 subject to market conditions. Meanwhile, the Group has obtained a SFC license of carrying out type 4 (advising on securities) to provide security research reports, generating revenue of approximately HK\$480,000 in 2023 from five clients.

Additionally, the Group has been or will be engaged as the investment manager of three LPFs under the New Capital Investment Entrant Scheme. (1) The First LPF targets attractive risk-adjusted returns through investments in securities listed in Hong Kong and the United States. Applications under the New Capital Investment Entrant Scheme are expected to be approved by the second half of 2024. (2) The Second LPF, focused on the 3D billboard industry, aims to generate an 11% annual rate of return. It plans to establish in June 2024 and begin fundraising activities thereafter. (3) The Third LPF targets investments in renewable energy products to achieve an 11% annual rate of return. It also plans to establish in June 2024 and commence fundraising activities afterward.

In summary, the Group’s business expansion includes OFCs for debt market trading and equity secondary market trading, an OFC for investing in a gold mine project, the provision of security research reports; and the establishment of LPFs for investments in securities, the 3D billboard industry, and renewable energy. These initiatives aim to diversify the Group’s income streams and attract investors seeking various investment opportunities.

Taking into consideration (i) the expected increase in demand for the Group's corporate finance advisory services attributable to the gradual recovery of the Hong Kong and PRC economy and financial markets; (ii) the recent reforms to the Hong Kong listing regime launched by the Stock Exchange; and (iii) the kick-start of the Group's asset management business, especially the collective investment schemes newly established by the Group under the New Capital Investment Entrant Scheme, the Group plans to continue focusing on developing its corporate finance and asset management businesses by strengthening its marketing and client pitching activities and expanding its workforce in the near future. As at the Latest Practicable Date, the Group has a total of 13 staff specialised in its corporate finance and asset management businesses, respectively. The Group has no intention to terminate/scale down/dispose its corporate finance and asset management businesses. In light of the above, we have interviewed the Management, the Group's ongoing operations and managing cash flow are urge to use the proceed to employ human resources for strengthening the Group's corporate finance and asset management business.

Car Rental Business

The Group commenced its car rental business (the “**Car Rental Business**”) in the Guangdong-Hong Kong-Macao Greater Bay Area (the “**GBA**”) at the end of 2023. The Group generated approximately HK\$53,000 and HK\$1.2 million from its Car Rental Business for the year ended 31 December 2023 and the period from 1 January 2024 up to 30 April 2024. As at the Latest Practicable Date, the Group has a fleet of six motor vehicles, comprising luxury and up-scale cars under renowned brands such as Bentley and Rolls Royce. Most of the motor vehicles acquired by the Group have been successfully leased out as at the Latest Practicable Date. The Group's car rental business primarily focuses on offering car rentals catering to the needs and preferences of different customers. As at the Latest Practicable Date, the Group offers car rental on a daily, weekly or monthly basis up to a maximum period of six (6) months.

Currently, the Group mainly secures car rental business by referral from its network of car dealers and agencies. The Group generally determines the pricing of its car rental services based on various factors, including the type of vehicle, rental duration, prevailing market demand and seasonality. Besides, the Group may charge its customers for mileage rates and late return fees.

The Group places emphasis on compliance with relevant regulations and licensing requirements for carrying out its car rental business and strives to provide customers with a seamless and convenient rental experience. The Group's fleet of motor vehicles is covered by comprehensive car insurance and undergoes regular maintenance and annual inspection to ensure optimal performance and customer satisfaction.

In light of the GBA development plan of the PRC government, especially the launch of the “Northbound Travel for Macau Vehicles” policy (澳車北上) and the “Northbound Travel for Hong Kong Vehicles” policy (港車北上), it is expected that there will be an increase in demand for cross-border transportation and car rental services in the GBA. In order to seize more business opportunities and expand its market share in the car rental industry, the Group will focus on enhancing its existing fleet of motor vehicles by actively searching for and acquiring suitable motor vehicles. The Group aims to strengthen its competitiveness and attract a wider customer base by offering a diverse range of motor vehicles which cater to different customers’ requirements and preferences in the GBA.

Additionally, the Group will continuously monitor market trends and customer feedback to identify emerging demands and adapt its offerings accordingly. By staying attuned to evolving customer preferences, the Group will be able to proactively adjust its car rental services, ensuring they remain competitive and in line with the expectations of customers in the GBA. Through these strategic initiatives, the Group aims to solidify its presence in the car rental market of the GBA, capitalising on the favourable conditions provided by the PRC government’s development plan.

Online-Game Business

The Group commenced its online game business in October 2023. Leveraging its distribution network relationships and game marketing and promotional capabilities, the Group has obtained the exclusive, transferrable and sub-licensable rights to publish, operate, promote, reproduce and distribute in overseas market certain online games licensed from third-party PRC online-game developers. As at the Latest Practicable Date, the Group has entered into licensing agreements with various PRC online-game developers for four online games. The Group’s online game business commenced generating revenue from January 2024 and has generated total revenue of approximately HK\$7.7 million up to 30 April 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below sets forth details of the development status, authorised territory(ies), mobile platform(s) and actual/expected release date of the respective online games licensed by the Group:

	Online Game 1	Online Game 2	Online Game 3	Online Game 4
Development status	Development and testing stage, which is subject to final adjustments and optimisation	Completed the development stage, entered the public testing stage and released on mobile platforms	Completed the development stage, entered the public testing stage and released on mobile platforms	Development stage
Authorised territory(ies)	Europe, America, East Asia	Japan	Hong Kong, the Macau Special Administrative Region and Taiwan	Worldwide in exclusion of the PRC, Japan, Hong Kong, the Macau Special Administrative Region, Taiwan and the Republic of Korea
Mobile platform(s)	Apple App Store and Google Play Store	Apple App Store and Google Play Store	Apple App Store and Google Play Store	Apple App Store and Google Play Store
Actual/expected release date	Fourth quarter of 2024	4 April 2024	26 March 2024	Fourth quarter of 2024

Going forward, the Group plans to further expand its online-game business by (i) securing additional online-game licenses; (ii) building an in-house team specialised in the operation of the licensed games by recruiting personnel with the relevant skills, knowledge and experience in the relevant industry; and (iii) strengthening the promotion and marketing activities in respect of the licensed online games.

Funding Needs of the Group

The Board considers that the Group has an imminent funding needs for its business expansion taking into consideration the followings:

- as illustrated above, the Group aims to strengthen its corporate finance and asset management businesses, capitalize on the recovering Hong Kong and PRC economies, and leverage recent reforms in the Hong Kong listing regimes. As a licensed corporation under the SFO, compliance with minimum paid-up share capital and liquid capital requirements is also mandatory basing on its existing business operation scale requires at approximately HK\$10.0 million and HK\$3.72 million, respectively. We have concurred with the Directors that the Group's ongoing operations and managing cash flow

are urge to use the proceed to employ human resources for strengthening the Group's corporate finance and asset management business. Additionally, they plan to expand their car rental business by acquiring more luxury vehicles and enhance their online-game business by obtaining additional licenses, establishing an in-house team, and intensifying promotional activities. These strategies will increase the Group's working capital requirements. Considering the current operations, recurrent needs, and available cash resources, the management believes it is necessary to raise funds for expansion;

- as at the Latest Practicable Date, the Group had outstanding borrowing notes, which are unsecured and unguaranteed, payable to Independent Third Parties in an aggregate principal amount of approximately HK\$40.0 million (the “**Aggregated Borrowing Amount**”). These outstanding borrowing notes carry a simple interest rate ranging between 5% and 8% per annum and would fall due by the third quarter of 2024. We have reviewed the terms from the outstanding borrowing notes between the Company and the Independent Third Parties based on the references from the fixed deposit interest rates of banks. And we have examined the actual purpose of the Aggregated Borrowing Amount as using to (1) purchase six motor vehicles for approximately RMB14.5 million (approximately HK\$15.95 million, at RMB1 ≈ HK\$1.10), (2) deposits of obtaining the license rights of four online games for approximately HK\$8.53 million, and (3) the remaining approximately HK\$15.52 million used for working capital, which the Aggregated Borrowing Amount, as well as the net proceeds from the fund raising of placing under general mandate, have been used, leaving only HK\$11.46 million in cash and cash equivalents as at 31 December 2023 as stated of the 2023 Annual Report, which is obviously not enough to repay the Aggregated Borrowing Amount meanwhile as soon as the Company required to repay the borrowing notes before falling due of the third quarter in 2024. As the Group currently plans to apply approximately HK\$30.0 million, representing approximately 56.8% of the net proceeds from the Rights Issue for the repayment of part of these outstanding borrowing notes, thereby lowering the Group's gearing ratio and strengthening the liquidity and cashflow position of the Group; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below sets forth the nature, principal amount, outstanding amount, interest rate and maturity date of the outstanding borrowing notes of the Group as at the Latest Practicable Date:

No.	Nature	Principal amount <i>HK\$' million</i>	Outstanding amount as at the Latest Practicable Date <i>HK\$' million</i>	Interest rate per annum	Maturity date	Amount of net proceeds from the Rights Issue to be applied for repayment of the outstanding borrowing note <i>HK\$' million</i>
1.	Borrowing note	10.0	5.0	5.0%	2 September 2024	5.0
2.	Borrowing note	6.0	6.0	5.0%	5 October 2024	6.0
3.	Borrowing note	3.0	3.0	8.0%	11 July 2024	3.0
4.	Borrowing note	6.0	6.0	8.0%	11 July 2024	6.0
5.	Borrowing note	9.0	9.0	5.0%	22 August 2024	9.0
6.	Borrowing note	<u>11.0</u>	<u>11.0</u>	5.0%	22 August 2024	<u>1.0</u>
Total:		<u>45.0</u>	<u>40.0</u>			<u>30.0</u>

Subject to the extension of the existing borrowing notes, it is estimated that the Group would save interest payment in the amount of approximately HK\$1.8 million per annum for applying the net proceeds from the Rights Issue for the repayment of the borrowing notes in the manner as set forth above.

- the Group has enquired licensed banks in Hong Kong for obtaining banking facilities from those banks for funding its business expansion. Based on the preliminary discussion with the licensed banks, the banking facilities would be required to be secured by the Group's assets. Taking into consideration the existing carrying amount of the property, plant and equipment of the Group, the Directors consider that the Group may not have sufficient assets for fulfilling the security requirements for taking out banking facilities. Besides, according to publicly available information, the one-month Hong Kong inter-bank offered rate ("HIBOR") increased significantly from approximately 3.0% as at 28 February 2023 to approximately 4.5% as at 29 February 2024. There is no assurance that the lending rate in Hong Kong would drop in the near future. Uncertain interest rate movement in the future may expose the Group to increasing borrowing costs which may adversely affect its financial performance and liquidity. Therefore, the management of the Company considers that it is in the interests of the Company and the Shareholders as a whole to proceed with the Rights Issue instead of debt financing. Having considered that the banking facilities application was rejected by the bank since the Group does not have sufficient assets for collaterals, the Group is not able to acquire bank facilities to fulfill its funding needs.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

After reviewing (i) terms been written on the outstandings borrowing notes, i.e. the nature, principal amounts, outstanding amount, interest rate and maturity date, (ii) the quotations emails and proposals of merchandise suitable motor vehicles from three different suppliers, (iii) 4 contracts signed with 3 different third-party PRC online-game developers for expanding the online-game businesses provided by the Company, and (iv) working capital forecast in the coming 12 months and having considered that (i) there are only HK\$11.46 million in cash and cash equivalents as at 31 December 2023 stated from the 2023 Annual Report; (ii) the falling due date of the third quarter in 2024 for the repayment of outstanding borrowing notes; (iii) the state of the Hong Kong and PRC economies that the business conditions and financial position remain challenging due to the impact of the COVID-19 pandemic that leads to difficulties in surviving the Hong Kong financial market; (iv) the expansion to car rental business and online-game business are able to diversify the source of income and offer the potential as a considerable revenue for the Company; (v) strengthen its corporate finance and asset management businesses in order to comply with regulations of the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong); and (vi) the limitation in acquiring banking facilities due to asset security concerns and the uncertain interest rates, we are in the view that the Company has the imminence in repaying the outstanding borrowing notes and in expanding business of car-rental and online games. We concur with the Directors that the Group's ongoing operations and managing cash flow is a very critical aspect during a period of recovery and expansion, and the Rights Issue provides a good opportunity for the Group to strengthen its capital structure without incurring debt financing cost, improve the financial position, and provide additional financial resources for the Group's daily operation. We are of the view that the intended use of proceeds is fair and reasonable.

Other fund-raising alternatives

As disclosed in the Letter from the Board, 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

After taking into account the benefits and potential cost of each of the alternatives such as asset pledge requirement, interest rate and the opportunities offering to the Shareholders, we are of the view and concur with the view of the Directors that (i) debt financing may not be achievable on favourable terms in a timely manner as debt financing requires securities pledge or relatively higher interest rate which will result in additional interest burden, the higher gearing ratio of the Group, and extra repayment obligations if considering debt financing while there are already some borrowing notes are in the urge to repay; (ii) placing of new Shares would only be available to certain places who are not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders; and (iii) open offer does not allow qualifying shareholders to trade rights entitlements freely in the open market. We are of the view and concur with the view of the Directors that the Rights Issue is more cost effective, efficient and beneficial to the Company and the Shareholders as a whole as compared to raising fund by other means.

Based on the above, the Board (excluding the members of the Independent Board Committee whose opinion will be rendered after considering the advice from the Independent Financial Adviser) considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, 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.

3. 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 : five (5) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Maximum number of Rights Shares to be issued	:	448,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Subscription Price	:	HK\$0.120 per Rights Share
Net subscription price per Rights Share (i.e. Subscription Price less Rights Issue expenses)	:	Approximately HK\$0.118 per Rights Share
Maximum gross proceeds to be raised from the Rights Issue before expenses	:	Approximately HK\$53.8 million
Maximum net proceeds to be raised from the Rights Issue after expenses	:	Approximately HK\$52.8 million
Number of Shares in issue as at the Latest Practicable Date	:	89,600,000 Shares
Number of Shares in issue upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed)	:	537,600,000 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\$44.8 million (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Rights Shares undertaken to be taken up	:	Mr. Lee has undertaken to take up an aggregate of 69,395,000 Rights Shares under his assured entitlement (representing approximately 15.49% of the total Rights Shares proposed to be provisionally allotted by the Company) pursuant to the Irrevocable Undertaking

Assuming there is no change to the total issued capital of the Company on or before the Record Date, 448,000,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 500% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 83.33% 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).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

Assessment on the principal terms of the Rights Issue

The Subscription Price

The Subscription Price of HK\$0.120 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 65.22% to the closing price of HK\$0.345 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 20.53% to the closing price of HK\$0.151 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 25.00% to the average closing price of approximately HK\$0.160 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 23.08% to the average closing price of approximately HK\$0.156 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 4.00% to the theoretical ex-rights price of approximately HK\$0.125 per Share based on the closing price of HK\$0.151 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 20.25% of the theoretical diluted price of approximately HK\$0.126 per Share to the benchmarked price of approximately HK\$0.158 per Share (as defined under Rule 10.44A of the GEM Listing Rules), taking into account the higher of the closing price of HK\$0.151 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\$0.158 per Share);

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vii) a discount of approximately 52.0% to the net asset value of the Company of approximately HK\$0.25 per Share based on the latest published unaudited net asset value attributable to owners of the Company of approximately HK\$22.77 million as at 30 June 2023 as set out in the interim report of the Company for the six months ended 30 June 2023 and the total number of issued Shares of 89,600,000 Shares as at the Latest Practicable Date; and
- (viii) a discount of approximately 55.6% to the net asset value of the Company of approximately HK\$0.27 per Share based on the latest published audited net asset value attributable to owners of the Company of approximately HK\$24.58 million as at 31 December 2023 as set out in the annual report of the Company for the year ended 31 December 2023 and the total number of issued Shares of 89,600,000 Shares as at the Latest Practicable Date.

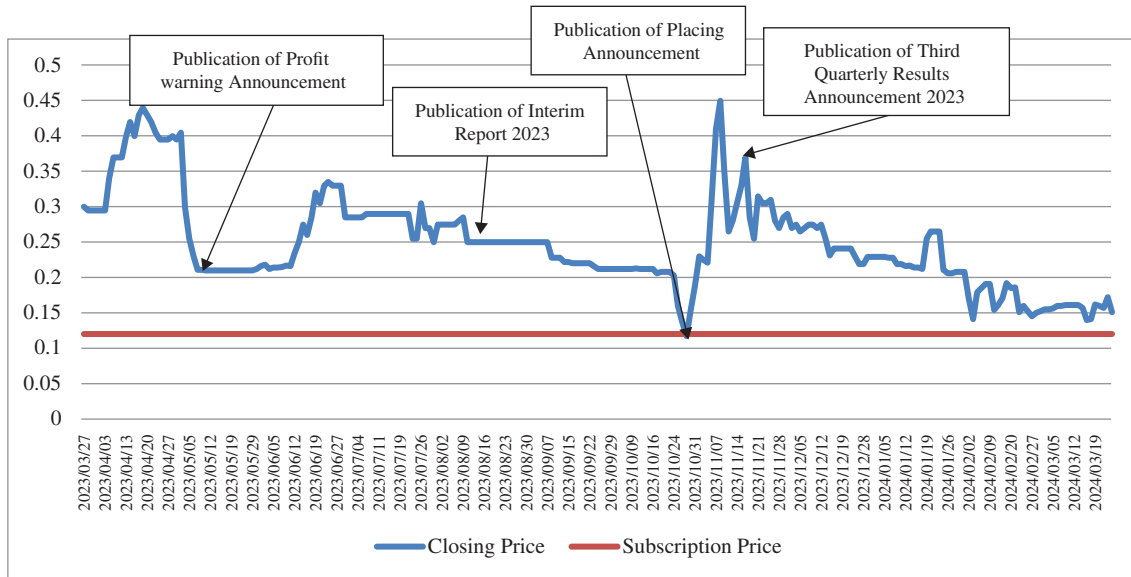
We noticed that there has been fluctuation in the price of the Shares recently. As disclosed in the letter from the Board, We understand with the Board that the Subscription Price was determined by (i) the prevailing market price and trading performance of the Shares which includes the daily closing price with daily trading volume of the Shares during the six months prior to the Last Trading Day illustrating it is lack of liquidity and demand for the Shares; (ii) the performance of the business and financial position have been recorded in a total of two year loss attributable to the Shareholders; (iii) the down-trending Hang Seng Index that indicated the bearish of Hong Kong stock market conditions. We have confirmed with the Board that (i) it is not aware of any reasons in the recent fluctuation of Shares price; (ii) could not have reasonably foreseen and/or taken into account the recent fluctuation in the price of the Shares when determining the Subscription Price; (iii) there will be a substantial delay for the Rights Issue in re-negotiating the Subscription Price with the Placing Agent; and (iv) it is not justifiable to the consider the Subscription Price regarding to the latest Shares price performance. We have also made analysis on the comparison with the historical closing prices of the Shares for one year term which within the period between 27 March 2023 to Last Trading Date, the Subscription Price is within the daily closing prices in the period. We have concurred with the Directors that it is not justifiable to adjust the Subscription Price and have considered the above that the Subscription Price is fair and reasonable for the Company.

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 27 March 2023 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 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 expected, while that after the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Announcement, the value may have taken into account the potential upside of the Rights Issue which may distort the analysis. The chart below illustrates the adjusted daily closing price per the Share (“Closing Price”) versus the Subscription Price of HK\$0.120 per Rights Share during the Review Period:



Source: website of the Stock Exchange

As shown in the chart above, during the Review Period, the average closing price was approximately HK\$0.248 per Share (the “Average Closing Price”). The daily closing price ranged from HK\$0.117 per Share recorded on 27 October 2023 (the “Lowest Closing Price”) to HK\$0.450 per Share recorded on 8 November 2023 (the “Highest Closing Price”). We note that Shares were traded above the Subscription Price in the whole Review Period. The Subscription Price of HK\$0.120 represents (i) a premium of approximately 2.56% to the Lowest Closing Price; (ii) a discount of approximately 73.33% to the Highest Closing Price; and (iii) a discount of approximately 51.63% to the Average Closing Price. As discussed in the section headed “Comparison with recent rights issues transactions” below, we note that it is a common practice (14 out of 15 Comparables, excluding the outlier) to set the subscription price at a discount to the prevailing trading prices of the relevant shares in order to increase the attractiveness and encourage shareholders to participate in the right issues.

There was an uptrend at the start of the Review Period with a sudden drop at the beginning of May 2023, then the closing price became steady around HK\$0.2. It rose till hitting HK\$0.33 and generally declined in the period between the end of June 2023 to HK\$0.203 on 24 October 2023 and it dropped drastically to the Lowest Closing Price. The closing price surged to the Highest Closing Price after hitting the Lowest Closing Price that is HK\$0.117 at the end of October 2023. It reached the Highest Closing Price around the middle week of November 2023, the closing price of the Shares then gradually decreased till the Last Trading Day.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Save for the possible market reactions on the announcements as set out in the above chart made by the Company, the reasons for the sudden rise since 27 October 2023 (“**Uptrend Period**”) and the substantial fall in Share price since 8 November 2023 (“**Downtrend Period**”) was unknown to us since:

- (i) the Management were not aware of any reason for such rise and fall in Share price during the Uptrend Period and the Downtrend Period; and
- (ii) we have reviewed all the announcements disclosed during the Uptrend Period and the Downtrend Period, and we were not aware of any information which led to abrupt increase or decrease of the Share prices during the Uptrend Period and the Downtrend Period.

Historical trading liquidity of the Shares

Month	Total volume of Shares traded <i>Shares</i>	Number of trading days <i>days</i>	Approximate 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 1)</i>
2023				
March (from 25 March 2023)	10,000	5	2,000	0.0031%
April	10,598,000	17	623,412	0.9741%
May	7,952,000	21	378,667	0.5917%
June	53,591,000	21	2,551,952	3.3229%
July	18,300,000	20	915,000	1.1914%
August	4,780,000	23	207,826	0.2706%
September	4,369,000	19	229,947	0.2994%
October	1,280,000	20	64,000	0.0833%
November	39,987,000	22	1,817,591	2.0286%
December	4,487,000	19	236,158	0.2636%
2024				
January	7,288,000	22	331,273	0.3697%
February	6,125,000	19	322,368	0.3598%
March (up to Last Trading Day)	5,429,000	16	339,313	0.3787%
Average				0.7798%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Source: website of the Stock Exchange

Note:

1. 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 2,000 Shares in March 2023 (from 25 March 2023) to 2,551,952 Shares in March 2024 (up to Last Trading Day) during the Review Period, representing 0.0031% to approximately 3.32% of the total number of issued shares as at the end of the month/period, respectively. We noted that the approximate average daily trading volume of Shares was particularly high in June 2022 right before the completion of placing of new shares under general mandate of the Group which have reached 3.32% of average daily trading volume to total number of Shares in issue, we should consider the result after the placing new shares under general mandate. The trading liquidity of the Shares was generally thin during the Review Period and save for June 2023, July 2023 and December 2023, the average daily trading volume during the Review Period was below 1% (i.e. 0.7798%) of (i) the total number of issued Shares held by the public; and (ii) the total number of issued Shares, as at the Latest Practicable Date.

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 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 market price of the Shares prior to and including the Last Trading Day; (ii) the prevailing volatile market conditions under the uncertainty in Hong Kong and PRC economy, the expansion of business operations and activities discussed in the earlier section headed “Reasons for and benefits of the Rights Issue and use of proceeds”; and (iii) the fund-raising size intended by the Company after taking into consideration in strengthening the liquidity and cashflow position of the Group.

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, had issued relevant circulars by the companies listed on the Stock Exchange within approximately 6 months prior to the Last Trading Day (the “**Comparison Period**”) to understand the trend of the recent market practice. Based on our research, we have identified an exhaustive list of a total of 15 rights issue comparables (the “**Comparables**”) during the Comparison Period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider the Comparison Period of approximately 6 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, less than HK\$500 million having considered the estimated size of gross proceeds from the Rights Issue, 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 having considered (i) all of the Comparables and the Group are listed on the Stock Exchange; (ii) our analysis is mainly concerned with the principal terms of the rights issues and we are not aware of any established evidence showing any correlation between scale of the rights issue, its underlying principal terms, the comparison of subscription price to closing price, theoretical ex-rights price, the consolidated net asset value per share and theoretical dilution effect; (iii) including transactions conducted by the Comparables with different funding needs that are less than HK\$500 million as estimated size of gross proceeds and business represents a more comprehensive overall market sentiment in our comparable analysis; (iv) a 6-month period for the selection of the Comparables has generated a reasonable and meaningful number of samples size of 15 Hong Kong listed issuers to reflect the market practice regarding recent rights issue with a wider range of premium and discount of the relevant subscription prices; (v) the exclusion of rights issue transactions of A-Shares and H-Shares; (vi) regardless on whether it is fully underwritten or non-underwritten basis; and (vii) the Comparables were included without any artificial selection or filtering on our part so the Comparables represent a general, true and fair view of the recent market trends for similar transactions conducted by other Hong Kong listed issuers, we consider that the Comparables are fair and representative samples.

Based on the above, we are of the view that our comparable analysis based on the above criteria is meaningful for us to form our view regarding the fairness and reasonableness of the Subscription Price. To the best of our knowledge and as far as we are aware of, the Comparables represent an exhaustive list of all relevant companies fitting our search criterion mentioned above, and we consider that such Comparables can provide a reference on the recent rights issues given the sufficient number of transactions in such period resulting in a reasonable sample size.

It should be noted that all the subject companies constituting the Comparables may have different principal activities, market capitalisation, profitability and financial position as compared with those of the Company, and the circumstances leading to the subject companies to proceed with the rights issues may also be different from that of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table A

Prospectus date	Date of announcement	Company	Stock code	Basis of entitlement	Gross Proceeds (HK\$ million)	(Discount) of subscription price over the closing price per share on the respective trading day	Premium/ (Discount) of subscription price over the closing price per share on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day	Premium/ (Discount) of subscription price over the theoretical ex-rights price on the closing price per share on the last trading day prior to announcement in relation to the respective rights issue NAV per share	Theoretical dilution effect (Note 3)	Maximum dilution of shareholding	Excess Application	Fully Underwritten/ Non-underwritten basis	Placing Commission
9-Oct-23	15-Sep-23	Royal Century Resources Holdings Limited	8125	5 for 1	36.1	(19.30%)	N/A (Note 2)	(3.80%)	(16.10%)	83.30%	No	Non-underwritten basis	1.00%
9-Nov-23	15-Aug-23	Wisdomome Group Holdings Limited	8079	3 for 1	70	(22.40%)	(18.20%)	N/A (Note 2)	(6.30%)	75.00%	Yes	Fully Underwritten	N/A
30-Nov-23	19-Jun-23	E-House (China) Enterprise Holdings Limited	2048	12 for 10	483	(20.69%)	(24.84%)	(10.56%)	(11.00%)	54.50%	No	Fully Underwritten	N/A
30-Nov-23	3-Oct-23	Universe Printshop Holdings Limited	8448	3 for 2	34.43	(14.81%)	(19.01%)	(8.00%)	(11.06%)	60.00%	No	Fully Underwritten	1.50%
1-Dec-23	17-Oct-23	GoFintech Innovation Limited	290	3 for 1	474.47	(9.09%)	(9.09%)	(2.44%)	(9.97%)	75.00%	No	Underwritten basis	1.00%
11-Dec-23	17-Nov-23	Da Yu Financial Holdings Limited	1073	1 for 1	170.9	11.11%	4.90%	4.90%	0.00%	50.00%	Yes	Non-underwritten basis	N/A
22-Dec-23	24-Nov-23	Lapco Holdings Limited	8472	3 for 1	43.2	(30.23%)	N/A (Note 2)	(9.77%)	(22.67%)	75.00%	No	Non-underwritten basis	2.50%
22-Dec-23	1-Dec-23	China Financial Leasing Group Limited	2312	1 for 1	20.8	(32.60%)	(32.30%)	(19.50%)	(16.80%)	50.00%	Yes	Fully Underwritten	N/A
28-Dec-23	5-Dec-23	Finsoft Financial Investment Holdings Limited	8018	3 for 1	27.98	(28.16%)	(26.73%)	(8.92%)	(21.12%)	75.00%	No	Non-underwritten basis	3.50%
5-Jan-24	28-Nov-23	IBO Technology Company Limited	2708	3 for 1	254.4	(25.17%)	(25.17%)	(7.56%)	(19.26%)	75.00%	Yes	Fully Underwritten	N/A
12-Jan-24	14-Dec-23	Major Holdings Limited	1389	2 for 3	30.2	(53.10%)	(51.77%)	(50.90%)	(21.24%)	40.00%	No	Fully Underwritten	3.00%
24-Jan-24	28-Dec-23	Sun Kong Holdings Limited	8631	2 for 1	24	(34.78%)	(37.76%)	(15.49%)	(23.49%)	66.70%	No	Non-underwritten basis	1.00%
25-Jan-24	20-Nov-23	Cool Link (Holdings) Limited	8491	3 for 1	100.2	(28.70%)	(31.40%)	9.46%	(22.11%)	75.29%	No	Non-underwritten basis	1.50%
29-Feb-24	12-Jan-24	Tongda Hong Tai Holdings Limited	2363	2 for 1	79	(1.69%)	N/A (Note 2)	0.00%	(1.69%)	66.70%	No	Non-underwritten basis	2.00%
15-Mar-24	10-Jan-24	Teamway International Group Holdings Limited	1239	1 for 1	15.78	(32.77%)	(43.78%)	(19.60%)	(16.39%)	50.00%	No	Non-underwritten basis	0.50%
				Average	124.30	(22.83%)	(26.26%)	(10.16%)	(14.61%)	64.77%			1.75%
				Min:	15.78	(53.10%)	(51.77%)	(50.90%)	(23.49%)	40.00%			0.50%
				Max:	483	11.11%	4.90%	4.90%	0.00%	83.30%			3.50%
				Median:	43.2	(25.17%)	(25.95%)	(8.46%)	(16.39%)	66.70%			1.50%
		The Company		5 for 1	53.8	(20.53%)	(23.08%)	(4.00%)	(20.25%)	83.30%	No	Non-underwritten basis	0.70%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. E-House (China) Enterprise Holdings Limited had consolidated net deficits per share according to its audited/unaudited consolidated financial statements as at 31 December 2022 and therefore the premium/(discount) of the subscription price to the consolidated NAV per share are not applicable.
2. This information is not disclosed in the relevant circular.
3. Theoretical dilution effect of an offer is calculated according to Rule 10.44A of the GEM Listing Rules and refers to the discount of the “theoretical dilution price” to the “benchmarked price” of shares. “Theoretical diluted price” refers to the sum of (i) the issuer’s total market capitalization (by reference to the “benchmarked price” and the number of issued shares immediately before the issue) and (ii) the total funds raised and to be raised from the issue, divided by the total number of shares as enlarged by the issue. While the “benchmarked price” means the higher of: (i) the closing price on the date of the agreement involving the issue; and (ii) the average closing price in the 5 trading days immediately prior to the earlier of: (1) the date of announcement of the issue; (2) the date of the agreement involving the issue; and (3) the date on which the issue price is fixed.
4. The subject company recorded net liabilities attributable to equity holders of the subject company based on its latest published financial information prior to the date of announcement in relation to the relevant rights issue transaction.

Based on the Table A, we 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 premium of approximately 11.11% to a discount of approximately 53.10% (the “**Comparable LTD Range**”), with an average and median of discounts of approximately 22.83% and 25.17% respectively. The discount of approximately 20.53% of the Company’s Subscription Price of HK\$0.120 per Share to the closing price of HK\$0.151 per Share on the Last Trading Day, which is within the Comparable LTD Range, close to and slightly lower than the average and the median discount of Comparable LTD Range;
- (ii) the subscription prices to the closing price for the five consecutive trading days up to and including the Last Trading Day prior to the Announcement of the Comparables ranged from a premium of approximately 11.11% to a discount of approximately 53.10% (the “**Comparable 5-days Average to LTD Range**”), with an average and median of discounts of approximately 21.91% and 20.10% respectively. The discount of approximately 25.00% of the Company’s Subscription Price of HK\$0.120 per Share to the closing price of HK\$0.158 per Share on the Last Trading Day, which is within the Comparable 5-days Average to LTD Range, close to and slightly higher than the average and the median discount of Comparable 5-days Average to LTD Range;
- (iii) the subscription prices to the closing price for the ten consecutive trading days up to and including the Last Trading Day prior to the Announcement of the Comparables ranged from a premium of approximately 4.90% to a

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

discount of approximately 51.77% (the “**Comparable 10-days Average to LTD Range**”), with an average and median of discounts of approximately 26.26% and 25.95% respectively. The discount of approximately 23.08% of the Company’s Subscription Price of HK\$0.120 per Share to the closing price of HK\$0.156 per Share on the Last Trading Day, which is within the Comparable 10-days Average to LTD Range, close to and slightly lower than the average and the median discount of Comparable 10-days Average to LTD Range;

- (iv) the theoretical ex-rights price per Share based on the closing price per Share on the last trading day prior to the Announcement in relation to the respective ranged from a premium of approximately 9.46% to a discount of approximately 50.90% (the “**Comparable TERP Range**”), with an average and median of discounts of approximately 10.16% and 8.46% respectively. The discount of the Subscription Price to the theoretical ex-rights price per Share on the Last Trading Day of approximately 4.00% is within the Comparable TERP Range and with a lower discount than the average and the median of Comparable TERP Range;
- (v) the consolidated net asset value per share of the Rights Issue Comparables ranged from a discount of approximately 46.67% to 87.49% (the “**Comparable NAV Range**”), with average and median of discounts of approximately 72.56% and 78.87% respectively. The Subscription Price represents a discount of approximately 55.60% to the net asset value of the Company of approximately HK\$0.120 per Share calculated based on the audited consolidated net asset value of the Company of approximately HK\$24.58 million as at 31 December 2023 and the number of Shares in issue as at the Last Trading Day (i.e. 89,600,000 Shares), which is within the Comparable NAV Range and with a lower discount comparing the average and median of the Comparable NAV Range; and
- (vi) the theoretical dilution effect of the Comparables ranged from approximately 0% to approximately 23.49% (the “**Comparable Dilution Range**”), with an average discount of approximately 14.61% and the median discount of approximately 16.39%. Due to the facts that (a) the theoretical dilution effect represented at the discount of approximately 20.25% by the Rights Issue; (b) the net proceeds from the Rights Issue would improve the Group’s financial condition; and (c) the Subscription Price favors the Qualifying Shareholders to subscribe for the Rights Shares and maintain their respective pro-rata shareholding interests in the Company, we consider that although the theoretical dilution effect is higher than the average and median, it is within the Comparable Dilution Range which represented by the Rights Issue is acceptable so far as Independent Shareholders are concerned.

Taking into consideration that, (i) the Subscription Price of the Rights Issue has a discount of 51.67% to the Average Closing Price during the Review Period; (ii) the trading liquidity of the Shares were very thin during the Review Period and the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Subscription Price at a discount to the Average Closing Price may enhance the attractiveness of the Shares among the thin trading liquidity; (iii) the comparisons for Subscription Price and the dilution effect are all within the ranges to be compare with the Comparables; (iv) a review period of 6 months prior to the Announcement to be exhaustive for a representation of proposed rights issue in the recent market; and (v) the Independent Shareholders may subscribe the Rights Share with the Subscription Price close to the price of HK\$0.345 on the Latest Practicable Date under the thin trading liquidity, we are of the view that the setting of the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned and the Independent Shareholders are advised to subscribe for the entitlements.

Absence of excess application arrangement

As mentioned in the Letter from the Board, Qualifying Shareholders will not be entitled to subscribe for any Rights Shares in excess of their respective entitlements. Based on our analysis on the Rights Issue Comparables, we noted that 11 out of 15 Rights Issue Comparables, did not offer excess application as part of the rights issue. On this basis, we considered the absence of excess application to be not uncommon market practice. Furthermore, the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, for Qualifying Shareholders who accept their respective entitlements under the Rights Issue in full, they would be able to maintain their respective existing shareholdings in the Company after completion of the Rights Issue. As such, we considered that the absence of excess application arrangement is acceptable so far as the Independent Shareholders are concerned.

Placing commission

As set out in the Letter from the Board, the terms of the Placing Agreement, including the rate of placing commission, were determined after arm's length negotiation between the Company and the Placing Agent with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. For further details of the principal terms of the Placing Agreement, please refer to section headed "Placing Agreement" in the Letter from the Board. The Placing Agent to the Company will receive a 0.70% of the amount, which is equal to the placing price multiplied by the number of Placing Shares that have been successfully placed by the Placing Agent and/or its sub-placing agent(s) pursuant to the terms of the Placing Agreement. According to the Comparables as set out in Table A, the placing commission of the Comparables ranged from 0.50% to 3.50%, with the average and median of 1.75% and 1.50%, respectively. As the placing commission is in between the range of the Comparables, we consider that the placing commission of 0.70% borne by the Company in the Rights Issue is in line with market practice and given the relatively lower placing commission will lead to lower costs to the Group. Based on the above, we are of the view that the placing commission is in the interests of the Company and Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

As at the Latest Practicable Date, the Company has 89,600,000 existing Shares in issue. The table below sets out the shareholding structures of the Company (a) as at the Latest Practicable Date; (b) immediately upon completion of the Rights Issue assuming full acceptance of the rights shares by existing shareholders; (c) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Lee who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and all the remaining Unsubscribed Rights Shares and ES Unsold Rights Shares having been placed by the Placing Agent and (d) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Lee who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are placed by the Placing Agent.

Name of Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Lee who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and all the remaining Unsubscribed Rights Shares and ES Unsold Rights Shares having been placed by the Placing Agent		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Lee who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are placed by the Placing Agent	
	Number of Shares		Number of Shares		Number of Shares		Number of Shares	
		%		%		%		%
Mr. Lee	13,879,000	15.49	83,274,000	15.49	83,274,000	15.49	32,297,545	29.90 ^(Note 2)
Public Shareholders								
— Independent Places ^(Note 1)	—	—	—	—	378,605,000	67.61	—	—
— Other public Shareholders	<u>75,721,000</u>	<u>84.51</u>	<u>454,326,000</u>	<u>84.51</u>	<u>75,721,000</u>	<u>16.90</u>	<u>75,721,000</u>	<u>70.10</u>
	<u>89,600,000</u>	<u>100.0</u>	<u>537,600,000</u>	<u>100.0</u>	<u>537,600,000</u>	<u>100.0</u>	<u>108,018,545</u>	<u>100.0</u>

Notes:

- 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 will form part of the public float of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. The total number of Rights Shares to be subscribed by Mr. Lee will be scaled down to the extent that he and his associates will not trigger a general offer obligation under the Takeovers Code as a result 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 Shareholders are entitled to subscribe for the Rights Shares. 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 (assuming full acceptance of the Rights Issue). Qualifying Shareholders who do not accept the Rights Issue entitlements can, subject to the then prevailing market conditions, consider selling their nil-paid Rights Shares 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 66.7%.

In all cases of rights issue, the dilution on the shareholding of those qualifying shareholders who do not take up in full their provisional allotments under the rights issue is inevitable. In fact, the dilution magnitude of any rights issue depends mainly on the extent of the basis of entitlement under such exercise since the higher offering ratio of new shares to existing shares is, the greater the dilution on the shareholding would be.

Having considered that (i) the dilution effect is not prejudicial as all Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue and public Shareholders' interests in the Company will be not diluted if they elect to exercise their full provisional allotments under the Rights Issue; (ii) shareholding dilution is inherent in rights issue in general; (iii) the imminent need of financial resources for the Company; and (iv) 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, which may only happen to the Qualifying Shareholders who decide not to subscribe for their pro-rata Rights Shares, is justifiable.

5. Possible Financial Effect of the Rights Issue

Net tangible assets

According to the "Unaudited pro forma financial information of the Group" set out in Appendix II to the Circular, the audited consolidated net tangible assets of the Group attributable to owners of the Company was approximately HK\$24.58 million as at 31 December 2023; upon completion of the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company would increase to approximately HK\$77.75 million. As such, the Rights Issue is expected to have a positive impact on the financial position of the Group.

Liquidity

According to the 2023 Annual Report, as at 31 December 2023, the cash and cash equivalents of the Group was approximately HK\$11.46 million and the Group had current assets of approximately HK\$29.90 million, current liabilities of approximately HK\$18.18 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 December 2022 was approximately 1.60 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\$64.26 million. The current ratio of the Group will be increased from approximately 1.60 times to 4.50 times approximately. 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, particularly, the improvement in liquidity position of the Group, we are of the view that the Rights Issue is in the interest of the Company and the Shareholders as a whole.

Shareholders should note that the aforesaid analyses are for illustrative purpose only and do not purport to represent the financial position of the Group upon completion of the Rights Issue and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of (i) the financial position of the Company as at 31 December 2024 or any future date; or (ii) the net assets per Share of the Company as at 31 December 2024 or any future date.

OPINION AND RECOMMENDATION

Having taken into consideration of the following principal factors and reasons regarding the major terms of the Rights Issue including:

- (i) the proceeds from the Rights Issue for repayments of borrowings of the group, and the expansion to its car rental business and online-game business while the Directors expect to strengthen its general working capital structure without incurring debt financing cost, improve the financial position, and provide additional financial resources for capturing suitable business expansion and investment opportunities as they arise under section headed “Reasons for and benefits of the Rights Issue and use of proceeds” above in this letter;
- (ii) taking into account the benefits and cost of each of the alternatives, the Rights Issue represents a more cost effective, efficient and beneficial mean to the Company and the Shareholders as a whole as compared to raising fund by other means as stated under the paragraph headed “Alternative financing methods” above in this letter;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) the Subscription Price represented a discount of approximately 20.53%, 25% and 23.08% to the closing price on the Last Trading Day, the five (5) consecutive trading days up to and including the Last Trading Day, and the ten (10) consecutive trading days up to and including the Last Trading Day, respectively;
- (iv) the Subscription Price is fair and reasonable in our view for the reasons set out in earlier sections headed “Subscription Price” and “Comparison to other rights issue” in this letter;
- (v) the placing commission charged by the Placing Agent is fair and reasonable as discussed in section headed “Comparison to other rights issue” of this letter and in the interests of the Company and the Shareholders as a whole; and
- (vi) Rights Issue is conducted on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportionate interests in the Company and allows the Qualifying Shareholders to participate in the future growth of the Company, and the maximum dilution effect only occur when the Qualifying Shareholders do not subscribe for their proportionate Rights Shares,

we are of the view that the terms of the Rights Issue are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue including the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Rights Issue.

Yours faithfully
For and on behalf of
Silverbricks Securities Company Limited
Yau Tung Shing
Co-head of Corporate Finance

Note: Mr. Yau Tung Shing is licensed individual under the SFO, authorized to conduct Type 6 (advising on corporate finance) regulated activities in accordance with the SFO. He is considered responsible officer of Silverbricks Securities Company Limited. Mr. Yau Tung Shing possesses over 7 years of experience in the corporate finance industry.

A. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 December 2021, 2022 and 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<https://www.hkexnews.hk/>) and the Company (<http://www.hklistco.com/8340>), respectively:

- (i) the audited consolidated financial information of the Group for the year ended 31 December 2021 is disclosed in the annual report of the Company for the year ended 31 December 2021 published on 31 March 2022, from pages 50 to 97 (<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0331/2022033102131.pdf>);
- (ii) the audited consolidated financial information of the Group for the year ended 31 December 2022 is disclosed in the annual report of the Company for the year ended 31 December 2022 published on 31 March 2023, from pages 51 to 105 (<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0331/2023033102453.pdf>); and
- (iii) the audited consolidated financial information of the Group for the year ended 31 December 2023 is disclosed in the annual report of the Company for the year ended 31 December 2023 published on 30 April 2024, from pages 55 to 113 (<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0430/2024043001492.pdf>).

B. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2024, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding unsecured borrowing notes of approximately HK\$40,000,000, which carry an interest rate ranging between 5% and 8% per annum and are due for repayments within one year and outstanding lease liabilities of approximately HK\$674,000.

Save as disclosed above, and apart from intra-group liabilities and normal accounts payables in the ordinary course of business of the Group, as at 30 April 2024, being the latest practicable date for the purpose of preparing this statement of indebtedness, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowing (including but not limited to bank overdrafts and liabilities under acceptance (other than normal trade bills)), acceptance credits, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, any other mortgages and charges or any other material contingent liabilities or guarantees.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 April 2024 up to the Latest Practicable Date.

C. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstances, taking into account the financial resources available to the Group 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 twelve (12) months following the date of this circular.

D. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the provision of corporate finance advisory services in Hong Kong, including but not limited to general corporate finance advisory, placing and underwriting as well as initial public offerings related projects. The Group successfully obtained the licenses to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in March 2022 and started generating revenue therefrom since the second quarter of 2023. To a lesser extent, the Group has recently diversified and expanded its principal business by developing car rental and online-game businesses.

Corporate Finance and Asset Management Businesses

The Group is principally engaged in the provision of financial services, which included corporate finance advisory, securities advisory and asset management services. The Group is licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

During the past few years, both Hong Kong and the PRC had experienced continuous lockdowns and cross-border restrictions due to the outbreak of COVID-19 pandemic which severely affected the Group's business operations and the financial position of its clients in the PRC. Notwithstanding the PRC economy has shown signs of recovery since December 2022, the pace of recovery has been uneven and the business operations and financial position of some of the Group's clients have yet to return to their pre-pandemic levels. As a result, some of the Group's pipeline projects and marketing activities were delayed or temporarily postponed.

Corporate finance advisory business

The initial public offering (“**IPO**”) market in Hong Kong remained sluggish in 2023. According to publicly available information from the Stock Exchange, the number of companies newly listed on the Main Board of the Stock Exchange decreased from 89 in 2022 to 70 in 2023; whereas no company was listed on GEM of the Stock Exchange in each of 2022 and 2023. Also, the total fundraising in Hong Kong recorded a year-on-year decrease of approximately 56% in 2023. The potential issuers generally remained hesitant to proceed with IPO plans as they typically aspired an improvement in the overall market economy as well as their valuations. The decrease in number of potential IPOs has accelerated the keen competition in pricing among corporate finance advisory services providers.

As a market participant of the Hong Kong financial market, the Group’s growth and development are inevitably hindered by the aforesaid macro-economic factors. Nonetheless, despite the challenging environment, the Group remains cautiously optimistic about the prospects of Hong Kong financial industry. Leveraging (i) the gradual recovery in the Hong Kong and PRC economy; (ii) the Group’s established network in the financial industry; and (iii) the new listing regime for specialist technology companies and GEM listing reform introduced by the Stock Exchange, which came into effect on 31 March 2023 and 1 January 2024, respectively, the management of the Company believes that there would be more business opportunities for the Group to capitalize on, and thereby enabling the Group to improve the financial performance of its corporate finance business in 2024.

Amid the slowdown of the corporate finance market in Hong Kong, the Group has successfully sourced four financial advisory transactions in Singapore in 2023 and identified one potential project in relation to proposed initial public offering in the PRC and secured a number of other financial advisory engagements in 2024. As at the Latest Practicable Date, the Group had 13 ongoing corporate finance projects, which mainly involve the provision of corporate financial advisory services (i) for companies listed on the Stock Exchange; and in relation to (ii) the acquisition of shareholding interest in company listed on the Stock Exchange; (iii) notifiable transaction; (iv) fundraising exercise for private limited company; and (v) proposed initial public offering in the international market.

For the year ended 31 December 2023, the Group recognised revenue of approximately HK\$16.2 million from its corporate finance business, out of which approximately HK\$5.1 million was generated from the Group's 13 on-going pipeline projects as at the Latest Practicable Date, whilst the remaining HK\$11.1 million represents revenue generated from other corporate finance projects completed in 2023. To the best estimation of the Directors, the Group's 13 on-going corporate finance projects as at the Latest Practicable Date are expected to further generate revenue in the amount of approximately HK\$11.8 million for the year ending 31 December 2024.

Leveraging its pre-existing business network and showcasing its track record of successful transactions and client testimonials, the Group aims to position itself as a trusted advisor for companies and businesses looking for comprehensive financial guidance, particularly financial advisory services and IPO-sponsor services. The Group will proactively reach out to international companies and businesses, offering tailored corporate financial advisory services to meet their specific needs. This includes providing assistance and guidance throughout the IPO process, acting as an IPO-sponsor, and facilitating access to capital markets. By positioning itself as a reliable partner and offering value-added services, the Group aims to attract a steady stream of clients seeking to go public or expand their financial capabilities.

Asset management business

The Group successfully obtained the licenses to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in March 2022 and started generating revenue therefrom since the second quarter of 2023.

As at the Latest Practicable Date, the Group has set up two open-ended fund companies under the SFO, details of which are set forth as follows:

First open-ended fund company (“First OFC”)

The Group established the First OFC with the SFC in May 2022 and two sub-funds have been established under the First OFC.

First Sub-fund

The First Sub-fund, primarily engaging in debt market trading with a focus on bond issued by listed companies in Hong Kong, was successfully established on 3 May 2023. The investment costs per fund unit is HK\$5,000,000 with a lock-up period of seven years. Based on the investment management agreement, the Group charges management fee at the rate of 1% per annum based on the assets under management of the First Sub-fund. The First Sub-fund has been opened for subscription since 3 November 2023. As at the Latest Practicable Date, three investors have each subscribed for one fund unit at the price of HK\$5,000,000, with assets under management of the First Sub-fund amounted to HK\$15,000,000. Accordingly, the Group has started to record revenue based on the management fee charged.

Second Sub-fund

The Second Sub-fund, primarily engaging in equity secondary market trading, was successfully established on 10 August 2023. The investment costs per fund unit shall be HK\$1,000,000 with no lock-up period. The Group expects to charge (i) management fee at the rate of 1.0% per annum based on the assets under management of the Second Sub-fund; and (ii) profit sharing commission at the rate of 10.0%, subject to further negotiations with investor clients. It is expected that fund raising activities of the Second Sub-fund will commence during the second half of 2024.

Second open-ended fund company (“Second OFC”)

The Second OFC was successfully established on 3 May 2023 with the aim to specifically invest in listed securities of mining companies, and thereby create fixed and stable return to investor clients. The investment costs per fund unit shall be US\$50,000 with lock-up period of five years. The Group expects to charge (i) management fee at the rate of 0.25% per annum based on the assets under management of the sub-fund; and (ii) subscription fee at the rate of 0.25% based on the initial investment amount. As at the Latest Practicable Date, the Group is identifying potential investors for the Second OFC. It is expected that the Second OFC will commence its fund-raising activities by the second half of 2024.

With the granting of the SFC licence to carry out type 4 (advising on securities) regulated activities and as part of the Group’s initiatives to diversify its income stream, the Group continues its effort in expanding its business operations to the provision of security research reports. For the year ended 31 December 2023, the Group generated revenue of approximately HK\$480,000 for the provision of security research reports for five clients.

In addition, the Group has been or will be engaged as the investment manager of three limited partnership funds which have been established as eligible collective investment schemes under the New Capital Investment Entrant Scheme introduced by the Hong Kong government which became effective on 1 March 2024.

First Limited Partnership Fund (the “First LPF”)

The First LPF was set up to attract investment from successful applicants of the New Capital Investment Entrant Scheme, of which the Group has been engaged as the investment manager. Based on the rules of the New Capital Investment Entrant Scheme, successful applicant shall invest no less than HK\$30.0 million in permissible investment assets. Investments in ownership interests in private limited partnership fund is considered as one of the permissible investment assets (subject to an aggregate cap of HK\$10.0 million).

The purpose of the First LPF is to carry on the business of investment to generate attractive risk-adjusted returns through investing, directly or indirectly in securities listed in Hong Kong and the United States. The Group expects to charge (i) subscription fee at the rate up to 2% based on the initial investment amount; and (ii)

investment manager's fee at the rate of 1% per annum based on the initial investment amount. The term of the First LPF shall continue until the date falling on the third anniversary of the closing date, provided however that the life of the First LPF may be extended after the expiry of such three years at the sole discretion of the general partner.

As at the Latest Practicable Date, the Group has approached at least 10 potential investors on the potential opportunity to subscribe in the ownership interest of the First LPF. As the New Capital Investment Entrant Scheme started accepting applications from 1 March 2024, it is expected that application submitted by the potential clients under the New Capital Investment Entrant Scheme would be approved by the second half of 2024.

Second Limited Partnership Fund (the "Second LPF")

It is expected that the Group will be engaged as investment manager of the Second LPF after its establishment. An application for the registration of the Second LPF as a limited partnership fund was filed with the Companies Registry in Hong Kong on 2 May 2024 by its general partners. To the best knowledge of the Company, the investment objective of the Second LPF shall be to achieve mid-term capital appreciation and maximise total returns by carefully selecting and constructing an investment portfolio comprised primarily of private equity and direct investment of assets. It is expected that the fund raised by the Second LPF will be invested in the 3D billboard industry with the aim to generate a rate of return of 11% per annum.

The Second LPF shall have a minimum target size of HK\$10,000,000 and a maximum target size of HK\$800,000,000 of commitments. The Group expects to charge (i) subscription fee at the rate up to 5% based on the initial investment amount; and (ii) investment manager's fee at the rate of 1% per annum based on the portfolio of the Second LPF, subject to further negotiations with investor clients. It is intended that the Second LPF will exit its investment on the seventh anniversary of making the relevant investment.

It is expected that the Second LPF will be established in June 2024 and will begin its fundraising activities from thereon. Based on the latest timetable and the best knowledge of the Company, the initial closing date of the Second LPF for the subscription of its interest will be in the second half of 2024.

The Third Limited Partnership Fund (the “Third LPF”)

It is expected that the Group will be engaged as investment manager of the Third LPF after its establishment. An application for the registration of the Third LPF as a limited partnership fund was filed with the Companies Registry in Hong Kong on 2 May 2024 by its general partners. To the best knowledge of the Company, the investment objective of the Third LPF shall be to achieve mid-term capital appreciation and maximise total returns by carefully selecting and constructing an investment portfolio comprised primarily of private equity and direct investment of assets. It is expected that the fund raised by the Third LPF will be invested in renewable energy products with the aim to generate a rate of return of 11% per annum.

The Third LPF shall have a minimum target size of HK\$10,000,000 and a maximum target size of HK\$800,000,000 of commitments. The Group expects to charge (i) subscription fee at the rate up to 5% based on the initial investment amount; and (ii) investment manager’s fee at the rate of 1% per annum based on the portfolio of the Third LPF, subject to further negotiations with investor clients. It is intended that the Third LPF will exit its investment on the seventh anniversary of making the relevant investment.

It is expected that the Third LPF will be established in June 2024 and will begin its fundraising activities from thereon. Based on the latest timetable and the best knowledge of the Company, the initial closing date of the Third LPF for the subscription of its interest will be in the second half of 2024.

Taking into consideration (i) the expected increase in demand for the Group’s corporate finance advisory services attributable to the gradual recovery of the Hong Kong and PRC economy and financial markets; (ii) the recent reforms to the Hong Kong listing regime launched by the Stock Exchange; and (iii) the kick-start of the Group’s asset management business, especially the collective investment schemes newly established by the Group under the New Capital Investment Entrant Scheme, the Group plans to continue focusing on developing its corporate finance and asset management businesses by strengthening its marketing and client pitching activities and expanding its workforce in the near future. As at the Latest Practicable Date, the Group has 10 and three staff specialised in its corporate finance and asset management businesses, respectively. The Group has no intention to terminate/scale down/dispose its corporate finance and asset management businesses.

Car Rental Business

The Group commenced its car rental business (the “**Car Rental Business**”) in the Guangdong-Hong Kong-Macao Greater Bay Area (the “**GBA**”) at the end of 2023. The Group generated approximately HK\$53,000 and HK\$1.2 million from its Car Rental Business for the year ended 31 December 2023 and the period from 1 January 2024 up to 30 April 2024. As at the Latest Practicable Date, the Group has a fleet of six motor vehicles, comprising luxury and up-scale cars under renowned brands such as Bentley and Rolls Royce. Most of the motor vehicles acquired by the Group have been successfully leased out as at the Latest Practicable Date. The Group’s car rental business primarily focuses on offering car rentals catering to the needs and preferences of different customers. As at the Latest Practicable Date, the Group offers car rental on a daily, weekly or monthly basis up to a maximum period of six (6) months.

Currently, the Group mainly secures car rental business by referral from its network of car dealers and agencies. The Group generally determines the pricing of its car rental services based on various factors, including the type of vehicle, rental duration, prevailing market demand and seasonality. Besides, the Group may charge its customers for mileage rates and late return fees.

The Group places emphasis on compliance with relevant regulations and licensing requirements for carrying out its car rental business and strives to provide customers with a seamless and convenient rental experience. The Group’s fleet of motor vehicles is covered by comprehensive car insurance and undergoes regular maintenance and annual inspection to ensure optimal performance and customer satisfaction.

In light of the GBA development plan of the PRC government, especially the launch of the “Northbound Travel for Macau Vehicles” policy (澳車北上) and the “Northbound Travel for Hong Kong Vehicles” policy (港車北上), it is expected that there will be an increase in demand for cross-border transportation and car rental services in the GBA. In order to seize more business opportunities and expand its market share in the car rental industry, the Group will focus on enhancing its existing fleet of motor vehicles by actively searching for and acquiring suitable motor vehicles. The Group aims to strengthen its competitiveness and attract a wider customer base by offering a diverse range of motor vehicles which cater to different customers’ requirements and preferences in the GBA.

Additionally, the Group will continuously monitor market trends and customer feedback to identify emerging demands and adapt its offerings accordingly. By staying attuned to evolving customer preferences, the Group will be able to proactively adjust its car rental services, ensuring they remain competitive and in line with the expectations of customers in the GBA. Through these strategic initiatives, the Group aims to solidify its presence in the car rental market of the GBA, capitalising on the favourable conditions provided by the PRC government’s development plan.

Online-Game Business

The Group commenced its online game business in October 2023. Leveraging its distribution network relationships and game marketing and promotional capabilities, the Group has obtained the exclusive, transferrable and sub-licensable rights to publish, operate, promote, reproduce and distribute in overseas market certain online games licensed from third-party PRC online-game developers. As at the Latest Practicable Date, the Group has entered into licensing agreements with various PRC online-game developers for four online games. The Group's online game business commenced generating revenue from January 2024 and has generated total revenue of approximately HK\$7.7 million up to 30 April 2024.

The table below sets forth details of the development status, authorised territory(ies), mobile platform(s) and actual/expected release date of the respective online games licensed by the Group:

	Online Game 1	Online Game 2	Online Game 3	Online Game 4
Development status	Development and testing stage, which is subject to final adjustments and optimisation	Completed the development stage, entered the public testing stage and released on mobile platforms	Completed the development stage, entered the public testing stage and released on mobile platforms	Development stage
Authorised territory(ies)	Europe, America, East Asia	Japan	Hong Kong, the Macau Special Administrative Region and Taiwan	Worldwide in exclusion of the PRC, Japan, Hong Kong, the Macau Special Administrative Region, Taiwan and the Republic of Korea
Mobile platform(s)	Apple App Store and Google Play Store	Apple App Store and Google Play Store	Apple App Store and Google Play Store	Apple App Store and Google Play Store
Actual/expected release date	Fourth quarter of 2024	4 April 2024	26 March 2024	Fourth quarter of 2024

Going forward, the Group plans to further expand its online-game business by (i) securing additional online-game licenses; (ii) building an in-house team specialised in the operation of the licensed games by recruiting personnel with the relevant skills, knowledge and experience in the relevant industry; and (iii) strengthening the promotion and marketing activities in respect of the licensed online games.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED
NET TANGIBLE ASSETS ATTRIBUTABLE TO OWNERS OF THE COMPANY**Introduction**

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2023 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the directors in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants is for illustration only, and is set out in this appendix to illustrate the effects of the Rights Issue, on the audited consolidated net tangible assets of the Group as at 31 December 2023 attributable to the owners of the Company, as if the Rights Issue had taken place on such date.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2023 or any future date following the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net tangible assets of the Group attributable to owners of the Company derived from the audited consolidated statement of financial position of the Group as at 31 December 2023 as extracted from the published annual report of the Company for the year ended 31 December 2023, after incorporating the adjustments described in the accompanying notes.

Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 <i>HK\$'000</i> <i>(Note 1)</i>	Unaudited estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company as at 31 December 2023 immediately after completion of the Rights Issue <i>HK\$'000</i>	Audited consolidated net tangible assets attributable to owners of the Company per Share immediately before completion of the Rights Issue <i>HK\$</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2023 immediately after completion of the Rights Issue <i>HK\$</i> <i>(Note 4)</i>
Based on 448,000,000 Rights Shares to be issued at Subscription Price of HK\$0.120 per Rights Share				
24,579	53,169	77,748	0,274	0,145

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$24,579,000 as at 31 December 2023 is based on the audited consolidated net assets of the Group attributable to the owners of the Company as at 31 December 2023 of the same amount, which has been extracted by the Directors from the published annual report of the Company for the year ended 31 December 2023.
2. The estimated net proceeds from the Rights Issue of approximately HK\$53,169,000 are based on 448,000,000 Rights Shares to be issued at HK\$0.120 per Rights Share after deducting estimated related expenses of approximately HK\$591,000 and assumed that no outstanding share options, if any, being exercised, and that there is no change in the number of issued shares from the date of the announcement on 31 December 2023 up to the record date.
3. The calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share immediately before completion of Rights Issue are calculated based on the audited consolidated net tangible assets of the Group of approximately HK\$24,579,000 as at 31 December 2023, divided by 89,600,000 Shares in issue as at 31 December 2023.
4. The calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 December 2023 immediately after completion of the Rights Issue is based on unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company of approximately HK\$77,748,000 as at 31 December 2023 immediately after completion of the Rights Issue, being the aggregate of unaudited consolidated net tangible assets of the Group attributable to the owners of the Company of approximately HK\$24,579,000 as at 31 December 2023 and the estimated net proceeds from the Rights Issue of approximately HK\$53,169,000, divided by 537,600,000 Shares which represents the sum of 89,600,000 Shares in issue and 448,000,000 Rights Shares (assuming no new Shares are allotted and issued pursuant to any exercise of the Share Options and no other change in the share capital of the Company on or before the Record Date) were issued immediately after completion of the Rights Issue, as if the Rights Issue had been completed on 31 December 2023.
5. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2023.

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

The following is the text of a report received from McMillan Woods (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Circular.



24th Floor
Siu On Centre,
188 Lockhart Road
Wan Chai, Hong Kong

27 May 2024

The Board of Directors of
Zijing International Financial Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Zijing International Financial Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2023 and related notes as set out on pages II-1 to II-2 of the Circular issued by the Company dated 27 May 2024 (the “**Circular**”). The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information are described in Section A of Appendix II of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue on the basis of five rights share for every one existing share held on the record date at the subscription price of HK\$0.120 per rights share (the “**Rights Issue**”) as if the Rights Issue had been taken place as at 31 December 2023. As part of this process, information about the Group's net tangible assets as at 31 December 2023 has been extracted by the directors of the Company from the audited consolidated financial statements of the Group for the year ended 31 December 2023, on which an annual report has been published.

Directors' Responsibility 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 GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

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

Our firm applies Hong Kong Standard on Quality Management 1 “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 Accountant's Responsibilities

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

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

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

The purpose of unaudited pro forma financial information included in the Circular is solely to illustrate the impact of the Right Issue 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 Rights Issue at 31 December 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 of the Company 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 accountant's judgment, having regard to the reporting accountant's 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 by the director of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue and the Change in Board Lot Size (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders) are set out as follows:

(a) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares of HK\$0.1 each	<u>2,000,000,000</u>
<i>Issued and fully paid:</i>		<i>HK\$</i>
<u>89,600,000</u>	Shares of HK\$0.1 each	<u>8,960,000</u>

(b) Immediately upon completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders)

<i>Authorised:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares of HK\$0.1 each	<u>2,000,000,000</u>
<i>Issued and fully paid:</i>		<i>HK\$</i>
<u>89,600,000</u>	Shares of HK\$0.1 each	<u>8,960,000</u>
<u>448,000,000</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>44,800,000</u>
<u>537,600,000</u>	Shares in issue immediately upon completion of the Rights Issue	<u>53,760,000</u>

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holder of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

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 their nil-paid and fully-paid forms. 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.

As at the Latest Practicable Date, the Company had no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into Shares. The Company did not have any other options, warrants or other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

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

3. DISCLOSURE OF INTERESTS

(a) Directors and chief executive's interests in the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executives of the Company 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 were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of director	Nature of interest	Number of Shares directly and beneficially held	Approximate percentage of the issued share capital
Mr. Lee Chun Wai	Beneficial owner	13,879,000	15.49%

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or their associates had any interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were

required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders and other persons' interests in Shares and underlying Shares

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSET

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been 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 since 31 December 2023, the date to which the latest published audited accounts of the Group were made up.

There was no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or controlling shareholders of the Company or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

7. LITIGATION

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

8. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular:

- (i) the placing agreement dated 27 February 2023 entered into between the Company and Aristo Securities Limited (“**Aristo**”) in relation to the placing of a maximum of 12,800,000 placing shares by Aristo to not less than six independent places at the placing price of HK\$0.31 per placing share, pursuant to which Aristo would charge the Company a placing commission of 1.0% of the aggregate amount equal to the placing price of HK\$0.31 multiplied by the number of placing shares being placed by Aristo. This placing agreement lapsed on 17 March 2023. For further details, please refer to the announcements of the Company dated 27 February 2023 and 17 March 2023, respectively;
- (ii) the placing agreement dated 15 May 2023 entered into between the Company and Pinestone Securities Limited (“**Pinestone**”) in relation to the placing of a maximum of 12,800,000 placing shares by Pinestone to not less than six independent places at the placing price of HK\$0.20 per placing share, pursuant to which Pinestone would charge the Company a placing commission of 1.0% of the aggregate amount equal to the placing price of HK\$0.20 multiplied by the number of placing shares being placed by Pinestone. Completion of the placing took place on 8 June 2023. For further details, please refer to the announcements of the Company dated 15 May 2023 and 5 June 2023, respectively;
- (iii) the placing agreement dated 27 October 2023 entered into between the Company and Orient Securities Limited (“**Orient**”) in relation to the placing of a maximum of 12,800,000 placing shares by Orient to not less than six independent places at the placing price of HK\$0.15 per placing share, pursuant to which Orient would charge the Company a placing commission of 1.0% of the aggregate amount equal to the placing price of HK\$0.15 multiplied by the number of the placing shares being placed by Orient. Completion of the placing took place on 20 November 2023. For further details, please refer to the announcements of the Company dated 27 October 2023 and 20 November 2023, respectively;
- (iv) the lease surrender agreement dated 23 November 2023 entered into between Zijing International Pte. Limited, an indirect wholly-owned subsidiary of the Company incorporated in Singapore, as tenant (the “**Tenant**”), and Asia Square Tower 1 Pte. Ltd as landlord (the “**Landlord**”), pursuant to which, subject to the satisfaction of the conditions precedent set forth therein, on 30 November 2023 (or such other date as may be stipulated by the Landlord in writing to the Tenant), the Tenant shall surrender to the Landlord and the Landlord shall accept the surrender of all the Tenant’s estate, interest, right and title in, under and arising from the lease agreement dated 17 March 2022 entered into between the parties. The agreed compensation payable by the Tenant to the Landlord was in the sum of S\$45,290.86 and the Landlord shall repay to the Tenant the deposit in the

amount of S\$62,423.79 without interest and after proper deductions, if any, by the Landlord. For further details, please refer to the announcement of the Company dated 23 November 2023; and

(v) the Placing Agreement.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts or professional advisers who have given opinion or advice contained in this circular (collectively, the “**Experts**”):

Name	Qualification
Silverbricks Securities Company Limited	a corporation licensed by the SFC to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO
McMillan Woods (Hong Kong) CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, each of the above Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

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

As at the Latest Practicable Date, none of the Experts had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Company were made up.

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming the Rights Issue is not fully-subscribed and any Unsubscribed Rights Shares and ES Unsold Rights Shares, which do not include any Rights Shares to be provisionally allotted to Mr. Lee for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “The Irrevocable Undertaking” in this circular, are placed by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be up to approximately HK\$1.0 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors	<i>Executive Directors</i> Mr. Lee Chun Wai (<i>Chairman</i>) Ms. Ji Yi <i>Independent non-Executive Directors</i> Mr. Choi Tak Fai Ms. Lau Mei Suet Mr. Tsang Ho Yin
Audit committee	Ms. Lau Mei Suet (<i>Chairlady</i>) Mr. Choi Tak Fai Mr. Tsang Ho Yin
Nomination committee	Mr. Lee Chun Wai (<i>Chairman</i>) Ms. Lau Mei Suet Mr. Tsang Ho Yin
Remuneration committee	Ms. Lau Mei Suet (<i>Chairlady</i>) Mr. Lee Chun Wai Mr. Tsang Ho Yin
Registered office	Windward 3 Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Head office and principal place of business in Hong Kong	Units 502A, 503 and 503A, 5/F Tower 2, Admiralty Centre No. 18 Harcourt Road Hong Kong
Authorised representatives	Mr. Lee Chun Wai Mr. Lee Chan Wah
Business address of all Directors and authorised representatives	Units 502A, 503 and 503A, 5/F Tower 2, Admiralty Centre No. 18 Harcourt Road Hong Kong
Company Secretary	Mr. Lee Chan Wah

Principal share registrar and transfer office	Ocorian Trust (Cayman) Limited Windward 3 Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal banker	The Hong Kong and Shanghai Banking Corporation Limited
Auditor	McMillan Woods (Hong Kong) CPA Limited <i>Certified Public Accountants</i> 24th Floor Siu On Centre 188 Lockhart Road Wanchai Hong Kong
Legal adviser to the Company as to Hong Kong laws	David Fong & Co. Unit A, 12th Floor China Overseas Building 139 Hennessy Road Wanchai Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Silverbricks Securities Company Limited Rooms 1004–1006, 10/F China Merchants Tower Shun Tak Centre 168–200 Connaught Road Central Sheung Wan Hong Kong
Placing Agent	China Sky Securities Limited Units 2302–03, 23/F Shun Tak Centre West Tower 200 Connaught Road Central Hong Kong

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Lee Chun Wai (李俊葦), aged 39, joined the Group in May 2021 and is an executive Director and the chairman of the Board. He is responsible for formulating corporate strategy, business development as well as overseeing the operations of the Group. He obtained his bachelor's degree of Accounting and Finance from the University of Hertfordshire in the United Kingdom. He has over 17 years of experience in securities trading, marketing, asset management, finance and project investment. From April 2021 to June 2022, Mr. Lee was an independent non-executive director of Anchorstone Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1592).

Ms. Ji Yi (季毅), aged 45, joined the Group in July 2023 and is an executive Director. She has years of experience in the field of technology and business administration in the PRC. She graduated from Donghua University with a master's degree in Business Administration. Prior to her joining the Group, Ms. Ji Yi worked in Shenzhen Weiyuansheng Technology Service Co, Ltd.* (深圳偉源盛科技服務有限公司) and Shikun Technology (Shanghai) Co., Ltd.* (世坤科技(上海)有限公司) as top management with years of professional experiences.

Independent non-executive Directors

Ms. Lau Mei Suet (劉美雪) ("Ms. Lau"), aged 38, joined the Group as an independent non-executive Director in January 2022. Ms. Lau has over 13 years of experience and extensive knowledge in the fields of auditing, accounting and taxation. She has obtained a bachelor's degree of business administration with a major in accountancy and a minor in financial services from The Hong Kong Polytechnic University in October 2009. She started to be a member of the Hong Kong Institute of Certified Public Accountants in 2014 and is currently registered as a practising member. She has been in charge of different account and audit engagements in Hong Kong.

Mr. Choi Tak Fai (蔡德輝) ("Mr. Choi"), aged 35, joined the Group as an independent non-executive Director in May 2021. He obtained a bachelor's degree of science in mathematics from the Chinese University of Hong Kong in July 2011. Mr. Choi has over 10 years of experience in the securities brokerage and finance industry. He is an associate sales director and a licensed representative of a securities firm in Hong Kong to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the SFO.

Mr. Tsang Ho Yin (曾浩賢) ("Mr. Tsang"), aged 38, joined the Group as an independent non-executive Director in August 2023. He was admitted as a solicitor in Australia and Hong Kong, in May 2012 and December 2013, respectively, and was qualified as a Guangdong-Hong Kong-Macao Greater Bay Area lawyer in June 2023. Mr. Tsang obtained a bachelor in laws degree and a bachelor in commerce (accounting) degree, both from the University of Melbourne, Australia in August

2008. Mr. Tsang obtained a master in laws degree from the University of Melbourne, Australia in August 2010. Mr. Tsang obtained the postgraduate certificate in laws from the City University of Hong Kong in July 2011.

Mr. Tsang is currently a partner of Stevenson, Wong & Co., specialising in corporate finance and commercial law. Mr. Tsang is also a non-executive director of China Regenerative Medicine International Limited (stock code: 8158), the issued shares of which are listed on GEM of the Stock Exchange, since January 2020. In September 2021, Mr. Tsang was appointed as an independent non-executive director of CROSSTEC Group Holdings Limited (stock code: 3893) (“**Crosstec**”) and Sterling Group Holdings Limited (stock code: 1825), the issued shares of which are both listed on the Main Board of the Stock Exchange. He was subsequently re-designated as a non-executive director of Crosstec in January 2023. Mr. Tsang has also been as an independent non-executive director of Skymission Group Holdings Limited (stock code: 1429), the issued shares of which are listed on the Main Board of the Stock Exchange, since September 2023. Mr. Tsang is also (i) the joint company secretary and authorised representative of Mabpharm Limited (stock code: 2181) since May 2019; (ii) the company secretary and the authorised representative of Sunshine 100 China Holdings Limited (stock code: 2608) since November 2019; (iii) the joint company secretary and authorised representative of Sundry Service Group Co. Limited (stock code: 9608) since January 2021, the issued shares of which are all listed on the Main Board of the Stock Exchange; and (iv) the joint company secretary and authorised representative of 1957 & Co. (Hospitality) Limited (stock code: 8495), the issued shares of which are listed on GEM of the Stock Exchange, since August 2022.

Mr. Tsang was (i) the company secretary and the authorised representative of Sino Energy International Holdings Group Limited (the issued shares of which were listed on the Main Board of the Stock Exchange and delisted on 16 December 2022, stock code: 1096) from November 2018 to July 2019; (ii) the company secretary of Moody Technology Holdings Limited (stock code: 1400) from January 2019 to November 2019; (iii) the company secretary and the authorised representative of Mobile Internet (China) Holdings Limited (stock code: 1439) from February 2020 to February 2021; and (iv) the non-executive director of Summi (Group) Holdings Limited (stock code: 756) from July 2022 to September 2022, the issued shares of these companies are listed on the Main Board of the Stock Exchange.

Mr. Tsang was also an independent non-executive director of Inno-Tech Holdings Limited (“**Inno-Tech**”, together with its subsidiaries, collectively, the “**Inno-Tech Group**”) (the issued shares of which were listed on GEM of the Stock Exchange and delisted on 13 July 2021, stock code: 8202) from June 2019 to June 2020. Inno-Tech was a company incorporated in Bermuda with limited liability and the principal activities of the Inno-Tech Group were (i) provision of outdoor advertising business through different advertising media network; (ii) television advertising operation; (iii) the event management business; (iv) seafood business; and (v) money lending business in Hong Kong. As disclosed in the announcements of Inno-Tech dated 1 June 2020, 3 July 2020 and 11 September 2020, Inno-Tech received a letter from the Official Receiver’s Officer dated 9 June 2020 which stated that Gram Capital Limited has filed

a winding-up petition to the High Court of the Government of the Hong Kong Special Administrative Region against Inno-Tech for principal sum of HK\$195,000 on 7 May 2020. On 9 September 2020, Inno-Tech was ordered to be wound up by the High Court of Hong Kong Special Administrative Region in HCCW 82/2020 and the Official Receiver was appointed as the provisional liquidator. Mr. Tsang confirmed that (i) he was not a party to such winding-up petition and there is no wrongful act on his part leading to the cancellation of listing and liquidation of Inno-Tech; and (ii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the cancellation of listing and liquidation of Inno-Tech.

Senior management

Mr. Lee Chan Wah (李燦華) aged 55, was appointed as the company secretary and the financial controller of the Company on 31 May 2021. He obtained his Bachelor of Business Administration degree from the Hong Kong Baptist University in 1991. He has been a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants since 1996. He has over 22 years of experience in the field of auditing, accounting and finance.

13. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised all of the independent non-executive Directors, namely Ms. Lau Mei Suet (the chairlady of the Audit Committee), Mr. Choi Tak Fai and Mr. Tsang Ho Yin. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “12. Particulars of the Directors and senior management” in this appendix. The primary duties of the Audit Committee are to review the Company’s internal control procedures and annual report, financial statements, half-year reports and quarterly reports and to provide advice and comments thereon to the Board.

14. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk/>) and the Company (<http://www.hklistco.com/8340>) from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the three financial years ended 31 December 2021, 2022 and 2023;
- (c) the Placing Agreement;
- (d) the Irrevocable Undertaking;
- (e) the letter from the Board, the text of which is set out on pages 7 to 41 of this circular;

- (f) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 42 to 43 of this circular;
- (g) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 44 to 73 of this circular;
- (h) the accountant's report on the unaudited pro forma financial information of the Group issued by McMillan Woods (Hong Kong) CPA Limited, the text of which is set out in Appendix II to this circular;
- (i) the material contracts referred to in the paragraph headed "8. Material contracts" of this appendix;
- (j) the written consent referred to in paragraph headed "9. Experts and consents" of this appendix; and
- (k) this circular.

15. MISCELLANEOUS

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) As at the Latest Practicable Date, the Group does not have a foreign currency hedging policy but foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies were recognised in profit or loss. In the event of fluctuating foreign exchange rates, there is a risk exposure to that settlement of payment for customers and suppliers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.
- (c) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

* *For identification purpose only*



Zijing International Financial Holdings Limited

紫荊國際金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8340)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Zijing International Financial Holdings Limited (the “Company”) will be held at Units 502A, 503 and 503A, 5/F, Tower 2, Admiralty Centre, No. 18 Harcourt Road, Hong Kong on Monday, 17 June 2024 at 11:00 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing (with or without amendment) the following resolution which will be proposed as ordinary resolutions:

ORDINARY RESOLUTION

1. “**THAT** subject to the conditions set out in the letter from the board under the heading “Conditions of the Rights Issue” in the circular of the Company dated 27 May 2024:
 - (a) the allotment and issue of 448,000,000 new Shares (assuming no change in the number of Shares in issue on or before the Record Date (as defined below) and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) (the “**Rights Shares**”) pursuant to an offer by way of rights issue to the shareholders of the Company (the “**Shareholder(s)**”) at the subscription price of HK\$0.120 per Rights Share (the “**Subscription Price**”) on the basis of five (5) Rights Share for every one (1) Share held by the Shareholders (“**Qualifying Shareholder(s)**”) whose names appear on the register of members of the Company on Thursday, 27 June 2024, or such other date as may be determined by the Company for determining entitlements of Shareholders to participate in the Rights Issue (as defined below) (the “**Record Date**”), as described in further details in a circular issued by the Company dated 27 May 2024 (a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for the purpose of identification), save for the Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) to whom the Directors, based on legal opinions to be provided by the legal advisers to the Company, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock

NOTICE OF EXTRAORDINARY GENERAL MEETING

exchange(s) in such place(s) (“**Excluded Shareholder(s)**”), and on and subject to such terms and conditions as may be determined by the Directors (the “**Rights Issue**”), be and is hereby approved, confirmed and ratified;

- (b) the placing agreement dated 25 March 2024 (the “**Placing Agreement**”) entered into between the Company and China Sky Securities Limited (a copy of which has been produced to the EGM marked “B” and signed by the chairman of the EGM for the purpose of identification), in relation to the placing of the Rights Shares not subscribed by the Qualifying Shareholders and/or the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company at the placing price of not less than the Subscription Price on a best effort basis, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (c) the board of Directors or a committee thereof be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing Shareholders, and, in particular, the Directors may make such exclusions or other arrangements in relation to any Excluded Shareholders, and to do all such acts and things or make such arrangements as it considers necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and
- (d) any one or more Directors be and is/are hereby authorised to do all such acts, deeds and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.”

By order of the Board
Zijing International Financial Holdings Limited
Lee Chun Wai
Chairman and Executive Director

Hong Kong, 27 May 2024

Registered office:
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

NOTICE OF EXTRAORDINARY GENERAL MEETING

Head office and principal place of business in Hong Kong:

Units 502A, 503 and 503A, 5/F

Tower 2, Admiralty Centre

No. 18 Harcourt Road

Hong Kong

Notes:

- (1) An eligible shareholder is entitled to appoint one or more proxies to attend, speak and vote in his/her stead at the EGM (or at any adjournment of it) provided that each proxy is appointed to represent the respective number of shares held by the shareholder as specified in the relevant proxy forms. The proxy does not need to be a shareholder of the Company.
- (2) Where there are joint registered holders of any shares, any one of such persons may vote at the EGM (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (3) A proxy form for use at the EGM is enclosed, and is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.hklistco.com/8340>).
- (4) In order to be valid, the completed proxy form must be received by the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, at least 48 hours before the time appointed for holding the EGM (i.e. 11:00 a.m. on Saturday, 15 June 2024) or adjourned meeting (as the case may be). If a proxy form is signed by an attorney of a shareholder who is not a corporation, the power of attorney or other authority under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong) must be delivered to the Hong Kong branch share registrar and transfer office of the Company together with the proxy form. In the case of a corporation, the proxy form must either be executed under its common seal or be signed by an officer or agent duly authorised in writing.
- (5) For the purposes of determining shareholders' eligibility to attend, speak and vote at the EGM (or at any adjournment of it), the register of members of the Company will be closed from Tuesday, 11 June 2024 to Monday, 17 June 2024 (both dates inclusive), during which period no transfer of shares of the Company will be registered. To be eligible to attend, speak and vote at the above meeting (or at any adjournment of it), all properly completed transfer documents accompanied by the relevant share certificate must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 7 June 2024.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (6) Detailed information on other business to be transacted at the EGM is set out in this circular.
- (7) As set out in the Letter from the Board included in this circular, each of the resolutions set out in this notice should be voted on by poll.
- (8) The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English version shall prevail.
- (9) If a typhoon signal No. 8 or above is hoisted or a “black” rainstorm warning signal is in force at or at any time after 7:00 a.m. on the date of the EGM, the EGM will be adjourned. The Company will post an announcement on the website of the Company (<http://www.hklistco.com/8340>) and the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (www.hkexnews.hk) to notify shareholders of the date, time and place of the adjourned meeting. The EGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather conditions bearing in mind their own situations.

As at the date of this notice, the executive Directors are Mr. Lee Chun Wai and Ms. Ji Yi; and the independent non-executive Directors are Mr. Choi Tak Fai, Ms. Lau Mei Suet and Mr. Tsang Ho Yin.

This notice, 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 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 Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its posting. This notice will also be published on the Company’s website at <http://www.hklistco.com/8340>.