
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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

Goldway Education Group Limited

金滙教育集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8160)

PROPOSED SHARE CONSOLIDATION AND PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON THE RECORD DATE; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Placing Agent

SUNHIGH FINANCIAL HOLDINGS LIMITED

Independent Financial Adviser to the Independent Board Committee
and the 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 8 to 34 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 35 to 36 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 37 to 59 of this circular.

A notice convening the EGM of the Company to be held at 1603a, The Phoenix, Luard Road, Wanchai, Hong Kong on Monday, 17 June 2024 at 11:00 a.m., is set out in this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share 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 not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

It should be noted that the Shares will be dealt in on an ex-rights basis from Thursday, 20 June 2024. Dealings in the Rights Shares in their nil-paid form will take place from Thursday, 4 July 2024 to Thursday, 11 July 2024 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable), the Rights Issue will not proceed. Any persons contemplating dealings in the Shares prior to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable), and/or dealings in the nil-paid Rights Shares, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed "Conditions of the Rights Issue" in this circular. Shareholders and potential investors of the Company should note that: (a) if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed; and (b) the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placers under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain 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 is no minimum amount to be raised under the Rights Issue. There are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue. Accordingly, the Rights Issue and the Placing may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position they should consult their professional advisers.

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

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EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and Rights Issue set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Share Consolidation and Rights Issue will be fulfilled.

Event	Time and date
Latest time for lodging transfers of Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Tuesday, 11 June 2024
Closure of register of members of the Company for attending the EGM (both dates inclusive)	Wednesday, 12 June 2024 to Monday, 17 June 2024
Latest time for lodging forms of proxy for the purpose of the EGM	11:00 a.m. on Saturday, 15 June 2024
Record date for determining attendance and voting at the EGM	Monday, 17 June 2024
Expected date and time of the EGM	11:00 a.m. on Monday, 17 June 2024
Announcement of poll results of the EGM	Monday, 17 June 2024
Register of members of the Company re-opens	Tuesday, 18 June 2024
Effective date of the Share Consolidation	Wednesday, 19 June 2024
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Wednesday, 19 June 2024
Original counter for trading in the Existing Shares, in board lots of 12,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 19 June 2024

EXPECTED TIMETABLE

Temporary counter for trading in the Consolidated Shares, in board lots of 2,400 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 19 June 2024
First day for the free exchange of existing share certificates of the Shares into new share certificates of the Consolidated Shares commences.....	Wednesday, 19 June 2024
Last day of dealings in the Consolidated Shares on a cum-rights basis relating to the Rights Issue	Wednesday, 19 June 2024
First day of dealings in the Shares on an ex-rights basis relating to the Rights Issue	Thursday, 20 June 2024
Latest time for the Shareholders to lodge transfer documents of the Shares in order to be qualified for the Rights Issue.	4:30 p.m. on Friday, 21 June 2024
Closure of the register of members of the Company for the Rights Issue (both dates inclusive).....	Monday, 24 June 2024 to Friday, 28 June 2024
Record Date for determining entitlements to the Rights Issue	Friday, 28 June 2024
Register of members of the Company re-opens	Tuesday, 2 July 2024
Prospectus Documents expected to be despatched	Tuesday, 2 July 2024
Original counter for trading in the Consolidated Shares in board lots of 12,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Thursday, 4 July 2024

EXPECTED TIMETABLE

Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences	9:00 a.m. on Thursday, 4 July 2024
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	9:00 a.m. on Thursday, 4 July 2024
First day of dealings in Nil Paid Rights Shares	Thursday, 4 July 2024
Latest time for splitting of the PAL	4:30 p.m. on Monday, 8 July 2024
Last day of dealings in Nil Paid Rights Shares	Thursday, 11 July 2024
Latest time to lodge transfer documents of Nil-Paid Rights Shares in order to qualify for the payment of Net Gain	4:00 p.m. on Tuesday, 16 July 2024
Latest time of acceptance of and payment for the Rights Shares	4:00 p.m. on Tuesday, 16 July 2024
Announcement of the number of the Unsubscribed Rights Shares and ES Unsold Rights Shares subject to the Compensatory Arrangements.	Friday, 19 July 2024
Commencement of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agent	Monday, 22 July 2024
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	4:00 p.m. on Wednesday, 24 July 2024

EXPECTED TIMETABLE

Temporary counter for trading in board lots of 2,400 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Wednesday, 24 July 2024
Parallel trading in the Consolidated Shares (in the form of new and existing share certificates) ends.	4:10 p.m. on Wednesday, 24 July 2024
Latest time for free exchange of existing share certificates for new share certificates for the Consolidated Shares	4:00 p.m. on Friday, 26 July 2024
Latest time of placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agent.	6:00 p.m. on Friday, 26 July 2024
Latest time for the Rights Issue and placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to become unconditional	Monday, 29 July 2024
Announcement of the results of Rights Issue (including results of the placing of Unsubscribed Rights Shares and the 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) to be posted on the Stock Exchange's website and the Company's website	Friday, 2 August 2024
Refund cheques, if any, to be despatched (if the Rights Issue does not proceed)	Monday, 5 August 2024
Share certificates for fully-paid Rights Shares to be despatched	Monday, 5 August 2024
Expected commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Tuesday, 6 August 2024

EXPECTED TIMETABLE

Payment of the Net Gain to relevant No Action Shareholders

(if any) or Excluded Shareholders (if any) Thursday, 15 August 2024

All times and dates stated in this circular refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company in agreement with the Placing Agent and in accordance with the GEM Listing Rules. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

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

Whenever any part of the expected timetable of the Rights Issue as enlisted in the provisions of the Placing Agreement may be interrupted by a typhoon, a black rainstorm warning or Extreme Conditions, the Company shall properly inform the Shareholders of the corresponding contingency arrangements, which contingency arrangements shall include the Latest Time for Acceptance not taking place on the time as scheduled:

- (a) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 5:00 p.m. on the same Business Day; or
- (b) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on or before 4:00 p.m. on Tuesday, 16 July 2024, the dates mentioned herein may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable of the Rights Issue as soon as practicable.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 30 April 2024 in relation to, among other things, the Share Consolidation and Rights Issue
“associate(s)”	has the meaning ascribed thereto 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 issued or remains issued between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon or on which a “black” rainstorm warning is in effect or remains in effect between 9:00 a.m. and 12:00 noon 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
“Company”	Goldway Education Group Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on GEM (Stock Code: 8160)
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement
“connected persons”	has the meaning ascribed thereto under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules

DEFINITIONS

“Consolidated Share(s)”	new ordinary share(s) of par value HK\$0.0005 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on 17 June 2024 at 11:00 a.m. to consider and approve the Share Consolidation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“ES Unsold Rights Share(s)”	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
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares to such 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
“Extreme Conditions”	the extreme conditions as announced by any Hong Kong Government department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department in June 2019 in the event of serious disruption of public transport services, or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the GEM Listing Rules to advise the Independent Shareholders in respect of the Rights Issue and the Placing Agreement
“Independent Financial Adviser” or “Merdeka”	Merdeka Corporate Finance Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders of the Company on the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the shareholders, save and except the controlling shareholders of the Company or the Directors and their associates, who are not required under the GEM Listing Rules to abstain from voting on the resolution(s) to approve the Rights Issue at the EGM
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Last Trading Day”	30 April 2024, being the last trading day for the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	28 May 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 16 July 2024 or such later time or date as may be agreed between the Company and the Placing Agent in writing, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Long Stop Date”	29 July 2024 or such later date as may be agreed between the Placing Agent and the Company
“Net Gain”	any premiums paid by the Placees over the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements
“New Business”	the proposed new business to be engaged by the Group in relation to the provision of automated parking systems in China
“Nil Paid Rights”	rights to subscribe for Rights Shares before the Subscription Price is paid
“No Action shareholder(s)”	Qualifying Shareholders or their renounees who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any Nil Paid Rights at the time such Nil Paid Rights lapse
“Overseas Shareholders”	such Shareholder(s) whose registered address(es) (as shown in the register of members of the Company at the close of business on the Record Date) is/are situated outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue

DEFINITIONS

“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who are professional investors as defined under the Securities and Futures Ordinance (Cap 571), who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies), procured by the Placing Agent and/or their sub placing agent(s) to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement
“Placing Agent”	Sunhigh Financial Holdings Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements
“Placing Agreement”	Conditional placing agreement dated 30 April 2024 entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Placee(s) on a best effort basis
“Placing Arrangement”	the placing arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares as described in the section headed “The Placing Agreement” in this circular
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus (including any supplementary prospectus, if any) to be despatched to the Shareholders in connection with the Rights Issue in such form as may be agreed between the Company and the Placing Agent
“Prospectus Documents”	the Prospectus and the PAL and any supplementary prospectus or supplementary provisional allotment letter (if required)

DEFINITIONS

“Prospectus Posting Date”	Tuesday, 2 July 2024 or such other date as may be agreed between the Parties in writing, being the date for the despatch of the Prospectus Documents (in case of Excluded Shareholder(s), the Prospectus only)
“Qualifying Shareholders”	the Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	Friday, 28 June 2024 or such other date as may be agreed between the Company and the Placing Agent in writing, being the date for the determination of the entitlements under the Rights Issue
“Registrar”	Tricor Investor Services Limited, being the branch share registrar and transfer office of the Company in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares for subscription by the Qualifying Shareholders on the basis of three (3) Rights Share for every one (1) Consolidated Share in issue and held on the Record Date at the Subscription Price payable in full on application and otherwise on the terms and subject to the conditions set out in the Placing Agreement and the Prospectus Documents
“Rights Share(s)”	up to 108,953,955 new Consolidated Shares for subscription by the Qualifying Shareholders by way of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), including its amendments from time to time

DEFINITIONS

“Share(s)”	ordinary share(s) with par value of HK\$0.0001 each in the share capital of the Company prior to the Share Consolidation becoming effective
“Share Consolidation”	the proposed consolidation of every 5 issued and unissued Shares of HK\$0.0001 each into 1 Consolidated Share of HK\$0.0005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) or Consolidated Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	The subscription price of HK\$0.145 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC (as amended and supplemented from time to time)
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent

LETTER FROM THE BOARD

Goldway Education Group Limited

金滙教育集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8160)

Executive Directors:

Mr. Leung Wai Tai

Ms. Ip Sin Nam Ingrid

Mr. Cheung Tung Tsun Billy

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Independent non-executive Directors:

Mr. Yu Lap Pan

Mr. Wong Chi Man

Mr. Wong Ming Fair Victor

Principal Place of business

in Hong Kong:

Shop B10, 1/F

Goodrich Shopping Arcade

Tuen Mun, New Territories

Hong Kong

31 May 2024

*To the Qualifying Shareholders and,
for information purpose only, the Excluded Shareholders*

Dear Sir or Madam,

**PROPOSED SHARE CONSOLIDATION AND
PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED
SHARE HELD ON THE RECORD DATE;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

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

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others, (i) further details on the Share Consolidation and Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue; (iii) a letter from Merdeka to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; (iv) certain financial information and other general information on the Group; and (v) the notice of EGM.

PROPOSED SHARE CONSOLIDATION

The Board proposed to implement the Share Consolidation pursuant to which every five (5) issued and unissued Shares of HK\$0.0001 each will be consolidated into one (1) Consolidated Share of HK\$0.0005 each.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the applicable laws of Cayman Islands and the GEM Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the above conditions, the Share Consolidation is expected to become effective on 19 June 2024, which is the second Business Day immediately after the date of the EGM. As at the Latest Practicable Date, none of the conditions above had been fulfilled.

Application for listing of the Consolidated Shares

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the approval of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Share Consolidation being effective, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in

LETTER FROM THE BOARD

CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or, under contingent situation, such other date 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC. None of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$20,000,000 divided into 200,000,000,000 Shares of HK\$0.0001 each, of which 181,589,926 Shares have been issued as fully paid or credited as fully paid. Assuming that no further Shares are allotted, issued or repurchased between the Latest Practicable Date and the date of the EGM, upon the Share Consolidation becoming effective, the authorised share capital of the Company shall remain HK\$20,000,000 but will be divided into 40,000,000,000 Consolidated Shares of HK\$0.0005 each, of which 36,317,985 Consolidated Shares (excluding the 0.2 fractional Consolidated Share) will be in issue.

As at the Latest Practicable Date, the Company has no outstanding options, warrants or other securities in issue which are convertible or exchangeable into, any Shares. In respect of the 52,250,000 share options (which fully utilised the then scheme mandate limit under the Company's share option scheme) granted to certain directors and employees on 27 February 2023 as announced by the Company on the same date, 36,575,000 were lapsed due to cessation of employment and 15,675,000 were cancelled by mutual agreement prior to 31 October 2023. Accordingly 3,135,000 of the scheme mandate limit under the Company's share option scheme were deemed to have been utilised and the remaining unutilised scheme mandate limit is 7,315,000 (after taking into account of the share consolidation set out in the Company's circular dated 9 October 2023 which became effective on 30 October 2023).

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other in accordance with the Company's memorandum and articles of association. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Company.

LETTER FROM THE BOARD

Exchange of share certificates for the Consolidated Shares

The new share certificates will be in the colour of green in order to distinguish them from the existing share certificates which are yellow in colour. Subject to the Share Consolidation becoming effective, Shareholders may during the prescribed period submit share certificates for existing Shares to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre 16 Harcourt Road, Hong Kong, to exchange, at the expense of the Company, for certificates of the Consolidated Shares (on the basis of 5 existing Shares for one Consolidated Share) within the prescribed time. Thereafter, certificates of Shares will remain effective as documents of title but will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) per certificate issued or cancelled, whichever is higher, payable by Shareholders. Subject to the Share Consolidation becoming effective, after 4:10 p.m. on 24 July 2024, trading will only be in Consolidated Shares and existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for share certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

Fractional entitlement to the Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Odd lots arrangements and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Placing Agent has been appointed by the Company to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares during the period from 9:00 a.m. on Thursday, 4 July 2024 to market closing time on Wednesday, 24 July 2024 (both days inclusive). Shareholders who wish to use this matching services should contact Mr. Vincent Li of Sunhigh Financial Holdings Limited at Unit D, 21/F, Yardley Commercial Building, 3 Connaught Road West, Hong Kong or at the telephone number (852) 2591 2308 during office hour (i.e. 9:00 a.m. to 5:00 p.m. from Monday to Friday) during such period.

LETTER FROM THE BOARD

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lots arrangement, is recommended to consult his/her/its own professional advisers. Shareholders or potential investors should note that (i) the above odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (ii) odd lots might be sold below the market price.

REASONS FOR THE SHARE CONSOLIDATION

According to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020, (i) any trading price less than HK\$0.10 will be considered as approaching the extremities of HK\$0.01; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

The Company’s share prices have remained below HK\$0.10 and the value of each board lot has remained below HK\$2,000 most of the time for the past 6 months. In view of the prolonged period of share prices approaching extremity, the proposed Share Consolidation is justified to increase the corresponding share prices and to facilitate trading activities.

Based on the closing share price of HK\$0.038 on the Latest Practicable Date (equivalent to the theoretical closing price of HK\$0.19 per Consolidated Share upon the Share Consolidation becoming effective), (i) the value per board lot of 12,000 existing Shares is HK\$456 and (ii) the value per board lot of 12,000 Consolidated Shares would be HK\$2,280 assuming the Share Consolidation became effective.

Accordingly, the Board is of the view that the Share Consolidation is in the interest of the Company and the Shareholders as a whole.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of three (3) Rights Shares for every one (1) Consolidated Share held on the Record Date at the Subscription Price of HK\$0.145 per Rights Share, to raise gross proceeds of approximately HK\$15.8 million before deducting the costs and expenses (assuming no change in the number of Shares in issue on or

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before the Record Date), by way of the Rights Issue of up to 108,953,955 Rights Shares to the Qualifying Shareholders. The Rights Issue is not underwritten and will not be extended to the Excluded Shareholder(s) (if any).

Further details of the Rights Issue are summarised below:

Issue statistics

Basis of Rights Issue:	Three (3) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$0.145 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	181,589,926 Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective:	36,317,985 Consolidate Shares
Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 108,953,955 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares:	Up to HK\$54,476.9775 (assuming no change in the number of Shares in issue on or before the Record Date)
Total number of Consolidated Shares in issue immediately upon completion of the Rights Issue:	Up to 145,271,940 Consolidated Shares (assuming no change in the number of Shares in issue before the Record Date and completion of the Rights Issue)
Maximum funds raised before expenses:	Up to approximately HK\$15.8 million (assuming no change in the number of Share in issue on or before the Record Date)

As at the Latest Practicable Date, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares. As at the Latest Practicable Date, the Board has not received any information or other undertakings from any Shareholders, including the Company's substantial

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Shareholder Rainbow Kingdom Limited which is wholly owned by the Company's executive Director Ms. Ip Sin Nam Ingrid, of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no further issue or repurchase of Shares on or before the Record Date, the number of 108,953,955 Rights Shares to be issued and allotted pursuant to the Rights Issue represents (i) 300% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective; and (ii) approximately 75% of the total number of issued Consolidated Shares as enlarged by the allotment and issuance of the Rights Shares immediately after completion of the Rights Issue.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain 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 is no minimum amount to be raised under the Rights Issue. There are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue.

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

Subscription Price

The Subscription Price of HK\$0.145 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

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The Subscription Price represents:

- (i) a discount of approximately 23.68% to the theoretical closing price of HK\$0.19 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.038 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 27.5% to the theoretical closing price of HK\$0.2 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.04 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 27.86% to the theoretical average closing price of HK\$0.201 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.0402 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 26.77% to the theoretical average closing price of HK\$0.198 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.0396 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 8.66% to the theoretical ex-rights price of approximately HK\$0.15875 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.04 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 88.40% to the unaudited consolidated net asset value per Consolidated Share of approximately HK\$1.25 (based on the latest published unaudited consolidated net asset value attributable to Shareholders per Share as at 30 September 2023 and assuming the Share Consolidation had become effective). The Directors noted that the Shares were traded at a discount to the net asset value per Share since August 2023 and the recent market prices reflected the recent market sentiment. Accordingly, the Directors consider that the net asset value per Share is not a meaningful benchmark to determine the Subscription Price. Instead, the prevailing market price of the Shares would be a more appropriate reference in determining the Subscription Price; and

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(vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 20.90% represented by the theoretical diluted price of approximately HK\$0.159 per Consolidated Share to the benchmarked price of approximately HK\$0.201 per Consolidated Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.04 and the average closing price of approximately HK\$0.0402 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day).

The net price per Rights Share is estimated to be approximately HK\$0.138, if fully subscribed.

The Subscription Price was determined with reference to, among other things, the recent market prices of the Shares, the current market conditions and the amount of funds the Company intends to raise under the Rights Issue as discussed in the section headed “REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS” in this circular.

The Directors (including the independent non-executive Directors) consider that each Qualifying Shareholder will be provisionally allotted the Rights Shares at the same Subscription Price in proportion to his/her/its shareholdings held on the Record Date and the terms of the Rights Issue, including the Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their provisional allotments so as to participate in the potential growth of the Company, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the members of the Independent Board Committee) consider that 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.

Basis of provisional allotment

The basis of the provisional allotment shall be three (3) Rights Share for every one (1) Consolidated Share held by the Qualifying Shareholder as at the close of business on the Record Date.

The PAL relating to the Rights Shares will be despatched 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 by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

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The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only, but will not send any PAL to them on Tuesday, 2 July 2024.

Qualifying Shareholders

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

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Friday, 21 June 2024.

The last day of dealings in the Shares on a cum-rights basis is Wednesday, 19 June 2024. The Shares will be dealt with on an ex-rights basis from Thursday, 20 June 2024.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Shareholders with their Shares held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. For investors whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 21 June 2024.

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.**

Rights of Overseas Shareholders (if any)

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

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Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Directors will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholder(s). The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only but will not send any PAL to them.

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

Any ES Unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing Arrangement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the nil-paid Rights Shares that were sold as described above and the buyer of such nil paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

As at the Latest Practicable Date, there is no Overseas Shareholder.

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

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

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of three (3) Rights Share for every one (1) Consolidated Share held on the Record Date, no fractional entitlements to the Rights Shares shall be issued to the Shareholders.

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

The Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rule to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent Placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue.

There will be no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance of the Rights Shares to be allotted and issued under the Rights Issue to independent Placees on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the 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 6:00 p.m., on Friday, 26 July 2024, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares if a premium over the Subscription Price and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) can be obtained. Any Unsubscribed

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Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Placing Arrangement 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) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and ES Unsold Rights Shares) to the No Action Shareholders and the Excluded Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below);
- (iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) above of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

THE PLACING AGREEMENT

On 30 April 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by themselves or through their sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. Details of the Placing Arrangement are as follows:

Date: 30 April 2024 (after trading hours)

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- Parties:
- (i) the Company, as issuer; and
 - (ii) the Placing Agent
- Placing Agent:
- Sunhigh Financial Holdings Limited, appointed as the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares on a best effort basis. The Placing Agent confirmed that they are independent of and not connected with the Company and its connected person and not a connected person of the Company.
- Fees and expenses:
- 1% of the amount which is equal to the placing price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares, which the Placing Agent are authorised to deduct from the payment to be made by the Placing Agent to the Company at completion. The placing fee is determined after arm's length negotiation between the Company and the Placing Agent having regard to market practices and recent market comparables. The Board has reviewed 17 recent rights issue transactions announced during the 3-month period commencing from 30 January 2024 up to the Last Trading Day and noted that the placing fees ranged from 3.5% to 0.5% and the average is 1.97%. Hence the Board considered that the placing fee is fair and reasonable.
- Placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case may be):
- The placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case may be) shall not be less than the Subscription Price.
- The final price determination will be dependent on the demand for and market conditions of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares during the process of Placing after negotiations between the Placing Agent and the prospective Placees.

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- Placees: Any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies), procured by the Placing Agent and/or Sub-Placing Agents to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement.
- Ranking of the Unsubscribed Rights Shares and the ES Unsold Rights Shares: The Unsubscribed Rights Shares and the ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank pari passu in all respects inter se and with all other Consolidated Shares then in issue.
- Termination of the Placing Agreement: The Placing Arrangement shall end on the Long Stop Date or any other date by mutual written agreement between the Placing Agent and the Company.
- If any of the following events occur at any time prior to the Long Stop Date, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time on or prior to the Long Stop Date, terminate the Placing Agreement without liability to the other parties hereto and, subject to the clauses stated on the Placing Agreement which shall continue, the Placing Agreement shall thereupon cease to have effect and none of the parties hereto shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:
- (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; or

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- (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; or
- (c) any material breach of any of the representations and warranties comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Long Stop Date which if it had occurred or arisen before the date hereof 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; or
- (d) 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.

Conditions precedent:

The Placing is conditional upon the fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares;

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- (ii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the conditions (other than those set out in paragraph (i) above) by notice in writing to the Company. As at the Latest Practicable Date, none of the above conditions has been fulfilled.

Completion:

Subject to the fulfillment of the conditions set out in the above conditions (i) to (iii), the completion of the Placing under the Placing Agreement shall take place at the offices of the Placing Agent within five (5) Business Days after publication of an announcement by the Company of the results of the Rights Issue including the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Rights Issue and upon fulfilment or waiver (as the case may be) of the conditions precedent to the Placing Agreement or such other date as the Company and the Placing Agent may agree.

The engagement between the Company and the Placing Agent for the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares was determined after arm's length negotiations between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the

LETTER FROM THE BOARD

Rights Issue, and the current and expected market condition. The Directors consider the terms of the Placing Arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares (including the commission payable) are on normal commercial terms.

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

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and 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 share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 12,000 Rights Shares, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both 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.

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Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

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

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Monday, 5 August 2024. Each Shareholder will receive one share certificate for all allotted Shares. If the Rights Issue does not become unconditional, refund cheques, without interest, in respect of application monies received are expected to be despatched on or before Monday, 5 August 2024 by ordinary post at the respective Shareholders' own risk to the registered address of the relevant applicant, or in case of joint applicants, to the address of the first-named person.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (i) the Share Consolidation becoming effective;
- (ii) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing Agreement 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;

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- (iii) the 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);
- (iv) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus and the PALs (and all other documents required to be attached thereto) in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance Cap 32 and the GEM Listing Rules by no later than the Prospectus Posting Date;
- (v) the despatch of the Prospectus Documents to Qualifying Shareholders and the despatch of the Prospectus to the Excluded Shareholders, if any, for information purpose only by the Prospectus Posting Date; and
- (vi) the Placing Agreement not being terminated.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. None of the above conditions is waivable by any party. 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 24 June 2024 to Friday, 28 June 2024 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure period.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group is principally engaged in the provision primary school tutoring services, secondary school tutoring services and franchising services in Hong Kong.

Assuming full subscription under the Rights Issue, the gross proceeds from the Rights Issue will be approximately HK\$15.8 million and the estimated net proceeds of the Rights Issue will be approximately HK\$15 million. The estimated expenses of the Rights Issue are approximately HK\$0.8 million, which include placing commission and professional fees payable to the financial advisers, legal counsels, financial printer and other parties involved in the Rights Issue and will be borne by the Company. The net subscription price per Rights Share is expected to be approximately HK\$0.138.

LETTER FROM THE BOARD

The Company intends to use the net proceeds from the Rights Issue for the following purposes:

- (i) HK\$10 million for development of the New Business of which approximately HK\$2 million will be used for office rental and related expenses and approximately HK\$2.5 million for salary and other administrative expenses for opening sales office in China and approximately HK\$5.5 million as working capital for down payments for securing parking systems and other related facilities; and
- (ii) HK\$5 million for general working capital of the Group.

If the Rights Issue is undersubscribed, the net proceeds will be applied for the above purposes on a pro-rata basis. The Company may scale down the operation and development of the New Business depending on the level of net proceeds raised. If the net proceeds shall be less than HK\$5 million, the Company will re-assess the business development plan and may consider delaying the commencement of the New Business until additional fundings are available. In the meantime, the net proceeds raised will be used as general working capital of the Group.

As disclosed in the Company's annual report for the year ended 31 March 2023, the Group recorded a revenue of approximately HK\$43.66 million (2022: HK\$35.9 million) and a loss of HK\$252,000 (2022: HK\$6.97 million). As disclosed in the Company interim report for the 6 month ended 30 September 2023, the Group recorded a revenue of approximately HK\$23.13 million (2022: HK\$18.12 million) and a loss of approximately HK\$2.12 million (2022: HK\$3.69 million). The revenue from tutoring services for the 6 month ended 30 September 2023 was approximately HK\$16.5 million (2022: HK\$17.87 million), represented a decrease of approximately 7.67% from the same period in the previous year.

According to the student enrolment statistics published by the Hong Kong Education Bureau, the number of student enrolment for primary and secondary school exhibited a downward trend in recent years. The impact of decreasing number of students was reflected in the soft demand for tutoring services in Hong Kong for primary and secondary education. Therefore the Group expects that the market for primary and secondary education tutoring services in Hong Kong to remain challenging in the coming years. In view of the uncertain prospects of the tutoring market in Hong Kong, the Group is always mindful to seek new business opportunities to diversify the income source of the Group.

Car ownerships in China has been increasing, which has resulted in high demands for parking spaces in urban areas. Automated parking systems make use of mechanical and electronic equipment such as the vertical circulation parking equipment and the lift and traverse parking equipment to maximise the utilization of parking spaces. In view of the shortage of supply of car

LETTER FROM THE BOARD

parking spaces in major urban cities in China due to the substantial increase in the number of car owners and the lack of sufficient supply for parking spaces, the Company is optimistic of the business prospects of facilitating the supply of car parking spaces in China. In view of the challenging environment for the Group's tutoring business in Hong Kong, the Board considers that it would be in the interest of the Company and its shareholders as a whole to seize the opportunity to tap into this market with the aim to increase Shareholders' return.

The Group intends to engage in the New Business which involves the provision of automated parking systems and related services such as charging stations for electric vehicles in China. Initially the Group intends to engage in the sale/distribution of automated parking systems to car park owners in China through its connections with parking system suppliers and end customers. The New Business will be based in Zhengzhou, Henan Province, China. The Group will partner with one or more established suppliers to provide automated parking systems and other related services to car park owners in urban areas such as commercial and office districts, residential areas and tourist spots in Zhengzhou and surrounding cities.

The Board has considered various ways of raising funds and believe that the Rights Issue is the most efficient way in terms of time and costs for the Company. The Board considers it is prudent to finance the Group's long-term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. The Board has considered other fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, open offer, placing and subscription.

Debt financing will 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 open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate. On the one hand, the Rights Issue will enable the Company to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs. On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

LETTER FROM THE BOARD

The Company considers that the placing obligations of the Placing Agent are more or less similar to an underwriter of the Rights Issue (except that the Placing Agent are on best effort basis). As such, the Company subsequently decided to conduct the Rights Issue on non-underwritten basis and to adopt the Placing Arrangement simultaneously in order to ensure sufficient funds could be raised.

Based on the above, the Board considers that raising capital through the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholder(s) (if any) should note that their shareholdings will be diluted.**

SHAREHOLDING STRUCTURES

Set out below are the shareholding structures of the Company (a) as at the Latest Practicable Date; (b) immediately after the Share Consolidation becoming effective but before completion of the Rights Issue; (c) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; and (d) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent:

	As at the Latest Practicable Date		Immediately after the Share Consolidation becoming effective but before completion of the Rights Issue		Immediately after completion of the Rights Issue assuming full acceptance of all Rights Shares by existing Shareholders		Immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent	
							No. of Shares	
Rainbow Kingdom Limited								
(note 2)	25,925,926	14.28	5,185,185	14.28	20,740,740	14.28	5,185,185	3.57
Placees	0	0.00	0	0.00	0	0.00	108,953,955	75.00
Other public Shareholders	155,664,000	85.72	31,132,800	85.72	124,531,200	85.72	31,132,800	21.43
Total	181,589,926	100.00	36,317,985	100.00	145,271,940	100.00	145,271,940	100.00

LETTER FROM THE BOARD

Notes:

1. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
2. Rainbow Kingdom Limited is wholly owned by Ms. Ip Sin Nam Ingrid, executive Director.

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. Pursuant to the terms of the Placing Agreement, the Placing Agent shall use all reasonable endeavours to ensure that the public float requirements under Rule 11.23 of the GEM Listing Rules will be maintained by the Company.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities during the past 12 months immediately preceding the date of the Announcement:

Date of initial announcement	Fund raising activity	Net proceeds raised	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
25 August 2023	Placing of new shares under general mandate	Approximately HK\$5.1 million	General working capital of the Group	Fully utilized as to approximately HK\$1.5 million for repayment of loans, HK\$1 million for salaries, HK\$1.4 million for professional fees and balance for other administrative expenses

GEM LISTING RULES IMPLICATIONS

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% within a 12 month period immediately preceding the date of the Announcement, the Rights Issue will be subject to the approval by the Independent Shareholders at the EGM by way of poll at which the controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding 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) relating to the Rights Issue at the EGM.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there is no controlling shareholder of the Company. Therefore, 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 Rights Issue in accordance with Rule 10.29A of the GEM Listing Rules. Accordingly, Rainbow Kingdom Limited, a substantial Shareholder of the Company which is wholly owned by the Company's executive Director Ms. Ip Sin Nam Ingrid, shall abstain from voting in favour of the Rights Issue. Apart from the above mentioned, no shareholders shall abstain from voting in favour of the Rights Issue in accordance with Rule 10.29A of the GEM Listing Rules.

As at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required under the GEM Listing Rules to abstain from voting on the proposed resolution relating to the Share Consolidation at the EGM.

No Shareholders had stated their intention to vote against on the resolution proposed at the EGM as at the Latest Practicable Date.

The theoretical dilution effect of the Rights Issue as defined under Rule 10.44A of the GEM Listing Rules is approximately 20.90% which does not exceed 25%. 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 intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and the Company has no concrete plan to conduct any fund raising activities in the next 12 months.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Share Consolidation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. The notice convening the EGM to be held at 1603a, The Phoenix, Luard Road, Wanchai, 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.

A form of proxy for use at the EGM is also enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share 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 not less than 48 hours before the time appointed for

LETTER FROM THE BOARD

holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, a Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) are expected to be despatched to the Qualifying Shareholders on Tuesday, 2 July 2024.

The resolutions proposed to be approved at the EGM will be taken by poll in accordance with the GEM Listing Rules. An announcement will be made by the Company after the EGM on the results of the EGM.

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

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 section 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 satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

Any dealings in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Yu Lap Pan, Mr. Wong Chi Man and Mr. Wong Ming Fair Victor, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the EGM. Merdeka has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 35 to 36 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from Independent Financial Advisor set out on pages 37 to 59 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 Share Consolidation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM.

ADDITIONAL INFORMATION

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

By order of the Board
Goldway Education Group Limited
Leung Wai Tai
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

Goldway Education Group Limited

金滙教育集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8160)

31 May 2024

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular of the Company dated 31 May 2024 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

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

Merdeka Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Rights Issue, and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

Mr. Yu Lap Pan

Mr. Wong Chi Man

Mr. Wong Ming Fair Victor

Independent non-executive Directors

LETTER FROM MERDEKA

The following is the full text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, which has been prepared for the purpose of incorporation in the Circular.



Room 1108–1110, 11/F
Wing On Centre
111 Connaught Road Central
Hong Kong

31 May 2024

*To: the Independent Board Committee and the Independent Shareholders of
Goldway Education Group Limited*

Dear Sir and Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, details of which are set out in the Letter from the Board (the “**Board Letter**”) contained in the circular of Goldway Education Group Limited (the “**Company**”) dated 31 May 2024 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 30 April 2024, the Company announced that it proposes, subject to the Share Consolidation becoming effective, to implement the Rights Issue on the basis of three (3) Rights Shares for every one (1) Consolidated Share held on the Record Date at the Subscription Price of HK\$0.145 per Rights Share, to raise gross proceeds of approximately HK\$15.80 million before deducting the costs and expenses (assuming no change in the number of Shares in issue on or before the Record Date), by way of the Rights Issue of up to 108,953,955 Rights Shares to the Qualifying Shareholders. The estimated net proceeds of the Rights Issue, if fully subscribed, will be up to approximately HK\$15 million (assuming no change in the number of Shares in issue on or before the Record Date).

LETTER FROM MERDEKA

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares, and will not be extended to the Excluded Shareholder(s) (if any).

GEM LISTING RULES IMPLICATIONS

As the Rights Issue, if proceeded with, will increase the number of the issued Shares by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their 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 associates shall abstain from voting in favour of the resolution to approve the Rights Issue at the EGM.

The theoretical dilution effect of the Rights Issue as defined under Rule 10.44A of the GEM Listing Rules is approximately 20.90% which does not exceed 25%. 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 intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and the Company has no concrete plan to conduct any fund raising activities in the next 12 months.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all independent non-executive Directors, namely Mr. Yu Lap Pan, Mr. Wong Chi Man and Mr. Wong Ming Fair Victor, has been established to advise the Independent Shareholders as to (i) whether the terms of the Rights Issue are fair and reasonable; (ii) whether the Rights Issue is in the interests of the Company and the Shareholders as a whole; and (iii) how to vote on the resolution at the EGM in relation to the Rights Issue, taking into account the recommendation of the Independent Financial Adviser. We, Merdeka, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in

LETTER FROM MERDEKA

respect of the Rights Issue, there were no engagements between the Group or the Shareholders and Merdeka. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence.

BASIS OF OUR ADVICE

In formulating our opinion and recommendation, we have relied on the statements, information, opinions and representations contained in or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company (the “**Management**”).

Our review procedures include, among others, review of (i) the Placing Agreement; (ii) the interim report of the Group for the six months ended 30 September 2023 and 2022 (the “**2023 Interim Report**”); (iii) the annual report of the Group for the years ended 31 March 2023 and 2022 (the “**2023 Annual Report**”); (iv) the Circular; (v) other relevant information provided by the Company; and (vi) market information obtained from the official website of the Stock Exchange. We have assumed that all statements, information and representations made or referred to in this Circular and all information and representations which have been provided by the Company and its advisers, the Directors and the Management, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Management in this Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

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 and belief, there are no omission of other facts that would make any statements in the Circular misleading.

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 omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the Management.

LETTER FROM MERDEKA

Our opinion is based on the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. This letter is issued to the Independent Board Committee and the Independent Shareholders, solely in connection for their consideration of the Rights Issue, and except for its inclusion in this Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations in respect of the Rights Issue, we have taken into account the principal factors and reasons set out below.

1. Background information of the Group

The Group is principally engaged in the provision primary school tutoring services, secondary school tutoring services and franchising services in Hong Kong.

1.1 Financial Information of the Group

Set out below is a summary of the consolidated financial performance of the Group (i) for the years ended 31 March 2023 (“**FY2023**”) and 2022 (“**FY2022**”) and (ii) for the six months ended 30 September 2023 (“**HY2023**”) and 2022 (“**HY2022**”) as extracted from the 2023 Annual Report and the 2023 Interim Report, respectively.

LETTER FROM MERDEKA

Consolidated statement of profit or loss

	For the six months ended		For the year ended 31	
	30 September		March	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	23,134	18,121	43,662	35,902
— Income from tutoring services	16,502	17,867	38,468	35,719
— Income from continuing franchising	478	254	559	183
— Income from management services	6,154	—	4,635	—
(Loss) before income tax expense	(2,122)	(3,685)	(167)	(4,016)
(Loss) for the period/year	(1,869)	(3,690)	(252)	(6,968)
Profit/(Loss) for the period/year attributable to:				
— the owners of the Company	(1,903)	(3,690)	(250)	(6,968)
— non-controlling interests	34	—	(2)	—

HY2023 and HY2022

During HY2023, the Group recorded total revenue of approximately HK\$23.1 million, representing an increase of approximately 27.7% as compared to approximately HK\$18.1 million for HY2022, which was mainly due to approximately HK\$6.2 million or 26.6% in revenue generated from management services business for HY2023 (HY2022: Nil).

The Group's revenue mainly consisted of income from tutorial business, income from franchise program and income from management services. Specifically, the income from tutorial business, despite decreasing by approximately 7.6% as compared with HY2022, amounted to approximately HK\$16.5 million for HY2023, accounting for approximately 71.3% of total revenue of the Group for the corresponding period. Amongst, approximately 26.5% of income from tutorial business generated from primary school tutoring services and approximately 73.5% of income from tutorial business generated from secondary school tutoring services. The income from franchise program was approximately HK\$0.5 million for HY2023 (HY2022: approximately HK\$0.3 million). As to income from management services which was generated from the provision of management services to Shenzhen Jieshanguan Art Co. Ltd.* (深圳借山館藝術有限公司) by an

LETTER FROM MERDEKA

operating company in the PRC held by the Company's non-wholly owned subsidiary, the Group's revenue amounted to approximately HK\$6.2 million for HY2023 while there was nil for HY2022, the Group expressed that it will continue to expand the customer base and explore more business opportunities to this segment.

The Group recorded a loss attributable to owners of the Company amounting to approximately HK\$1.9 million for HY2023, which represented a decrease of approximately 48.6% comparing to approximately HK\$3.7 million for HY2022. As advised by the Management, the decrease in the net loss is mainly attributed to the combined effect of increase in revenue and other incomes, depreciation expenses and staff costs for the growth of the business and the decrease in other losses and other operating expenses.

FY2023 and FY2022

For FY2023, the Group recorded total revenue of approximately HK\$43.7 million, representing an increase of approximately 21.6% as compared to approximately HK\$35.9 million for FY2022. The increase was mainly due to the new business from management services in the PRC with income of approximately HK\$4.6 million and the increase of approximately HK\$2.7 million or 7.7% in revenue generated from tutoring services mainly due to recovery from unstable economy and outbreak of the pandemic disease.

Specifically, regarding the Group's tutorial business, the Group remained to focus on provision of tutoring services to secondary school students and primary school students in Hong Kong for FY2023, and the revenue generated from this segment has increased to approximately HK\$38.5 million, representing an increase of approximately 7.7% comparing to that of FY2022. Regarding the franchising business, the Group recorded franchising income of approximately HK\$0.6 million for FY2023, representing an increase of approximately 205.5%, which was mainly due to the further recovery from pandemic situation and thus more enrolments was resulted. As to the management service business, the Group recorded approximately HK4.6 million of revenue and approximately HK\$0.1 million of segment loss for FY2023.

The Group recorded a loss attributable to owners of the Company amounting to approximately HK\$0.3 million for FY2023 (FY2022: loss attributable to owners of the Company of approximately HK\$7.0 million). Such change was primarily due to (i) increase in revenue, government grants and other income by approximately HK\$11.5 million; (ii) no impairment loss on right-to-use assets during FY2023; and (iii) significant decrease in income tax expenses by approximately HK\$2.9 million as compared to that of FY2022.

LETTER FROM MERDEKA

Consolidated statement of financial position

	As at	As at
	30 September	31 March
	2023	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
TOTAL ASSETS	60,562	52,509
Non-current assets	31,168	22,952
Current assets	29,394	29,557
— Cash and cash equivalents	9,126	8,973
TOTAL LIABILITIES	15,067	16,888
Current liabilities	7,615	9,436
Non-current liabilities	7,452	7,452
— Promissory note	2,073	2,073
NET ASSETS	45,495	35,621

As illustrated above, the total assets of the Group amounted to approximately HK\$60.6 million as at 30 September 2023, representing an increase of approximately 15.3% as compared to approximately HK\$52.5 million as at 31 March 2023. The Group's cash and cash equivalents as at 30 September 2023 were approximately HK\$9.1 million, representing an increase of approximately 1.7% as compared to that of approximately HK\$9.0 million as at 31 March 2023.

Meanwhile, the Group's total liability reduced by approximately 10.8% to approximately HK\$15.1 million as at 30 September 2023 from approximately HK\$16.9 million as at 31 March 2023. As at 30 September 2023, the Group's gearing ratio, which was calculated based on promissory note to total equity, was approximately 4.6% (31 March 2023: 5.8%).

The Group recorded net assets amounting to approximately HK\$45.5 million, representing an increase of approximately 27.7% as compared to the net assets of approximately HK\$35.6 million as at 31 March 2023.

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

Use of proceeds

As disclosed in the Board Letter, assuming full subscription under the Rights Issue, the gross proceeds from the Rights Issue will be approximately HK\$15.8 million and the estimated net proceeds of the Rights Issue will be approximately HK\$15 million. The estimated expenses of the

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Rights Issue are approximately HK\$0.8 million, which include placing commission and professional fees payable to the financial advisers, legal counsels, financial printer and other parties involved in the Rights Issue and will be borne by the Company.

The Company intends to use the net proceeds from the Rights Issue as to (i) HK\$10 million for development of the New Business of which approximately HK\$2 million will be used for office rental and related expenses and approximately HK\$2.5 million for salary and other administrative expenses for opening sales office in the PRC and approximately HK\$5.5 million as working capital for down payments for securing parking systems and other related facilities; and (ii) HK\$5 million for general working capital of the Group. If the Rights Issue is undersubscribed, the net proceeds will be applied for the above purposes on a pro-rata basis. The Company may scale down the operation and development of the New Business depending on the level of net proceeds raised. If the net proceeds shall be less than HK\$5 million, the Company will re-assess the business development plan and may consider delaying the commencement of the New Business until additional fundings are available. In the meantime, the net proceeds raised will be used as general working capital of the Group.

As advised by the Management, the New Business to be engaged by the Group would be the provision of automated parking systems in the PRC. With reference to the Board Letter, the tutoring market in Hong Kong is currently facing uncertainties and challenges. The number of student enrollments for primary and secondary schools has been decreasing in recent years, leading to weakened demand for tutoring services in the region, which has a negative impact on the Group's principal business. According to the Report on Student Enrolment Statistics for 2022/23 published by the Education Bureau, the total enrolment in primary schools dropped from 373,228 in 2019 to 333,551 in 2022, representing a decrease of approximately 10.6%. In secondary school, total enrollment declined by approximately 2.4% from 329,011 in 2020 to 321,162 in 2022. Furthermore, local overall fertility rates have generally decreased over a decade from approximately 36.4% in 2012 to approximately 21.4% in 2022. Although there is a slight increase in the provisional birth rate for 2023, the overall level remains low. Therefore, it is expected that the number of student enrolments by primary and secondary schools is likely to remain at downward trend in future.

On the other hand, car ownerships in the PRC has been increasing, which has resulted in high demands for parking spaces in urban areas. Automated parking systems make use of mechanical and electronic equipment such as vertical circulation parking equipment and the lift and traverse parking equipment to maximise the utilization of parking spaces. Therefore, the Group intends to engage in the New Business by making use of its business connections with local car park owners to procure the sale of automated parking systems, charging stations and related facilities and

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services. We understand from the Management that the Company believes that the Rights Issue would be a favourable opportunity of the Group to raise additional funding to provide support for the New Business development and the Group's daily operations without creating any interest burden.

According to the data published on the official website of the National Bureau of Statistics, the number of civilian car ownership* (民用汽車擁有量) in the PRC has more than doubled over the past decade. The number of civilian car ownership means the vehicles have been registered with civil vehicle licenses at the public security and traffic management department according to "Motor Vehicle Registration Work Regulations*(《機動車登記工作條例》)". In 2014, the total number of civilian car ownership was approximately 146.0 million, and by 2022, it had increased to approximately 311.8 million. In 2023, the number further rose to approximately 336.2 million. However, according to a research summary titled "Number of parking spaces, bicycle parking fees, and parking consumption market regulations in China in 2023* (2023年中國停車位數量、單車停車費用及停車消費市場規)" published on official website of Gonyan (www.Gonyn.com), the total number of parking spaces in China increased from approximately 69.4 million in 2015 to 168.9 million in 2022. As such, the increase in national car parking spaces number is still below the increase in the number of civilian car ownership. Based on the website of Gonyn.com, Gonyan is a research firm established in 2007, which has become a consulting group focusing on industry consulting serving clients including but not limited to the top 500 companies in the world and top 100 companies in the PRC.

Given the aforesaid, we concur with the Board's view that the outlook of the car ownerships and car parking market in the PRC that the Company is looking to apply the proceeds from the Rights Issue on would be positive and it would be in the interest of the Company and the Shareholders as a whole to seize the opportunity to capture the market growth by tapping into the New Business.

Other financing alternatives

We understand from the Board Letter that, apart from the Rights Issue, the Board has considered various fund-raising alternatives before resolving to the Rights Issue, including but not limited to, debt financing, open offer, placing and subscription and the Directors are of the view that the Rights Issue is the most efficient way in terms of time and costs for the Company as the Rights Issue is prudent to finance the Group's long-term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs.

In respect of debt financing, the Directors noted that debt financing, such as bank borrowing (if available), would carry interest cost, impose additional interest burden on the Company, and lead to a higher gearing ratio of the Group. In particular, the Federal Reserve of the United States

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has raised its benchmark interest rate in recent years and is likely to maintain it at or near the current high level throughout 2024, unless unexpected events occur, leading to the base interest rate set by the Hong Kong Monetary Authority following a similar trend. In addition, debt financing may require the provision of security and creditors would hold priority over the Shareholders in terms of repayment. And debt financing may not be achievable on favourable terms in a timely manner. Comparatively, the Rights Issue will enable the Company to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs.

As to other equity financing, such of placing or subscription of new Shares would dilute the shareholding of the existing Shareholders immediately without giving the chance to the existing Shareholders to participate. As for open offer, while it is similar to a rights issue, offering Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. In comparison, the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

The Company also considers that the placing obligations of the Placing Agent are more or less similar to an underwriter of the Rights Issue (except that the Placing Agent are on best effort basis). As such, the Company subsequently decided to conduct the Rights Issue on non-underwritten basis and to adopt the Placing Arrangement simultaneously in order to ensure sufficient funds could be raised.

Our view

Having considered the abovementioned alternatives and the reasons for the Rights Issue as discussed above, we concur with the Board's view that the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the proposed Rights Issue

3.1. Summary of the key terms

Basis of Rights Issue:	Three (3) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
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Subscription Price:	HK\$0.145 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	181,589,926 Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective:	36,317,985 Consolidated Shares
Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 108,953,955 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares:	Up to HK\$54,476.9775 (assuming no change in the number of Shares in issue on or before the Record Date)
Total number of Consolidated Shares in issue immediately upon completion of the Rights Issue:	Up to 145,271,940 Consolidated Shares (assuming no change in the number of Shares in issue before the Record Date and completion of the Rights Issue)
Maximum funds raised before expenses:	Up to approximately HK\$15.8 million (assuming no change in the number of Share in issue on or before the Record Date)

As at the Latest Practicable Date, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares. As at the Latest Practicable Date, the Board has not received any information or other undertakings from any Shareholders, including the Company's substantial Shareholder Rainbow Kingdom Limited which is wholly owned by the Company's executive Director Ms. Ip Sin Nam Ingrid, of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

For further information on the Rights Issue, please refer to the Board Letter.

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3.2. *Subscription Price*

The Subscription Price represents:

- (i) a discount of approximately 23.68% to the theoretical closing price of HK\$0.19 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.038 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 27.50% to the theoretical closing price of HK\$0.2 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.04 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 27.86% to the theoretical average closing price of HK\$0.201 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.0402 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 26.77% to the theoretical average closing price of HK\$0.198 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.0396 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 8.66% to the theoretical ex-rights price of approximately HK\$0.15875 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.04 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 88.40% to the unaudited consolidated net asset value per Consolidated Share of approximately HK\$1.25 (based on the latest published unaudited consolidated net asset value attributable to Shareholders per Share as at 30 September 2023 and assuming the Share Consolidation had become effective). The Directors noted that the Shares were traded at a discount to the net asset value per Share since August 2023 and the recent market prices reflected the recent market sentiment. Accordingly, the Directors consider that the net asset value per Share is not a meaningful benchmark to determine the Subscription Price. Instead, the prevailing market price of the Shares would be a more appropriate reference in determining the Subscription Price; and

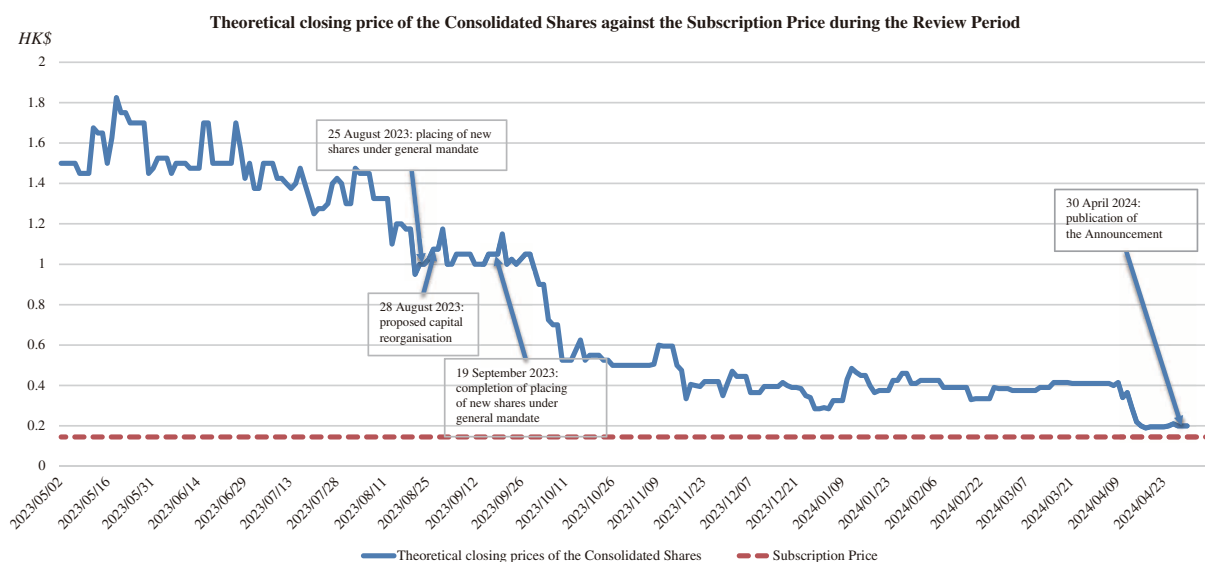
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(vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 20.90% represented by the theoretical diluted price of approximately HK\$0.159 per Consolidated Share to the benchmarked price of approximately HK\$0.201 per Consolidated Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.04 and the average closing price of approximately HK\$0.0402 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day).

As stated in the paragraph headed “Subscription Price” in the Board Letter, the Subscription Price was determined by the Board with reference to, among other things, the recent market prices of the Shares, the current market conditions and the amount of funds the Company intends to raise under the Rights Issue as discussed in the section headed “REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS” in the Circular.

a. Historical price performance

Set out below is a chart illustrating the theoretical closing price (the “**Adjusted Closing Price**”) of Consolidated Shares (after taking into account the effect of the Share Consolidation) during the period from 1 May 2023, being 12 months immediately preceding the Last Trading Day, up to and including the Last Trading Day (the “**Review Period**”). We consider that a period of 12 months, which reflects historical and prevailing market sentiment, is adequate to illustrate the recent price movement of the Shares for the purpose of 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, while that after the Announcement, the value may have taken into account the potential upside of the Rights Issue which may distort the analysis. Therefore, we consider the Review Period to be fair and representative.



Source: The website of the Stock Exchange (www.hkex.com.hk)

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As shown above, the Adjusted Closing Prices were above the Subscription Price at all times during the Review Period, ranging from HK\$0.19 per Consolidated Share on 17 April 2024 to HK\$1.825 per Consolidated Share on 18 May 2023. In other words, the discounts of the Subscription Price to the Adjusted Closing Price ranged from approximately 23.7% to 92.1% during the Review Period. The Subscription Price also represented a discount of approximately 81.9% to the average Adjusted Closing Price of approximately HK\$0.80 during the Review Period.

The Adjusted Closing Price fluctuated since the beginning of the Review Period reaching its peak at HK\$1.825 on 18 May 2023 then dropped to HK\$1.45 on 30 May 2023. Subsequently, the Adjusted Closing Price rose again and reached HK\$1.7 on 15 June 2023, 16 June 2023 and 27 June 2023, respectively. From the latter point onwards and up to the Last Trading Day, the Adjusted Closing Prices consistently declined, reaching its lowest point of HK\$0.19 on 17 April 2024. Overall, we did not notice any specific reasons for the aforementioned movements of the Adjusted Closing Price during the Review Period save for (i) the publication of an announcement in relation to the placing of new shares under general mandate on 25 August 2023, and (ii) the publication of an announcements regarding the proposed capital reorganization on 28 August 2023 and 11 September 2023. As advised by the Management, the Company is also not aware of any reasons for the aforementioned Share price fluctuations.

With reference to the sub-paragraph headed “(c) Comparison with recent rights issue transactions” below in this section, we note that it is a common market practice that the subscription price of a rights issue is set at a discount to the prevailing market prices of the relevant shares to encourage the existing shareholders to participate in a rights issue as to meet the need of equity fund raising. In this regard, the Subscription Price represents a discount of approximately 27.5% to the Adjusted Closing Price of HK\$0.2 per Consolidated Share on the Last Trading Day. Therefore, we concur with the Directors’ view that the Subscription Price, which is set at a discount to the prevailing market prices of the Shares, is in line with the general market practice and is acceptable.

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b. Liquidity

Set out below is the average daily trading volume of the Shares on a monthly basis and the respective percentage of the average daily trading volume of the Shares during the Review Period as compared to (i) the total number of issued Shares as at the Latest Practicable Date; and (ii) the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date.

Month	Average daily trading volume of Shares	Average daily trading volume as a percentage to the total number of issued Shares as at the Latest Practicable Date	Average daily trading volume as a percentage to the total number of issued Shares held by public Shareholders as at the Latest Practicable Date
2023			
May	47,543	0.026%	0.153%
June	24,800	0.014%	0.080%
July	329,640	0.182%	1.059%
August	46,887	0.026%	0.151%
September	240,000	0.132%	0.771%
October	86,280	0.048%	0.277%
November	42,873	0.024%	0.138%
December	67,958	0.037%	0.218%
2024			
January	379,891	0.209%	1.220%
February	56,084	0.031%	0.180%
March	11,400	0.006%	0.037%
April (up to the Last Trading Day)	100,800	0.056%	0.324%
Maximum	379,891	0.209%	1.220%
Minimum	11,400	0.006%	0.037%
Average	119,513	0.066%	0.384%

Source: The website of the Stock Exchange (www.hkex.com.hk)

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As illustrated in the above table, the percentage of average daily trading volume to (i) the total number of issued Shares as at the Latest Practicable Date; and (ii) the total number of Shares held by public Shareholders as at the Latest Practicable Date, ranged from approximately 0.006% to 0.209% and approximately 0.037% to 1.220%, respectively. The average daily trading volume of the Shares during the Review Period was approximately 119,513 Shares, representing approximately 0.066% and 0.384% of the total number of issued Shares and the total number of Shares held by public Shareholders as at the Latest Practicable Date, indicating that the Shares were generally illiquid in the open market.

Given the thin trading volume of the Shares, we consider that the Company is unlikely to be able to raise equity funds from third parties without a substantial discount to the prevailing Share price. Taking into account the low trading liquidity of the Shares, we are of the view that, from the perspective of trading liquidity of the Shares, the Rights Issue is an appropriate equity financing method for the Group and the Subscription Price thereunder is fair and reasonable.

c. Comparison with recent rights issue transactions

With a view to assess the fairness and reasonableness of the terms of the Rights Issue, we have also conducted market research on recent proposed rights issue transactions based on the following selection criteria: (i) the shares of the company are listed on the Stock Exchange; and (ii) the proposed rights issue transaction was announced during the 3-month period commencing on 30 January 2024 up to and including the Last Trading Day (i.e. 30 April 2024), which we considered to be an appropriate timeframe to identify a representative sample set for the purpose of our analysis.

Based on the aforesaid criteria, we have identified 17 rights issues (the “**Rights Issue Comparable(s)**”). Despite that the business activities of the Rights Issue Comparables may not be directly comparable to the business activities carried out by the Group, having taken into account that (i) all of the Rights Issue Comparables and the Company are listed on the Stock Exchange; (ii) our analysis is mainly concerned with the comparison of subscription price to closing price as at the relevant last trading day, theoretical ex-rights price, maximum dilution on the shareholding, theoretical dilution effect and etc.; (iii) a 3-month period for the selection of the Rights Issue Comparables has resulted in the generation of reasonable sample size; and (iv) the Rights Issue Comparables were included without any artificial selection or filtering on our part, we consider that the Rights Issue Comparables are suitable to serve as a general reference for an assessment on the Subscription Price. Since there are a sufficient number of Rights Issue Comparables under the selection criteria mentioned above, we are of the view that the Rights Issue Comparables are fair and representative for assessing the Rights Issue.

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The details of the Rights Issue Comparables are set out in the following table:

Date of announcement	Company name (Stock code)	Basis of entitlement	Premium/(Discount) of subscription price over/to Closing price on the respective last trading day		Theoretical ex-rights price (%) (Note 1)	Theoretical dilution effect (%) (Note 2)	Underwriting Commission (%) (Note 3)	Placing Commission (%) (Note 4)	Excess application (Yes/No)
			(%)	(%)					
26-Apr-24	Flying Financial Service Holdings Limited (8030)	3 for 1	(24.20)	(7.40)	23.70	N/A	3	No	
18-Apr-24	Shin Hwa World Limited (582)	2 for 1	(33.33)	(22.31)	22.22	1	N/A	Yes	
9-Apr-24	Walnut Capital Limited (905)	1 for 2	(45.10)	(35.50)	14.92	N/A	1	No	
8-Apr-24	China Uptown Group Company Limited (2330)	2 for 1	(31.80)	(22.70)	22.70	N/A	2.50	Yes	
8-Apr-24	Heng Tai Consumables Group Limited (197)	1 for 2	equal	equal	—	N/A	N/A	Yes	
25-Mar-24	Zijing International Financial Holdings Limited (8340)	5 for 1	(20.53)	(4.00)	20.25	N/A	0.70	No	
22-Mar-24	Kingbo Strike Limited (1421)	1 for 2	(9.09)	(6.32)	2.95	N/A	1.5	No	
20-Mar-24	Aidigong Maternal & Child Health Limited (286)	1 for 3	(38.24)	(8.82)	11.00	7.07	N/A	Yes	
1-Mar-24	Space Group Holdings Limited (2448)	4 for 1	(19.05)	(4.49)	15.24	N/A	0.50	No	
26-Feb-24	Raily Aesthetic Medicine International Holdings Limited (2135)	1 for 3	(74.04)	(69.52)	18.81	0.50	N/A	Yes	
23-Feb-24	Basetrophy Group Holdings Limited (8460)	3 for 1	(31.82)	(10.45)	23.86	N/A	3.50	No	

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Date of announcement	Company name (Stock code)	Basis of entitlement	Premium/(Discount) of subscription price over/to Closing price on the respective last trading day		Theoretical ex-rights price (%) (Note 1)	Theoretical dilution effect (%) (Note 2)	Underwriting Commission (%) (Note 3)	Placing Commission (%) (Note 4)	Excess application (Yes/No)
			(%)	(%)					
21-Feb-24	Guoen Holdings Limited (8121)	2 for 1	(33.30)	(14.30)	23.50	7.07	N/A	Yes	
21-Feb-24	Green Economy Development Limited (1315)	1 for 2	(15.26)	(10.56)	5.26	N/A	N/A	Yes	
19-Feb-24	Ta Yang Group Holdings Limited (1991)	1 for 2	(9.77)	(6.98)	3.68	N/A	N/A	Yes	
9-Feb-24	Wuxi Life International Holdings Group Limited (8148)	2 for 1	(20.00)	(10.45)	17.28	N/A	N/A	Yes	
1-Feb-24	Goldstone Capital Group Limited (1160)	1 for 2	(69.86)	(60.71)	23.29	N/A	3.50	No	
30-Jan-24	SingAsia Holdings Limited (8293)	2 for 1	(11.50)	(3.85)	14.17	N/A	1.5	No	
	Maximum		(9.09)	(3.85)	23.86	7.07 (Note 5)	3.50 (Note 6)		
	Minimum		(74.04)	(69.52)	0.0	0.50 (Note 5)	0.50 (Note 6)		
	Average		(30.43)	(18.65)	15.46	3.91 (Note 5)	1.97 (Note 6)		
	Median		(28.00)	(10.45)	17.28	4.04 (Note 5)	1.50 (Note 6)		
	The Company	3 for 1	(27.50)	(8.66)	20.90	N/A	1.0	No	

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

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Notes:

1. The benchmarked price used for calculation of the theoretical ex-rights price is calculated in accordance with Rule 10.44A of the GEM Listing Rules, being the higher of (i) the closing price per share on the last trading day of the subject Rights Issue Comparable; and (ii) average closing price per share for the five trading days immediately prior to the last trading day of the subject Rights Issue Comparable.
2. The theoretical dilution effect is calculated in accordance with Rule 10.44A of the GEM Listing Rules. “—” denotes that the rights issue has no theoretical dilution effect attributable to the subject theoretical ex-right price being higher than the subject benchmarked price.
3. “N/A” denotes that the subject rights issue was conducted on a non-underwritten basis.
4. “N/A” denotes that the subject rights issue was conducted without the involvement of any placing.
5. Analysis is based on the absolute percentage of the underwriting commission.
6. Analysis is based on the absolute percentage of the placing commission.

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

- (a) the discount of subscription price over or to the closing price on the last trading day of the Rights Issue Comparables ranged from approximately 74.04% to approximately 9.09% (the “**Comparable LTD Range**”), with the average and median of discounts being approximately 30.43% (the “**Comparable LTD Average**”) and 28.0%, respectively. The Subscription Price represents a discount of approximately 27.50% to the Adjusted Closing Price on the Last Trading Day, which is within the Comparable LTD Range and represents a lower discount than the aforesaid average and median;
- (b) the discount of subscription price to the theoretical ex-rights price of the Rights Issue Comparables ranged from approximately 69.52% to approximately 3.85% (the “**Comparable TERP Range**”), with the average and median of discounts of approximately 18.65% and 10.45%, respectively. The Subscription Price represents a discount of approximately 8.66% to the theoretical ex-rights price per Consolidated Share on the Last Trading Day which is within the Comparable TERP Range and represents a lower discount than the aforesaid average and median;
- (c) the theoretical dilution effect of the Rights Issue Comparables ranged from nil to approximately 23.86% (the “**Comparable Dilution Range**”), with average and median dilution effects of approximately 15.46% and 17.28%, respectively. The theoretical dilution effect of the Rights Issue of approximately 20.90% is within the Comparable Dilution Range and higher than the average and median dilution effects of the Comparable Rights Issue. In any case, as the theoretical dilution effect of the Rights Issue is below 25%, it is in compliance with Rule 7.27B of the GEM Listing Rules;

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- (d) it is noted from the Board Letter that the Qualifying Shareholders will not be entitled to subscribe for any Rights Shares in excess of their respective entitlements. Based on our analysis on the Rights Issue Comparables, we noted that 8 out of 17 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 common 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 the 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 to be acceptable as far as the Independent Shareholders are concerned;
- (e) the Rights Issue is on a non-underwritten basis, which is considered to be in line with market practice, given that 13 out of 17 Rights Issue Comparables were also conducted on a non-underwritten basis. Furthermore, under the Compensatory Arrangements, the Company entered into the Placing Agreement with the Placing Agent to procure Places, on a best effort basis, to subscribe for the placing shares during the placing period pursuant to the Placing Agreement; and
- (f) the placing commission of the Rights Issue Comparables, where applicable, ranged from 0.50% to 3.50%, with the average and median of approximately 1.97% and 1.50%, respectively. Pursuant to the terms of the Placing Agreement, the Placing commission of 1.0% of the gross proceeds from the successful placement of Unsubscribed Rights Shares which is determined after arm's length negotiation between the Company and the Placing Agent having regard to market practices and recent market comparables, is within the aforesaid range of the Rights Issue Comparables.

In view of (i) the Subscription Price represents a discount of approximately 27.50% to the Adjusted Closing Price on the Last Trading Day which is within the Comparable LTD Range and represents a lower discount than the corresponding average and median of the Rights Issue Comparables; (ii) the discount of the Subscription Price to the theoretical ex-rights price per Consolidated Share on the Last Trading Day of 8.66% is within the Comparable TERP Range and such discount is less than the average and median of the Rights Issue Comparables; (iii) the theoretical dilution effect of the Rights Issue is within the Comparable Dilution Range and below 25%; (iv) our analysis on the Compensatory Arrangement in absence of excess application arrangement to be in line with the market practice and the placing commission under the Placing Agreement is within the range of the Rights Issue Comparables; and (v) the Subscription Price is

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available to all Qualifying Shareholders, we consider that the principal terms of the Rights Issue (including the Subscription Price) to be fair and reasonable to the Shareholders and in the interests of the Company and the Shareholders as a whole.

4. Possible financial effects of the Rights Issue

According to the unaudited pro forma financial information of the Group as set out in Appendix II to the Circular, assuming that the Rights Issue had been completed and subscribed in full on 30 September 2023, the unaudited consolidated net tangible assets attributable to equity holders of the Company would have increased from approximately HK\$28.7 million to an unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of the Company of approximately HK\$43.7 million immediately after the completion of the Rights Issue.

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

5. Possible dilution effect

All the Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue. Referring to the section headed “SHAREHOLDING STRUCTURES” in the Board Letter, 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 approximately 75%. It should be noted that the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including but not limited to the results of acceptance of the Rights Issue. Pursuant to the terms of the Placing Agreement, the Placing Agent shall use all reasonable endeavours to ensure that the public float requirements under Rule 11.23 of the GEM Listing Rules will be maintained by the Company.

Having taken into account (i) all Qualifying Shareholders are provided an equal opportunity to subscribe for their assured entitlements under the Rights Issue for the purpose of maintaining their respective existing shareholding interests in the Company; (ii) the Qualifying Shareholders have the opportunity to sell their nil-paid Rights Shares in the market if they do not wish to take up the Rights Issue entitlements; and (iii) shareholding dilution is generally inherent in rights issue with new shares being issued, we are of the view that the potential dilution effect on the shareholding is acceptable.

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RECOMMENDATION

Taking into consideration of the above principal factors and reasons, we are of the opinion that the terms of the Rights Issue (including the Subscription Price, potential dilution effect and the terms of the Placing Agreement) are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution proposed at the EGM thereby approving the Rights Issue. However, we do not envisage our role as to opine on, and our opinion herein does not in any manner address to or imply, whether Qualifying Shareholders should or should not accept the Rights Shares.

Yours faithfully,
For and on behalf of
Merdeka Corporate Finance Limited
Wallace So
Managing Director

Mr. Wallace So is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 10 years of experience in corporate finance.

1. SUMMARY OF FINANCIAL INFORMATION

The audited financial information of the Company were disclosed in the annual reports of the Company for the years ended 31 March 2021, 2022 and 2023, which were published on 30 June 2021, 29 June 2022 and 30 June 2023 respectively. The unaudited financial information of the Company were disclosed in the interim report of the Company for the six months ended 30 September 2023, which was published on 14 November 2023. The above mentioned financial information is available on the website of the Company at <http://www.goldwayedugp.com> and the website of the Stock Exchange at www.hkexnews.hk:

- (a) the annual report of the Company for the year ended 31 March 2021 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0630/2021063002446.pdf>);
- (b) the annual report of the Company for the year ended 31 March 2022 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0629/2022062900786.pdf>);
- (c) the annual report of the Company for the year ended 31 March 2023 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0630/2023063001258.pdf>);
and
- (d) the interim report of the Company for the six months ended 30 September 2023 in relation to the financial information of the Group for the same period (<https://www1.hkexnews.hk/listedco/listconews/gem/2023/1114/2023111400541.pdf>).

2. STATEMENT OF INDEBTEDNESS

Indebtedness

As at 30 April 2024, being the latest date for the purpose of liquidity disclosure in this circular, the Group had outstanding promissory note of approximately HK\$2.1 million and lease liabilities amounting to approximately HK\$5.9 million.

Save as disclosed above and apart from intra-group liabilities, the Company did not have any other outstanding bank or other borrowings, mortgages, charges, debentures or other loan capital, bank overdrafts, loans or other similar indebtedness, guarantee, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase or other finance lease commitments or other contingent liabilities.

Saved as disclosed above, the Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Company since 30 April 2024 up to the Latest Practicable Date.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that, after taking into account the estimated net proceeds from the Rights Issue, its presently available financial resources, including funds internally generated from operation and the available facilities, the Group will have sufficient working capital for its operation for at least the next twelve (12) months from the date of this circular. The Company has obtained the relevant confirmation as required under the GEM Listing Rules.

4. MATERIAL ADVERSE CHANGES

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the provision of tutoring services, franchising services and management services in Hong Kong and Mainland China.

Due to further recovery of the economy and relief from pandemic outbreak, the management believes there would be further improvements in both primary tutoring services and secondary tutoring services. The Group will continuously focus on tutoring services business and remain our competitive advantages in the keen competitions. Meanwhile, the franchise business will be further developed to seize opportunity of further growth. The PRC management services business is expected to further improve the overall financial performance of the Group.

However, according to the student enrolment statistics published by the Hong Kong Education Bureau, the number of student enrolment for primary and secondary school exhibited a downward trend in recent years. The impact of decreasing number of students was reflected in the soft demand for tutoring services in Hong Kong for primary and secondary education. Therefore the Group expects that the market for primary and secondary education tutoring services in Hong Kong to remain challenging in the coming years. In view of the uncertain prospects of the tutoring market in Hong Kong, the Group is always mindful to seek new business opportunities to diversify the income source of the Group.

Car ownerships in China has been increasing, which has resulted in high demands for parking spaces in urban areas. Automated parking systems make use of mechanical and electronic equipment to maximise the utilization of parking spaces, such as the vertical circulation parking equipment and the lift and traverse parking equipment. The Group intends to engage in the New Business which involves the provision of automated parking systems and related services in China. Initially the Group intends to engage in the sale/distribution of automated parking systems to car park owners in China through its connections with parking system suppliers and end customers.

The Group will establish sales offices initially in Zhengzhou and will make use of its business connections with local car park owners to procure the sale of automated parking systems, charging stations and related facilities and services. The Group will purchase the parking systems from suppliers at factory prices and resell them to customers at retail prices. The Group will procure the suppliers to provide installation and maintenance services to the parking systems and charge the customers likewise. The Group will recruit local marketing staff with adequate knowledge of the products to approach prospective customers. The major competitive advantage of the Group in the New Business includes its business connections with reputable suppliers of automated parking systems and local car park owners in Mainland China, which enables the Group to explore business opportunities available among car park owners and to devise proposals to meet the demands for parking spaces and other related services. The Group will designate one of its directors to oversee the New Business and in particular to supervise the performance of the senior sales officers who would possess in-depth knowledge of the parking systems' features and their suitability for specific car park sites. In view of the business model of the New Business, there would not be any material capital expenditure other than setting up sales offices.

The initial plan of the Group is to utilise the net proceeds from the Rights Issue to open up to 10 offices in China. Other than the fixed costs for rental and salaries of the sales offices, the major working capital requirements for the New Business will be the down payments payable to the suppliers for the parking systems. Such working capital requirement will depend on the volume and amount of transactions. The Group will closely monitor the progress of the New Business and in the event that the working capital requirement shall exceed the available reserve of the Group, the Company will look for other sources of funding including debt and equity financing as may be appropriate. If the Company is unable to raise adequate funding, the development of the New Business would be adversely affected.

The risks of entering into the New Business include:

- (a) The Group may not be able to successfully procure customers to purchase the car parking systems. The Group makes use of its business connections among prospective customers to expand its customer base. There is no guarantee that any of the prospective customers will enter into transactions with the Group.

- (b) The Group faces competition from other suppliers of automated parking systems in China. If the Group is unable to take measures to remain competitive in the market, the New Business would be materially and adversely affected.
- (c) The Group has no track record in conducting the New Business which is based in Mainland China. There is no guarantee that the New Business will proceed as planned or at all. The Group may face operational problems which, if the Group is unable to resolve, would adversely affect the results of the New Business.
- (d) The New Business would be adversely affected by local government policies in relation to the supply of car parking spaces. Any policies by local government which have the result of increasing the supply of car parking spaces could have an adverse effect on the New Business.
- (e) Although there is no special qualification or licence requirements applicable to the New Business, the Group is responsible for ensuring that the suppliers shall meet all legal requirements in relation to the supply of the parking systems and other facilities and services. If the suppliers fail to satisfy such legal requirements, the results and prospects of the New Business would be adversely affected.

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

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the directors of the Company 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 unaudited consolidated net tangible assets of the Group as at 30 September 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 is prepared for illustrative purposes only, 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 30 September 2023 or at any future date.

The Unaudited Pro Forma Financial Information of the Group as at 30 September 2023 is prepared by the directors of the Company based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as derived from the unaudited consolidated statement of financial position of the Group as at 30 September 2023 as extracted from the published interim report of the Group for the six months ended 30 September 2023, with adjustments described below.

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 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 of the Group attributable to owners of the Company as at 30 September 2023 immediately upon completion of the Rights Issue <i>HK\$'000</i>	Unaudited consolidated net tangible assets of the Group per Consolidated Share attributable to owners of the Company immediately before the Right Issue <i>HK\$</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Consolidated Share upon completion of the Rights Issue <i>HK\$</i> <i>(Note 4)</i>
28,656	15,030	43,686	0.789	0.301

Based on 108,953,955 Rights Shares to
be issued at Subscription Price of
HK\$0.145 per Rights Share

Notes:

- (1) The unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company at 30 September 2023 of approximately HK\$28,656,000 is based on the unaudited consolidated net assets of the Group attributable to the equity holders of the Company at 30 September 2023 of approximately HK\$42,173,000 adjusted to exclude the intangible assets and goodwill of approximately HK\$6,851,000 and HK\$6,666,000 respectively as shown on the unaudited condensed statement of financial position of the Group as at 30 September 2023 which is extracted from the published interim report of the Group for the six months ended 30 September 2023.
- (2) The estimated net proceeds of approximately HK\$15,030,000 from the Rights Issue are based on a total of 108,953,955 Rights Shares (assuming no change in the number of Shares on or before the Record Date) to be issued on the basis of three (3) Rights Shares for every one (1) Consolidated Shares at the Subscription Price of HK\$0.145 per Rights Share and after deduction of estimated related expenses of approximately HK\$768,000 including but not limited to advisory fees for the professional parties, printing, registration, translation, legal, accounting and documentation charges payable by the Company.
- (3) The unaudited consolidated net tangible assets per share attributable to owners of the Company as at 30 September 2023 was HK\$0.789, which is based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2023 of approximately HK\$28,656,000 divided by 36,317,985 Consolidated Shares immediately before the Rights Issue.

- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Consolidated Share immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately HK\$43,686,000 which is arrived at after aggregating the unaudited consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$28,656,000 and the estimated net proceeds of approximately HK\$15,030,000 from the Rights Issue (note 2 above) divided by 145,271,940 Shares which comprise 36,317,985 Consolidated Shares in issue before completion of the Rights Issue and 108,953,955 Rights Shares (assuming no change in the number of Consolidated Shares on or before the Record Date) were issued immediately after completion of the Rights Issue, assuming the Rights Issue had been completed on 30 September 2023.
- (5) For the purpose of preparation of the Unaudited Pro Forma Financial Information, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 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,
Wanchai, Hong Kong

31 May 2024

Independent Reporting Accountants’ assurance report on the compilation of unaudited financial information

The Board of Directors of
Goldway Education Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Goldway Education Group 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 as at 30 September 2023 and related notes as set out on pages II-1 to II-3 of the circular issued by the Company dated 31 May 2024 (the “**Circular**”). The applicable criteria on the basis of which the directors of the Company 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 three Rights Shares for every one Consolidated Share held on the Record Date at the subscription price of HK\$0.145 per Rights Share (the “**Rights Issue**”) on the Group’s consolidated net tangible assets attributable to owners of the Company as at 30 September 2023 as if the Rights Issue had taken place on 30 September 2023. As part of this process, information about the Group’s net tangible assets attributable owners of the Company at 30 September 2023 has been extracted by the directors from

the Group’s unaudited consolidated statement of financial position as at 30 September 2023, included in the interim report of the Group for the six months ended 30 September 2023 which has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

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, and Other Assurance or Related Services Engagements”, 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 31(7) of Chapter 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 plans and performs procedures to obtain reasonable assurance about whether

the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 31 of Chapter of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 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 accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

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

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

Hong Kong

(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 Group. 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**(a) Share capital**

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to completion of the Rights Issue and full acceptance of the Rights Shares, the authorised and issued share capital of the Company as at (i) the Latest Practicable Date were, (ii) immediately after the Share Consolidation becoming effective and (iii) immediately following completion of the Rights Issue will be as follows:

(I) As at the Latest Practicable Date

	Number of Shares	Nominal value of ordinary Shares HK\$
Authorised:		
Shares of HK\$0.0001 each	<u>200,000,000,000</u>	<u>20,000,000.00</u>
Issued and fully paid:		
Shares of HK\$0.0001 each	<u>181,589,926</u>	<u>18,158.9926</u>

(II) Immediately after the Share Consolidation becoming effective

	Number of Consolidated Shares	Nominal value of ordinary Consolidated Shares HK\$
Authorised:		
Consolidated Shares of HK\$0.0005 each	<u>40,000,000,000</u>	<u>20,000,000.00</u>
Issued and fully paid:		
Consolidated Shares of HK\$0.0005 each	<u>36,317,985</u>	<u>18,158.9926</u>

(III) Immediately following the completion of the Rights Issue (assuming full acceptance of Rights Shares by all Qualifying Shareholders or all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent)

	Number of Consolidated Shares	Nominal value of ordinary Consolidated Shares HK\$
Authorised:		
Consolidated Shares of HK\$0.0005 each	<u>40,000,000,000</u>	<u>20,000,000.00</u>
Issued and fully paid:		
Consolidated Shares of HK\$0.0005 each	36,317,985	18,158.9926
Rights Shares to be issued pursuant to the Rights Issue of HK\$0.0005 each	<u>108,953,955</u>	<u>54,476.9775</u>
Consolidated Shares in issue immediately after completion of the Rights Issue	<u>145,271,940</u>	<u>72,635.9701</u>

All the issued Shares and the Consolidated Shares to be in issue rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be allotted and issued will, when issued and fully paid, rank pari passu in all respects with the existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form.

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

As at the Latest Practicable Date, the Company did not have any 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. In respect of the 52,250,000 share options (which fully utilised the then scheme mandate limit under the Company's share option scheme) granted to certain directors and employees on 27 February 2023 as announced by the Company on the same date, 36,575,000 were lapsed due to cessation of employment and 15,675,000 were cancelled by mutual agreement prior to 31 October 2023. Accordingly 3,135,000 of the scheme mandate limit under the Company's share option scheme were deemed to have been utilised and the remaining unutilised scheme mandate limit is 7,315,000 (after taking into account of the share consolidation set out in the Company's circular dated 9 October 2023 which became effective on 30 October 2023).

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

Director's and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions held by the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, 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 any interests or short positions which they

were taken or deemed to have under such provisions of the SFO) or required to be entered in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in shares of the Company

Name of Director/chief executive	Capacity in which interests are held	Number of shares held	Approximate percentage of shareholding (Note)
Ip Sin Nam Ingrid	Controlled corporation (note)	25,925,926	14.28%

Note: The interest was held through Rainbow Kingdom Limited which is wholly owned by Ms. Ip Sin Nam Ingrid.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in shares, underlying shares or 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 any interests or short positions which they were taken or deemed to have under such provisions of the SFO) or required to be entered in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules.

Substantial Shareholders

As at the Latest Practicable Date, the Company was not notified of any persons, other than the Directors and the chief executive of the Company, having any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

(4) DIRECTORS' INTEREST IN CONTRACT AND ASSET

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 March 2023 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or

leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group. As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

(5) DIRECTORS' SERVICE CONTRACTS

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

(6) COMPETING INTEREST

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

(7) MATERIAL 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

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of the Announcement and up to the Latest Practicable Date and are or may be material:

- (i) the Placing Agreement;
- (ii) the placing agreement dated 25 August 2023 made between the Company and Cheong Lee Securities Limited relating to the placing of 151,325,926 new shares at HK\$0.034 per share under general mandate;
- (iii) the sale and purchase agreement dated 15 February 2023 made between Rainbow Kingdom Limited, Grand Popular Limited and the Company relating to the acquisition of 7.43% issued share capital in Orange Financial Printing Limited at the consideration of HK\$9 million;

- (iv) the placing agreement dated 21 October 2022 made between the Company and Cheong Lee Securities Limited relating to the placing of 104,500,000 new shares at HK\$0.044 per share under general mandate.

(9) EXPERTS AND CONSENTS

The following are the qualification of the experts who have been named in this circular or have given opinions, letters or advices contained in this circular:

Name	Qualification
McMillan Woods (Hong Kong) CPA Limited	Certified Public Accountant
Merdeka Corporate Finance Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, the above experts had no shareholding, directly or indirectly, in the Company or any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, the above experts had no interest, direct or indirect, in the promotion of, or in any assets which since 31 March 2023, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company.

As at the Latest Practicable Date, the above experts had given and had not withdrawn their written consent to the issue of this circular, with the inclusion of the references to their name and/or their opinion or report in the form and context in which they are included.

(10) CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Executive Directors

Mr. Leung Wai Tai
Shop B10, 1/F
Goodrich Shopping Arcade
Tuen Mun, New Territories
Hong Kong

Ms. Ip Sin Nam Ingrid
Shop B10, 1/F
Goodrich Shopping Arcade
Tuen Mun, New Territories
Hong Kong

Mr. Cheung Tung Tsun Billy
Shop B10, 1/F
Goodrich Shopping Arcade
Tuen Mun, New Territories
Hong Kong

Independent non-executive
Directors

Mr. Yu Lap Pan
Shop B10, 1/F
Goodrich Shopping Arcade
Tuen Mun, New Territories
Hong Kong

Mr. Wong Chi Man
Shop B10, 1/F
Goodrich Shopping Arcade
Tuen Mun, New Territories
Hong Kong

Mr. Wong Ming Fair Victor
Shop B10, 1/F
Goodrich Shopping Arcade
Tuen Mun, New Territories
Hong Kong

Authorised representatives	Mr. Leung Wai Tai Ms. Ip Sin Nam Ingrid
Company Secretary	Mr. Leung Wai Tai
Registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Principal place of business in Hong Kong	Shop B10, 1/F Goodrich Shopping Arcade Tuen Mun, New Territories Hong Kong
Principal share registrar and transfer office in Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Branch share registrar and transfer office in Hong Kong	Tricor Investor Services Limited 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Principal banker	Standard Chartered Bank (HK) Limited G/F., to 2/F., Yee Wah Mansion, 38-40A Yee Wo Street, Causeway Bay, Hong Kong
Auditors	McMillan Woods (Hong Kong) CPA Limited <i>Certified Public Accountants</i> 24/F, Siu On Centre, 188 Lockhart Road, Wanchai, Hong Kong
Stock code	8160

Company's website	http://www.goldwayedugp.com
Placing Agent to the Company	Sunhigh Financial Holdings Limited Unit D, 21/F, Yardley Commercial Building, 3 Connaught Road West, Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Merdeka Corporate Finance Limited Room 1108, 11/F., Wing On Centre, 111 Connaught Road Central, Hong Kong
Legal advisers to the Company as to Hong Kong laws	TANG TSO & LAU Solicitors Room 209, 2/F, China Insurance Group Building, 141 Des Voeux Road Central Hong Kong

(11) PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Executive Directors

Mr. Leung Wai Tai, aged 42, executive director, compliance officer and company secretary of the Company. Mr. Leung obtained a bachelor of arts degree in Accountancy in the Hong Kong Polytechnic University in 2003, and obtained his postgraduate degree in Accounting from the School of Accounting and Finance of Hong Kong Polytechnic University in 2006. Mr. Leung is a Fellow Certified Public Accountant (Practising) in Hong Kong and the Managing Practising Director of Blossoming Certified Public Accountant Limited. He has nearly over 20 years of experience in the accountancy profession. Mr. Leung is also an executive director of Simplicity Holding Limited (Stock Code: 8367), and an independent non-executive director of International Entertainment Corporation (Stock code: 1009), both of the issued shares of which are listed on the Stock Exchange. Save as disclosed above, Mr. Leung has not held (i) any other position of the Company and other members of the Group; (ii) any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong and overseas in the last three years; (iii) any other major appointments and professional qualifications; and (iv) has no relationships with any Directors, senior management, substantial or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). Mr. Leung did not have any interests in the securities of the Company with the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) as the Latest Practicable Date. Mr. Leung joined the Group in February 2023.

Ms. Ip Sin Nam Ingrid, aged 29, executive director and chairman of the nomination and corporate governance committee of the Company. Ms. Ip graduated from Boston University with a Bachelor's of Arts in Psychology and a Bachelor's of Science in Communication, majoring in Public Relations. She has extensive experience in project management, marketing, and business development in the financial service industry. Ms. Ip is an independent non-executive director of Shanyu Group Holdings Company Limited, the issued shares of which are listed on the Stock Exchange (Stock Code: 8245). Save as disclosed above, Ms. Ip has not held (i) any other position of the Company and other members of the Group; (ii) any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong and overseas in the last three years; (iii) any other major appointments and professional qualifications; and (iv) has no relationships with any Directors, senior management, substantial or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). As at the Latest Practicable Date, Rainbow Kingdom Limited ("**Rainbow Kingdom**"), a company wholly-owned by Ms. Ip, holds 25,925,926 shares of the Company which represents approximately 14.28% of the issued share capital of the Company. By virtue of Part XV of the SFO, Ms. Ip is deemed to be interested in the Shares in which Rainbow Kingdom are interested in. Save as disclosed above, Ms. Ip does not have any interests in the securities of the Company with the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) as the Latest Practicable Date. Ms. Ip joined the Group in August 2023.

Mr. Cheung Tung Tsun Billy, aged 51, executive director of the Company. Mr. Cheung obtained a bachelor's degree of Building Surveying in 1997 and a master degree of Building Engineering in 1998 from City University of Hong Kong. Currently Mr. Cheung is the general manager of a company in Guangzhou. He has over 20 years experience in operational management, sales and marketing, and business. Save as disclosed above, Mr. Cheung has not held (i) any other position of the Company and other members of the Group; (ii) any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong and overseas in the last three years; (iii) any other major appointments and professional qualifications; and (iv) has no relationships with any Directors, senior management, substantial or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). Mr. Cheung did not have any interests in the securities of the Company with the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) as the Latest Practicable Date. Mr. Cheung joined the Group in September 2023.

Independent Non-Executive Directors

Mr. Yu Lap Pan, aged 42, independent non-executive director, chairman of the audit committee, member of remuneration committee and nomination and corporate government committee of the Company. Mr. Yu obtained a bachelor's degree in applied accounting from Oxford Brookes University in 2007 and a master's degree in corporate governance from the Hong

Kong Polytechnic University in 2020. He is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Mr. Yu have extensive experience in the related fields of finance, auditing, accounting and corporate governance practices. Save as disclosed above, Mr. Yu has not held (i) any other position of the Company and other members of the Group; (ii) any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong and overseas in the last three years; (iii) any other major appointments and professional qualifications; and (iv) has no relationships with any Directors, senior management, substantial or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). Mr. Yu did not have any interests in the securities of the Company with the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) as the Latest Practicable Date. Mr. Yu joined the Group in May 2022.

Mr. Wong Chi Man, aged 41, independent non-executive director, member of audit committee and remuneration committee of the Company. Mr. Wong holds a Master of Applied Finance degree from Monash University and a Bachelor degree in Commerce from Deakin University, Australia. Mr. Wong is currently the Responsible Officer of a securities company in Hong Kong. He has over 13 years of experience in the field of investment, finance and securities advisory. Save as disclosed above, Mr. Wong has not held (i) any other position of the Company and other members of the Group; (ii) any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong and overseas in the last three years; (iii) any other major appointments and professional qualifications; and (iv) has no relationships with any Directors, senior management, substantial or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). Mr. Wong did not have any interests in the securities of the Company with the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) as the Latest Practicable Date. Mr. Wong joined the Group in August 2022.

Mr. Wong Ming Fair Victor, aged 41, independent non-executive director, chairman of the remuneration committee, member of audit committee and nomination and corporate government committee of the Company. Mr. Wong graduated from the University of British Columbia with a bachelor's degree in economics. He has served in several public and private positions. Mr. Wong is currently a committee member of the Jiangsu Province Huai'an Municipal Political Consultative Conference (江蘇省淮安市政協) and the Guizhou Province Youth Federation (貴州省青年聯合會). Mr. Wong has close to 10 years experience of financial service industry. He currently serve as a director of a globally renowned business in European fabric trade and tailor suit. Save as disclosed above, Mr. Wong has not held (i) any other position of the Company and other members of the Group; (ii) any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong and overseas in the last three years; (iii) any other major

appointments and professional qualifications; and (iv) has no relationships with any Directors, senior management, substantial or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). Mr. Wong did not have any interests in the securities of the Company with the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) as the Latest Practicable Date. Mr. Wong joined the Group in November 2023.

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Mr. Yu Lap Pan, Mr. Wong Chi Man and Mr. Wong Ming Fair Victor. Mr. Yu Lap Pan is the chairman of the Audit Committee. The duties of the Audit Committee include, among others, making recommendations to the Board on the appointment and removal of the external auditors, and to approve their remuneration; to review and monitor the external auditors’ independence and objectivity and the effectiveness of the audit process; to develop and implement policy on the engagement of external auditors to supply non audit services; to monitor integrity of financial statements of the Company and the Company’s annual and interim reports and accounts and to review significant financial reporting judgments; to review the Group’s financial controls, risk management and internal control systems; to discuss the risk management and internal control systems with the management; to consider any findings of major investigations on risk management and internal control matters; to review and monitor the effectiveness of the internal audit function.

Company Secretary and Compliance Officer

Mr. Leung Wai Tai, aged 42, is the company secretary, compliance officer and executive Director of the Company. He obtained a bachelor of arts degree in Accountancy in the Hong Kong Polytechnic University in 2003, and obtained his postgraduate degree in Accounting from the School Accounting and Finance of Hong Kong Polytechnic University in 2006. Mr. Leung is a Fellow Certified Public Accountant (Practising) in Hong Kong and the Managing Practising Director of Blossoming Certified Public Accountant Limited. He has nearly 20 years of experience in the accountancy profession.

(12) RISK FACTORS

The Directors believe that there are certain risks relating to the Group’s business and the industry in which it operates which include, among others, the following:

- (a) The Group operates tutorial centres which offer private tutorial classes and have obtained the certificates of registration of a school and certificates of accommodation and enjoyed exemption from certain provisions under the Education Ordinance. If the

Group is not able to obtain the said certificates and/or exemptions for new tutorial centres or existing certificates and/or exemptions are revoked or abolished, operation in those relevant centres will have to be suspended and the Group's business and operating results may be materially and adversely affected.

- (b) The quality of the tutoring services are to a significant extent attributable to the tutors. If the Group fail to recruit and retain capable and qualified tutors, the Group may be unable to maintain teaching quality and the Group's brand, reputation and operations may be materially and adversely affected.
- (c) Tutoring services will continue to be a substantial revenue stream of the Group in the near future. However, the number of school students has exhibited a declining trend in recent years. If such trend or other changes leads to a reduction in demand for the Group's tutoring services and the Group fails to adequately and promptly respond to such changes, the Group's prospects and operation may be materially and adversely affected.
- (d) The Group's operations and revenue are mainly derived from Hong Kong. Any major changes to Hong Kong's social and economic landscape will have a huge impact on the business.
- (e) The number of primary school students and secondary school students have shown a decreasing trend in recent years. If this decreasing trend continues, there may be a reduction of demand for tutoring services in the industry. This in turn may lead to a decrease in the number of the Group's students and course enrolments which in turn may materially and adversely affect the Group's operating results and financial performance.
- (f) The Directors intend to diversify the Group's income source by expanding into new businesses and into Mainland China. The Group may not be able to successfully pursue and develop the New Business or other new businesses in Mainland China and/or Hong Kong, which in turn may materially and adversely affect the prospects of the Group's financial performance.

(13) EXPENSES

The expenses in connection with the Rights Issue and the Placing Arrangement, including professional fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$0.8 million in maximum, and are payable by the Company.

(14) MISCELLANEOUS

- (i) The company secretary of the Company is Mr. Leung Wai Tai.
- (ii) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (iii) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities.
- (iv) As at the Latest Practicable Date, save as disclosed elsewhere in this circular, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group's business.
- (v) The English text of this circular and the accompanying form of proxy shall prevail over the respective Chinese text in the case of inconsistency.

(15) DOCUMENTS ON DISPLAY

Copies of the following documents will be will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.goldwayedugp.com>) for 14 days from the date of this circular:

- (i) the letter issued by the independent reporting accountant regarding the unaudited pro forma financial information of the Company as set out in appendix II of this circular;
- (ii) the written consents referred to in the paragraph headed "9. Experts and Consents" in this appendix; and
- (iii) the material contracts referred to in the paragraph headed "8. Material contracts" in this appendix.

NOTICE OF EGM

Goldway Education Group Limited

金滙教育集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8160)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the shareholders of Goldway Education Group Limited (the “**Company**”) will be held at 1603a, The Phoenix, Luard Road, Wanchai, Hong Kong on Monday, 17 June 2024 at 11:00 a.m. to consider and, if thought fit, to pass with or without amendments the following ordinary resolutions (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 31 May 2024 (the “**Circular**”)):

ORDINARY RESOLUTIONS

1. “**THAT** subject to and conditional upon the Listing Committee of The Hong Kong Stock Exchange Limited granting approval for the listing of, and permission to deal in, the Consolidated Shares (as defined below), with effect from the second Business Day (as defined in the circular of the Company dated 31 May 2024, the “**Circular**”):
 - (a) every five (5) issued and unissued Shares of HK\$0.0001 each in the share capital of the Company be consolidated into one (1) share of HK\$0.0005 each (each a “**Consolidated Share**”) (the “**Share Consolidation**”) so that the authorised share capital of the Company shall become HK\$20,000,000 divided into 400,000,000 Consolidated Shares of HK\$0.0005 each, and such Consolidated Share(s) shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the memorandum and articles of association of the Company;
 - (b) the directors (“**Directors**”) of the Company be and are hereby authorised to do all such acts, deeds and things and execute all such documents (including under seal where appropriate) and to effect all necessary actions as they may consider necessary or desirable in order to effect, implement and complete any and all of the foregoing, including without limitation, to make arrangements for the settlement and disposal of fractional entitlements, if any, arising from the Share Consolidation.

NOTICE OF EGM

2. “**THAT** conditional upon the Share Consolidation becoming effective and the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant and not having revoked the listing of and permission to deal in the Rights Shares (as defined below):
- (a) the issue by way of rights (the “**Rights Issue**”) of no more than 108,953,955 new Consolidated Shares of HK\$0.0005 each (“**Rights Shares**” and each a “**Rights Share**”) at the subscription price of HK\$0.145 per Rights Share on the basis of three (3) Rights Shares for every one (1) Consolidated Share of the Company held by the shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company as at the close of business on Friday, 28 June 2024 (or such other date as may be determined by the Directors) (the “**Record Date**”) other than those shareholders (the “**Excluded Shareholders**”) of the Company whose addresses as shown on the register of members of the Company are outside Hong Kong, whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, and substantially on the terms and conditions set out in the Circular (a copy of which marked “A” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification) and such other terms and conditions as may be determined by the Directors, be and is hereby approved;
 - (b) the placing agreement dated 30 April 2024 entered into between the Company and Sunhigh Financial Holdings Limited (“**Placing Agreement**”) in relation to the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares on a best effort basis (a copy of the Placing Agreement marked “B” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
 - (c) the board of Directors (the “**Board**”) or a committee thereof be and is/are 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 Qualifying Shareholders and, in particular, the Board may make such exclusions or other arrangements in relation to the Excluded Shareholders as it may deem necessary or expedient having regard to the legal restrictions under the laws of, or the requirements of the relevant regulatory body or stock exchange in, any territory outside Hong Kong; and

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- (d) any one or more Directors be and is/are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder.”

By order of the Board
Goldway Education Group Limited
Leung Wai Tai
Executive Director

Hong Kong, 31 May 2024

Notes:

- (i) Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and to vote instead of him. A proxy need not be a shareholder of the Company.
- (ii) For the purpose of determining the entitlement of any shareholder of the Company to attend and vote at the meeting, the register of members of the Company will be closed from Wednesday, 12 June 2024 to Monday, 17 June 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:00 p.m. on Tuesday, 11 June 2024.
- (iii) Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
- (iv) In order to be valid, the proxy form, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude members from attending and voting in person at the meeting.
- (v) If Typhoon Signal No. 8 or above, or extreme conditions caused by super typhoons or a “black” rainstorm warning is in effect any time after 8:00 a.m. on the date of the EGM, the EGM will be postponed and further announcement will be made to notify Shareholders of the date, time and place of the rescheduled meeting.
- (vi) Any voting at the meeting shall be taken by poll.

NOTICE OF EGM

As at the date of this notice, the executive Directors are Mr. Leung Wai Tai, Ms. Ip Sin Nam Ingrid and Mr. Cheung Tung Tsun Billy, and the independent non-executive Directors are Mr. Yu Lap Pan, Mr. Wong Chi Man and Mr. Wong Ming Fair Victor.

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 Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its posting and on the Company’s website at <http://www.goldwayedugp.com>.