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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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This circular is for information purposes only and is being provided to you solely for the purposes of considering the resolutions to be voted upon at the EGM to be held on Wednesday, 23 July 2025. This circular does not constitute an offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for securities referred to in this circular.

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# GRAND TALENTS GROUP HOLDINGS LIMITED 廣駿集團控股有限公司

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

(Stock Code : 8516)

- (1) PROPOSED CAPITAL REORGANISATION;  
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
FIVE (5) RIGHTS SHARES FOR EVERY TWO (2) NEW  
ORDINARY SHARE HELD ON THE RECORD DATE;  
(3) CLOSURE OF REGISTER OF MEMBERS;  
AND  
(4) NOTICE OF EGM**

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



**DILIGENT  
CAPITAL**

Placing Agent

**PineStone 鼎石**

A letter from the Board is set out on pages 9 to 52 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 53 to 54 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 55 to 81 of this circular. A notice convening the extraordinary general meeting of the Company (“EGM”) to be held at Room 1417, Star House, 3 Salisbury Road, Tsim Sha Tsui, Hong Kong on Wednesday, 23 July 2025 at 11:00 a.m. is set out from pages EGM-1 to EGM-5 of this circular.

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.grandtalentsgroup.com.hk](http://www.grandtalentsgroup.com.hk)). Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to 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 as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM if they so wish and, in such event, the form of proxy shall be deemed to be revoked.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed “Letter from the Board — Conditions of the Rights Issue” in this circular. There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid Rights Shares together with the NQS Unsold Rights Shares will be placed to independent places on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

This circular will remain on the website of the Company at [www.grandtalentsgroup.com.hk](http://www.grandtalentsgroup.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Announcements” page for at least seven days from the date of its posting.

2 July 2025

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## CHARACTERISTICS OF GEM

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

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

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## EXPECTED TIMETABLE

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*The expected timetable for the Capital Reorganisation and the Rights Issue is set out below which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change and further announcement(s) will be made by the Company should there be any changes to the expected timetable.*

### Events

### Timeline

Expected despatch date of the circular, proxy form and notice of  
the EGM . . . . . Wednesday, 2 July 2025

Latest time for lodging transfer documents of the Shares to qualify  
for attendance and voting at the EGM . . . . . 4:30 p.m. on  
Tuesday, 15 July 2025

Closure of register of members of the Company to determine the  
entitlements of the Shareholders to attend and vote at the EGM . . . Wednesday, 16 July 2025 to  
Wednesday, 23 July 2025  
(both days inclusive)

Latest time for lodging proxy forms for the EGM. . . . . 11:00 a.m. on  
Monday, 21 July 2025

Record date for attending and voting at the EGM . . . . . Wednesday, 23 July 2025

Expected time and date of the EGM . . . . . 11:00 a.m. on  
Wednesday, 23 July 2025

Announcement of poll results of the EGM . . . . . Wednesday, 23 July 2025

Re-opening of the register of members of the Company. . . . . Thursday, 24 July 2025

**The following events are conditional on the fulfilment of the conditions for the  
implementation of the Share Consolidation and therefore the dates are tentative:**

### Events

### Timeline

Effective date of the Share Consolidation. . . . . Friday, 25 July 2025

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## EXPECTED TIMETABLE

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First day of free exchange of existing share certificates of the Existing Shares for new share certificates for the Consolidated Shares . . . . .	Friday, 25 July 2025
Commencement of dealings in the Consolidated Shares . . . . .	9:00 a.m. on Friday, 25 July 2025
Original counter for trading in the Existing Shares in board lots of 5,000 Existing Shares (in the form of existing share certificates) temporarily closes . . . . .	9:00 a.m. on Friday, 25 July 2025
Temporary counter for trading in the Consolidated Shares in temporary board lots of 500 Consolidated Shares (in the form of existing share certificates) opens . . . . .	9:00 a.m. on Friday, 25 July 2025
Original counter for trading in the Consolidated Shares in board lot of 5,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens . . . . .	9:00 a.m. on Friday, 8 August 2025
Parallel trading in the Existing Shares and the Consolidated Shares (in the form of existing share certificates of the Existing Shares and new share certificates of the Consolidated Shares) commences . . . . .	9:00 a.m. on Friday, 8 August 2025
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares . . . . .	9:00 a.m. on Friday, 8 August 2025
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares . . . . .	4:00 p.m. on Thursday, 28 August 2025

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## EXPECTED TIMETABLE

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Temporary counter for trading in the Consolidated Shares in temporary board lot of 500 Consolidated Shares (in the form of existing share certificates) closes . . . . . 4:10 p.m. on Thursday, 28 August 2025

Parallel trading in the Existing Shares and the Consolidated Shares (in the form of existing share certificates of the Existing Shares and new share certificates of the Consolidated Shares) ends . . . . . 4:10 p.m. on Thursday, 28 August 2025

Last day for free exchange of existing share certificates of the Existing Shares for new share certificates for the Consolidated Shares . . . . . Monday, 1 September 2025

**The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reduction and the Sub-division and therefore the dates are tentative:**

Events	Timeline
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Expected effective time of the Capital Reduction and the Sub-division . . . . .	Before 9:00 a.m. on Tuesday, 23 September 2025
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First day of free exchange of existing share certificates of the Consolidated Shares for new share certificates for the New Ordinary Shares . . . . .	Tuesday, 23 September 2025
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Last day for free exchange of existing share certificates of the Consolidated Shares for new share certificates for the New Ordinary Shares. . . . .	Friday, 14 November 2025
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**The following events are conditional on the fulfilment of the condition(s) for the implementation of the Rights Issue:**

Events	Timeline
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Last day of dealings in the New Ordinary Shares on a cum-rights basis of the Rights Issue . . . . .	Tuesday, 23 September 2025
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## EXPECTED TIMETABLE

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First day of dealings in the New Ordinary Shares on an ex-rights basis of the Rights Issue .....	Wednesday, 24 September 2025
Latest time for lodging transfer of Shares and related documents in order to qualify for the Rights Issue .....	4:30 p.m. on Thursday, 25 September 2025
Closure of register of members of the Company to determine the entitlements to the Rights Issue .....	Friday, 26 September 2025 to Friday, 3 October 2025 (both days inclusive)
Record Date for determining entitlements to the Rights Issue .....	Friday, 3 October 2025
Re-opening of the register of members of the Company .....	Monday, 6 October 2025
Expected publication date of the Prospectus Documents (including the Prospectus and the PAL(s); and in the case of the Non-Qualifying Shareholders, the Prospectus only) .....	Monday, 6 October 2025
First day of dealings in nil-paid Rights Shares in the board lot size of 5,000 Rights Shares .....	Thursday, 9 October 2025
Latest time for splitting of the PAL(s) .....	4:00 p.m. on Monday, 13 October 2025
Last day of dealings in nil-paid Rights Shares in the board lot size of 5,000 Rights Shares .....	Thursday, 16 October 2025
Latest time for acceptance of, and payment for, the Rights Shares .....	4:00 p.m. on Tuesday, 21 October 2025
Announcement of the number of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares subject to the Compensatory Arrangements .....	Monday, 27 October 2025
Commencement of the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent. ....	Tuesday, 28 October 2025

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## EXPECTED TIMETABLE

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Latest time for the placing of the Unsubscribed Rights Shares and  
the NQS Unsold Rights Shares by the Placing Agent . . . . . 4:00 p.m. on  
Thursday, 30 October 2025

Latest Time for Termination . . . . . 4:00 p.m. on  
Friday, 31 October 2025

Announcement of the results of Rights Issue (including the results  
of the placing of the Unsubscribed Rights Shares and the NQS  
Unsold Rights Shares by the Placing Agent and the amount of  
the Net Gain per the Unsubscribed Rights Shares and the NQS  
Unsold Rights Shares under the Compensatory Arrangements) . . . . Thursday, 6 November 2025

Despatch of certificates for fully-paid Rights Shares . . . . . Friday, 7 November 2025

Despatch of refund cheques if the Rights Issue is terminated . . . . . Friday, 7 November 2025

Commencement of dealings in fully-paid Rights Shares . . . . . Monday, 10 November 2025

Designated broker starts to stand in the market to provide  
matching services for odd lots of shares . . . . . Monday, 10 November 2025

Payment of the Net Gain (if any) to relevant No Action  
Shareholders (if any) . . . . . Monday, 10 November 2025

Designated broker ceases to stand in the market to provide  
matching services for odd lots of Shares. . . . . Tuesday, 9 December 2025

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Capital Reorganisation and the Rights Issue set out above and all dates and deadlines specified in this circular are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.



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## EXPECTED TIMETABLE

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### EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place as scheduled if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoons issued by the Hong Kong Observatory:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Time for Acceptance falls. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warning 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 the currently scheduled date, the dates mentioned in the section headed “EXPECTED TIMETABLE” in this circular may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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## DEFINITIONS

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

“acting in concert”	has the same meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 23 May 2025 in relation to, among other things, the Capital Reduction, Capital Reorganisation and Rights Issue
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“associate(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of directors of the Company
“Business Day(s)”	means a day (other than a Saturday and a day on which “extreme conditions” is announced by the Government of Hong Kong or a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted 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 business throughout their normal business hours
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled; and (b) the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01 by cancelling the paid-up share capital to the extent of HK\$0.99 per issued Consolidated Share

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## DEFINITIONS

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“Capital Reorganisation”	the proposed capital reorganisation involving the Share Consolidation, the Capital Reduction and the Share Sub-division
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China” or “Mainland China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Companies Act”	the Companies Act, Cap. 22 (As Revised), of the Cayman Islands as consolidated and revised
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Grand Talents Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (stock code: 8516)
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 10.31(1)(b) of the GEM Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this circular
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Consolidated Share(s)”	ordinary share(s) with par value of HK\$1.00 each in the share capital of the Company immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Sub-division becoming effective
“controlling shareholder(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Court”	the Grand Court of the Cayman Islands
“Director”	the director(s) of the Company

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## DEFINITIONS

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“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the proposed Capital Reorganisation and the proposed Rights Issue
“Existing Share(s)”	ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the same meaning ascribed to it under the GEM Listing Rules
“Group”	the Company and its subsidiaries
“Hangzhou Qiandaohu”	Hangzhou Qiandaohu Yizhiyuan Biotechnology Co., Ltd.* (杭州千島湖逸之園生物科技有限公司), a company incorporated in PRC
“Hangzhou Qiandaohu Service Agreement”	the service agreement entered into between the Huanren Yuntai and Hangzhou Qiandaohu Yizhiyuan Biotechnology Co., Ltd. on 24 April 2025
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huanren Hehegu”	Huanren Hehegu Ginseng Industry Co., Ltd.* (桓仁合和谷參業有限公司), a company incorporated in PRC
“Huanren Hehegu Service Agreement”	the service agreement entered into between the Huanren Yuntai and Huanren Hehegu Ginseng Industry Co., Ltd. on 24 April 2025
“Huanren Yuntai”	Huanren Yuntai Construction Engineering Technology Co., Ltd., a wholly owned subsidiary of the Company

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## DEFINITIONS

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“Independent Board Committee”	an 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 transactions contemplated thereunder
“Independent Financial Adviser”	Diligent Capital Limited, a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance being the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the Rights Issue and the transaction contemplated thereunder
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
“Independent Third Party(ies)”	any persons or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, are third parties independent of and not connected with the Company and its connected persons (or any of their respective associate)
“Latest Practicable Date”	24 June 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Last Trading Day”	23 May 2025, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 21 October 2025 or such later time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Friday, 31 October 2025 or such later time or date for the termination of the Placing Agreement
“Mr. Chu”	Mr. CHU Jinzhe, the executive Director of the Company

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## DEFINITIONS

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“Mr. Ha”	Mr. HA Chak Hung, the chairman and executive Director of the Company
“Mr. Ip”	Mr. IP Chu Shing, the chief executive officer and executive Director of the Company
“Net Gain”	any premiums paid by the independent placee(s) over the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements
“New Ordinary Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“No Action Shareholders”	the Qualifying Shareholders who do not subscribe for the Rights Shares under the PAL(s) or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed (including the Non-Qualifying Shareholder in respect of NQS Unsold Rights Shares)
“Non-Qualifying Shareholder(s)” or “NQS”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue 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
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue

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## DEFINITIONS

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“Placee(s)”	professional, individuals, corporate, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall not be a Shareholder and shall be Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agents to subscribe for the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Pinestone Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 23 May 2025 entered into between the Company and the Placing Agent in respect of the Placing Arrangement
“Placing Arrangement”	conditional Placing Agreement dated 23 May 2025 entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	collectively, the Prospectus and PAL
“Prospectus Posting Date”	Monday, 6 October 2025 or such other date as may be agreed by the Company, being the expected date the Prospectus Documents will be made available and/or sent (as the case may be) to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Friday, 3 October 2025 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined

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## DEFINITIONS

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“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the proposed issue of the Rights Shares on the basis of five (5) Rights Shares for every two (2) New Ordinary Shares held on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	up to 41,106,000 New Ordinary Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders pursuant to the Rights Issue, assuming no change in the number of New Ordinary Shares in issue on or before the Record Date
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the New Ordinary Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares with par value of HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share with par value of HK\$1.00 each
“Shareholder(s)”	holder(s) of issued Share(s)
“Specified Event”	an event occurring or matter arising on or after the date of the Placing Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of the warranties contained under the Placing Agreement untrue or inaccurate in a material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



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## DEFINITIONS

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“Sub-division”	the proposed sub-division of each authorised but unissued Consolidated Share with par value of HK\$1.00 each into 100 authorised but unissued New Ordinary Shares with par value of HK\$0.01 each
“Subscription Price”	HK\$0.67 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Tonghua Shanbao”	Tonghua County Shanbao Deer Industry Co., Ltd.* (通化縣山寶鹿業有限責任公司), a company incorporated in PRC
“Tonghua Shanbao Service Agreement”	the service agreement entered into between the Huanren Yuntai and Tonghua County Shanbao Deer Industry Co., Ltd. on 24 April 2025
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or renouncee(s) or transferee(s) of the nil-paid Rights under PAL(s)
“%”	per cent

*Certain figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as the percentage equivalents may not be an arithmetic sum of such figures. Any discrepancy in any table between totals and sums of amounts listed in this circular is due to rounding.*



**GRAND TALENTS GROUP HOLDINGS LIMITED**

**廣駿集團控股有限公司**

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

**(Stock Code : 8516)**

*Executive Directors:*

Mr. Ha Chak Hung (*Co-Chairman*)

Mr. Ip Chu Shing (*Chief Executive Officer*)

Mr. Chu Jinzhe (*Co-Chairman*)

*Registered office:*

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

*Independent Non-Executive Directors:*

Ms. Tang Shui Man

Dr. Fok Wai Sun

Ms. Liu Yuchao

*Head Office and Principal Place of Business*

*in Hong Kong:*

Office 15, 9/F., Mega Cube

No. 8 Wang Kwong Road

Kowloon

Hong Kong

2 July 2025

*To the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders*

Dear Sir or Madam,

- (1) PROPOSED CAPITAL REORGANISATION;**  
**(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF**  
**FIVE (5) RIGHTS SHARES FOR EVERY TWO (2) NEW**  
**ORDINARY SHARE HELD ON THE RECORD DATE;**  
**(3) CLOSURE OF REGISTER OF MEMBERS;**  
**AND**  
**(4) NOTICE OF EGM**

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## LETTER FROM THE BOARD

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### INTRODUCTION

Reference is made to the announcements of the Company dated 23 May 2025, 4 June 2025, 5 June 2025, 17 June 2025 and 24 June 2025, in relation to, among other matters, the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. The purpose of this circular is to provide you with, among other things, (i) further details of the Capital Reorganisation; (ii) further details of the Rights Issue and the Placing Agreement; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue and the transactions contemplated thereunder; and (v) a notice of the EGM.

### (I) PROPOSED 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 Existing Shares with par value of HK\$0.10 each, of which 164,424,000 Existing Shares have been issued and are fully paid or credited as fully paid. The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares with par value of HK\$0.10 each be consolidated into one (1) Consolidated Share with par value of HK\$1.00 each.

As at the Latest Practicable Date, the closing price of the Existing Share of the Company was HK\$0.089 with the board lot size of 5,000 Existing Shares, the existing board lot value was only approximately HK\$445 which was less than HK\$2,000. The Company's share prices have ranged from HK\$0.086 to HK\$0.139 and the value of each board lot has remained below HK\$2,000 most of the time for the past six months.

The "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Stock Exchange on 28 November 2008 and updated on 1 October 2020 has stated that (i) market price of the shares at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000. The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares with par value of HK\$0.10 each be consolidated into one (1) Consolidated Share with par value of HK\$1.00 each. The proposed Share Consolidation will bring about a corresponding upward adjustment in the expected value per board lot, resulting in the theoretical closing price of HK\$0.89 per Consolidated Share and the expected market value of each board lot of HK\$4,450 (based on the current closing price of HK\$0.089 per Existing Share as at the Latest Practicable Date) and will enable the Company to comply with the trading

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## LETTER FROM THE BOARD

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requirements under the GEM Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

Accordingly, the Board is of the view that the proposed Share Consolidation is beneficial to and in the interest of the Company and the Shareholders as a whole, and that will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders.

### **Effect of the Share Consolidation**

Immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction becoming effective, and assuming there will be no change in the number of Existing Shares in issue from the Latest Practicable Date to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$20,000,000 divided into 20,000,000 Consolidated Shares with par value of HK\$1.00 each, of which 16,442,400 Consolidated Shares will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, all the Consolidated Shares will rank *pari passu* in all respects with each other.

The implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Group and the interests and rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled thereto.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional on the following conditions being fulfilled:

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

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## LETTER FROM THE BOARD

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Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Friday, 25 July 2025, being one clear Business Day immediately after the date of the EGM.

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

### **Listing and dealings**

Application will be made to the GEM Listing Committee of 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.

The Consolidated Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or 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 trading day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

None of the Existing Shares or any debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Fractional entitlement to the Consolidated Shares**

Any fractional Consolidated Share arising from the Share Consolidation, if any, will be cancelled and will not be allocated to the Shareholders otherwise entitled thereto. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

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## LETTER FROM THE BOARD

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Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers and may wish to consider the possibility of buying or selling the Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

### **Adjustments in relation to other securities of the Company**

As at the Latest Practicable Date, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

The terms of the share option scheme were adopted by the Company on 21 September 2018. As at the Latest Practicable Date, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the share option scheme adopted by the Company on 21 September 2018 (“**Share Option Scheme**”). As at the Latest Practicable Date, the number of options available for grant under the Share Option Scheme is 4,800,000 Existing Share, 480,000 Consolidated Shares upon the Share Consolidation becoming effectives, and 480,000 New Ordinary Shares upon the Capital Reorganisation becoming effective.

### **Reasons for the Share Consolidation**

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an 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 proceed with a consolidation or splitting of its securities.

The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange on 28 November 2008 and updated on 1 October 2020 has stated that (i) market price of the shares at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

As at the Latest Practicable Date, the closing price of an Existing Share of the Company was HK\$0.089, with the board lot size of 5,000 Existing Shares, the existing board lot value was only approximately HK\$445, which was less than HK\$2,000.

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## LETTER FROM THE BOARD

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The Directors reviewed the Company's share price for the six months from 25 November 2024 to the Last Trading Day, the Company recorded the highest trading price at HK\$0.139 on 2 December 2024 and 21 January 2025 and the lowest trading price at HK\$0.086 on 7 April 2025 and 26 June 2025, with board lot size of 5,000 Existing Shares, the market value of each board lot was HK\$695 and HK\$430, respectively, which was less than HK\$2,000.

In view of the prolonged period of share prices approaching extremity, the Directors consider that the proposed Share Consolidation will bring about a corresponding upward adjustment in the expected value per board lot, resulting in the theoretical closing price of HK\$0.89 per Consolidated Share and the expected market value of each board lot of HK\$4,450 (based on the current closing price of HK\$0.089 per Existing Share as at the Latest Practicable Date) and will enable the Company to comply with the trading requirements under the GEM Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

Accordingly, the Board is of the view that the proposed Share Consolidation is beneficial to and in the interest of the Company and the Shareholders as a whole, and that will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders.

As at the Latest Practicable Date, save for the proposed Rights Issue, the Company has no plan or intention to carry out any corporate actions which may have an effect of undermining or negating the intended purpose of the Share Consolidation in the next twelve (12) months.

However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Group. The Company will make further announcement(s) in this regard in accordance with the GEM Listing Rules as and when appropriate.

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

In order to alleviate the difficulties arising from the existence of odd lot of the Consolidated Shares arising from the Share Consolidation, the Company has appointed an agent to stand in the market to provide matching services for sale and purchase of odd lot of the Consolidated Shares 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.

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## LETTER FROM THE BOARD

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Shareholders who wish to take advantage of this facility should contact Mr. Wilson Lee at Pinestone Securities Limited at 1807, 18/F., China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong (telephone number: (852) 3728 0828) from 9:00 a.m. on Friday, 8 August 2025 to 4:00 p.m. on Thursday, 28 August 2025.

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

### **Exchange of share certificates for the Consolidated Shares**

Should the Share Consolidation become effective, Shareholders may submit share certificates for the Existing Shares to the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for exchange, at the expense of the Company, from Friday, 25 July 2025 to Monday, 1 September 2025, for new share certificates for the Consolidated Shares.

Thereafter, all existing certificates of the Existing Shares will continue to be good evidence of title to the Consolidated Shares on the basis of ten (10) Existing Shares for every one (1) Consolidated Share, and may 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) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever is higher. The existing share certificates of the Existing Shares will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on 28 August 2025, and thereafter will not be accepted for delivery, trading and settlement purposes. The new share certificates for the Consolidated Shares will be issued in light blue in order to distinguish them from the share certificates for the Existing Shares which are in yellow.

### **(II) PROPOSED CAPITAL REDUCTION AND THE SUB-DIVISION**

The Board further proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Sub-division will be implemented in the following manner:

- (i) the Capital Reduction whereby (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled, and (b) the par value of each issued Consolidated Share will be reduced from HK\$1.00 to



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## LETTER FROM THE BOARD

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HK\$0.01 by cancelling the paid-up share capital to the extent of HK\$0.99 per issued Consolidated Share, so that following such reduction, each issued Consolidated Share shall become one New Ordinary Share with par value of HK\$0.01 each;

- (ii) the credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of the credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate;
- (iii) immediately following the Capital Reduction becoming effective, each authorised but unissued Consolidated Share will be subdivided into 100 authorised but unissued New Ordinary Shares with par value of HK\$0.01 each; and
- (iv) each of the New Ordinary Shares arising from the Capital Reduction and the Sub-division shall rank *pari passu* in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

### Conditions of the Capital Reduction and the Sub-division

The Capital Reduction and the Sub-division are conditional on the following conditions being fulfilled:

- (i) the Share Consolidation being approved at the EGM and becoming effective;
- (ii) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reduction and the Sub-division;
- (iii) an order being made by the Court confirming the Capital Reduction (if applicable);
- (iv) compliance with any terms and conditions which the Court may impose in relation to the Capital Reduction (if applicable);
- (v) registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction (if applicable) and the minute containing the particulars required under the Companies Act with respect to the Capital Reduction; and

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## LETTER FROM THE BOARD

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- (vi) the GEM Listing Committee granting the listing of, and permission to deal in, the New Ordinary Shares in issue and to be issued upon the Capital Reduction and the Sub-division becoming effective.

The Capital Reduction and the Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reduction and the Sub-division at the EGM, the legal advisers to the Company (as to the Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction (if applicable) and a further announcement will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed (if applicable).

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

### **Reasons for and effects of the Capital Reduction and the Sub-division**

The proposed Capital Reduction and the Sub-division (assuming the Share Consolidation becomes effective) will enable the par value of the Consolidated Shares to be reduced from HK\$1.00 to HK\$0.01 each. The credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to the distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate.

The Directors are of the opinion that the proposed Capital Reduction and the Sub-division will:

- (i) give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future; and
- (ii) enable the nominal or par value of the Shares to be reduced from HK\$1.00 (assuming the Share Consolidation becomes effective) to a lower level of HK\$0.01 each, thus giving greater flexibility to the Company to issue new Shares in the future given that the Company is not permitted, without order of the Court, to issue new Shares below their nominal or par value.

As such, the Directors are of the view that the Capital Reduction and the Sub-division are in the best interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, save as disclosed in this circular, the Company has no intention to carry out other corporate actions or arrangement, including share consolidation, share sub-division and capital reduction, in the next 12 months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation, and save for the proposed Rights Issue, the Company does not have any concrete plan to conduct any equity fund raising activities in the next 12 months. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

### **Listing of and dealings in the New Ordinary Shares**

Application will be made to the GEM Listing Committee for the listing of, and permission to deal in, the New Ordinary Shares arising from the Capital Reduction and the Sub-division.

The New Ordinary Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the New Ordinary Shares on the Stock Exchange as well as compliance with the stock admission requirements of the HKSCC, the New Ordinary Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Ordinary Shares on the Stock Exchange or 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 HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Ordinary Shares to be admitted into CCASS established and operated by HKSCC.

As the Court hearing date(s) has yet to be fixed, the effective date of the Capital Reduction and the Sub-division is not ascertainable at present.

### **No change in board lot size**

As at the Latest Practicable Date, the Existing Shares are currently traded on the Stock Exchange in the board lot size of 5,000 Existing Shares. Upon the Capital Reorganisation becoming effective, the board lot size for trading in the New Ordinary Shares will remain unchanged at 5,000 New Ordinary Shares per board lot. The New Ordinary Shares will rank pari passu in all respects with each other.

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## LETTER FROM THE BOARD

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### **Exchange of share certificates for the New Ordinary Shares**

Should the Capital Reduction and the Sub-division become effective, Shareholders may submit share certificates for the Consolidated Shares to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for exchange, at the expense of the Company, from Tuesday, 23 September 2025 to Friday, 14 November 2025, for new share certificates for the New Ordinary Shares.

Details of such exchange of share certificates will be announced as soon as the Court hearing date(s) and the effective date of the Capital Reduction and the Sub-division are ascertained.

Thereafter, all existing certificates of the Existing Shares and/or the Consolidated Shares will continue to be good evidence of title to the New Ordinary Shares, and may 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) by the Shareholders for each share certificate for the Existing Shares and/or the Consolidated Shares submitted for cancellation or each new share certificate issued for the New Ordinary Shares, whichever is higher. The share certificates of the Consolidated Shares will only be valid for delivery, trading and settlement purposes for the period up to Friday, 14 November 2025, and thereafter will not be accepted for delivery, trading and settlement purposes.

The new share certificates for the New Ordinary Shares will be issued in purple in order to distinguish them from the existing share certificates of the Existing Shares in yellow and the existing share certificates of the Consolidated Shares in light blue.

### **Effect of the Capital Reorganisation**

As at the Latest Practicable Date, 164,424,000 Existing Shares have been issued and are fully paid or credited as fully paid. Immediately upon the Share Consolidation, the Capital Reduction and the Sub-division becoming effective and assuming no further Existing Shares or (as the case may be) Consolidated Shares will be issued or repurchased from the Latest Practicable Date up to and including the date of which the Share Consolidation, the Capital Reduction and the Sub-division shall become effective, the authorised share capital of the Company shall be HK\$20,000,000 divided into 2,000,000,000 New Ordinary Shares with par value of HK\$0.01 each, of which 16,442,400 New Ordinary Shares will be in issue and fully paid or credited as fully paid.

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## LETTER FROM THE BOARD

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Assuming that the par value of each of the 16,442,400 issued Consolidated Shares will be reduced from HK\$1.00 to HK\$0.01 per issued New Ordinary Share by cancelling the paid up share capital to the extent of HK\$0.99 per issued Consolidated Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of HK\$0.01 each, the Company's existing issued share capital of HK\$16,442,400 will be reduced by HK\$16,277,976 to HK\$164,424.

Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to the effective date of the Capital Reorganisation, the share capital structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Share Consolidation; and (iii) immediately upon the Capital Reduction and the Sub-division becoming effective are summarised as follows:

	<b>As at the Latest Practicable Date</b>	<b>Immediately after the completion of the Share Consolidation but prior to the Capital Reduction and the Sub-division</b>	<b>Immediately upon the Capital Reduction and the Sub-division becoming effective</b>
Par value	HK\$0.10 per Existing Share	HK\$1.00 per Consolidated Share	HK\$0.01 per New Ordinary Share
Amount of authorised share capital	HK\$20,000,000	HK\$20,000,000	HK\$20,000,000
Number of authorised shares	200,000,000 Existing Shares	20,000,000 Consolidated Shares	2,000,000,000 New Ordinary Shares
Amount of the issued share capital	HK\$16,442,400	HK\$16,442,400	HK\$164,424
Number of issued shares	16,424,000 Existing Shares	16,442,400 Consolidated Shares	16,442,400 New Ordinary Shares

Other than the expenses to be incurred in relation to the Share Consolidation, the Capital Reduction and the Sub-division, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be

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## LETTER FROM THE BOARD

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allocated to the Shareholders who may otherwise be entitled. The Directors are of the view that the Capital Reduction and the Sub-division will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

**Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraphs headed “Conditions of the Share Consolidation” and “Conditions of the Capital Reduction and the Sub-division” in this circular. Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities, the New Ordinary Shares and/or nil-paid Rights Shares of the Company. If they are in doubt, they should consult their professional advisers.**

### **(III) PROPOSED RIGHTS ISSUE**

The Board proposes, subject to the Capital Reorganisation becoming effective, to conduct the Rights Issue on the basis of five (5) Rights Shares for every two (2) New Ordinary Share held by Qualifying Shareholders on the Record Date.

Details of the Rights Issue are set out below:

#### **Rights Issue statistics**

Basis of the Rights Issue	Five (5) Rights Shares for every two (2) New Ordinary Share held by the Qualifying Shareholders on the Record Date
Subscription Price	HK\$0.67 per Rights Share
Net price per Rights Shares (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	Approximately HK\$0.61 per Rights Share
Number of Existing Shares in issue as at the Latest Practicable Date	164,424,000 Existing Shares

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## LETTER FROM THE BOARD

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Number of New Ordinary Shares in issue upon the Capital Reorganisation becoming effective	16,442,400 New Ordinary Shares
Number of Rights Shares (Shares to be issued pursuant to the Rights Issue)	Up to 41,106,000 Rights Shares (assuming there is no change to the total number of New Ordinary Shares in issue on or before the Record Date)
	The aggregate nominal value of the Rights Shares will be HK\$411,060
Total number of New Ordinary Shares in issue upon completion of the Rights Issue	Up to 57,548,400 New Ordinary Shares (assuming there is no change to the total number of New Ordinary Shares in issue on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)
Gross proceeds from the Rights Issue (before deducting the necessary expenses)	Up to approximately HK\$27.5 million before expenses (assuming there is no change to the total number of New Ordinary Shares in issue on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)

As at the Latest Practicable Date, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming there is no change in the total number of New Ordinary Shares in issue on or before the Record Date and that no New Ordinary Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 41,106,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represent (i) approximately 250.0% of the issued share capital of the Company immediately upon the Capital Reduction and the Sub-division becoming effective; and (ii) approximately 71.4% of the issued share capital of the Company upon the Capital Reorganisation becoming effective and as enlarged by the allotment and issue of the Rights Shares.

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## LETTER FROM THE BOARD

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### **Non-underwritten basis**

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. The Cayman legal adviser of the Company has confirmed that pursuant to the Company's constitutional documents and the Companies Act (as amended) of the Cayman Islands, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the ultimate subscription level.

In the event that the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders under PAL(s), or transferees of nil-paid Rights Shares together with the NQS Unsold Rights Shares will be placed to independent placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company, and hence, the size of the Rights Issue will be reduced accordingly.

The Shareholder who applies to take up 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 (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder 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. There is no minimum amount to be raised under the Rights Issue.

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.**

### **Undertakings**

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any Shareholder of their intention as to whether such Shareholder will take up his/her entitlements under the Rights Issue (or otherwise).

### **Subscription Price**

The Subscription Price of HK\$0.67 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, or where a transferee of the nil-paid Rights applies for the Rights Shares.



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## LETTER FROM THE BOARD

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The Subscription Price represents:

- (i) a discount of approximately 33.00% to the theoretical closing price of HK\$1.00 per New Ordinary Share based on the closing price of HK\$0.100 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (ii) a discount of approximately 33.00% to the theoretical average closing price of approximately HK\$1.00 per New Ordinary Share based on the average closing price of approximately HK\$0.100 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iii) a discount of approximately 32.39% to the theoretical average closing price of approximately HK\$0.99 per New Ordinary Share based on the average closing price of approximately HK\$0.099 per Existing Share as quoted on the Stock Exchange for the last 10 consecutive trading days prior to the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iv) a discount of approximately 12.34% to the theoretical ex-rights price of approximately HK\$0.76 per New Ordinary Share based on the closing price of HK\$0.100 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and the number of New Ordinary Shares in issue upon the Capital Reorganisation becoming effective;
- (v) a discount of approximately 18.51% to the latest published audited consolidated net asset value per New Ordinary Share as at 31 March 2024 of approximately HK\$0.822 based on the net asset value of HK\$11,265,000 and 137,020,000 Existing Shares (representing 13,702,000 New Ordinary Shares) from the annual report of the Company published on 28 June 2024 for the year ended 31 March 2024 and the number of New Ordinary Shares in issue upon the Capital Reorganisation becoming effective. The Directors consider the discount represented by the Subscription Price to the audited consolidated net asset value per New Ordinary Share as at 31 March 2024 to be fair and reasonable with reasons set out below in this circular;
- (vi) a discount of approximately 38.15% to the latest published unaudited consolidated net asset value per New Ordinary Share as at 30 September 2024 of approximately HK\$1.083 based on the net asset value of HK\$14,842,000 and 137,020,000 Existing Shares (representing 13,702,000 New Ordinary Shares) from the interim report of the Company published on 20 December 2024 for the six months ended 30 September 2024 and the number of New Ordinary Shares in issue upon the Capital Reorganisation

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## LETTER FROM THE BOARD

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becoming effective. The Directors consider the discount represented by the Subscription Price to the unaudited consolidated net asset value per New Ordinary Share as at 30 September 2024 to be fair and reasonable with reasons set out below in this circular;

- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 23.57%, represented by the theoretical diluted price of approximately HK\$0.76 per New Ordinary Share to the benchmarked price of approximately HK\$1.00 per New Ordinary Share (as defined under 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price on the Last Trading Day of HK\$0.100 per Existing Share and (ii) the average of the closing prices of approximately HK\$0.100 per Existing Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the Last Trading Day and adjusted for the effect of the Capital Reorganisation); and
- (viii) a discount of approximately 24.72% to the theoretical closing price of HK\$0.89 per New Ordinary Share based on the closing price of HK\$0.089 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Capital Reorganisation.

The terms of the Rights Issue, including the Subscription Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among others, (i) the market price and trading liquidities of the Shares under the prevailing market conditions; and (ii) the latest business performance and financial position of the Group.

As all Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Board considers that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements to maintain their shareholdings in the Company, thereby minimizing possible dilution impact.

The Board considers that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole, after taking into account the following factors:

- (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market;
- (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; and

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## LETTER FROM THE BOARD

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- (iii) the Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a discount to the recent closing price.

The estimated net price per Rights Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$0.61.

### **Status of the Rights Shares**

The Rights Shares (when allotted, fully-paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the New Ordinary Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares. 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.

### **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 as at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s)) must be lodged with the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 25 September 2025.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and 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.

It is expected that the last day of dealings in the Shares on a cum-rights basis is Tuesday, 23 September 2025, and the Shares will be dealt with on an ex-rights basis from Wednesday, 24 September 2025.

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## LETTER FROM THE BOARD

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Qualifying Shareholders who take up their pro-rata entitlement in full under the Rights Issue will not experience 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.

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

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.**

### **Closure of register of members**

The register of members of the Company will be closed from Friday, 26 September 2025 to Friday, 3 October 2025 (both dates inclusive) for the purpose of determining the Shareholders' entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be five (5) Rights Share for every two (2) New Ordinary Shares in issue and held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents. Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by lodging a duly completed PAL with a remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance. Any holdings (or balance of holdings) of less than two (2) New Ordinary Shares will not entitle their holders to be provisionally allotted five (5) Rights Shares. Please refer to the arrangement as referred to in the paragraph headed "Fractional entitlements to the Rights Shares" below.

### **Non-Qualifying Shareholders**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PAL to them. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

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## LETTER FROM THE BOARD

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The Board will comply with Rule 17.41(1) of the GEM Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

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

Any NQS Unsold Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying 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 NQS 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 Rights Shares in nil-paid form 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.

Based on the register of members of the Company, as at the Latest Practicable Date, the Company has no Overseas Shareholder.

***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, Non-Qualifying Shareholders should exercise caution when dealing in the Shares.***

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## LETTER FROM THE BOARD

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*Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to GEM Listing Rule. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.*

**Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements.**

The Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance 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 on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than 4:00 p.m., on Thursday, 30 October 2025, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares if a premium over the Subscription Price can be obtained. Any Unsubscribed Rights Shares and the NQS 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 a pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

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

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in “A” and “B” 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 may or may not receive any Net Gain.

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## LETTER FROM THE BOARD

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### Arrangement on odd lot trading

In order to alleviate the difficulties arising from the Rights Issue, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from 9:00 a.m. on Monday, 10 November 2025 to 4:00 p.m. on Tuesday, 9 December 2025 (both dates inclusive). Holders of the Shares in odd lots represented by the existing certificates for the Shares who wish to take advantage of this facility either to acquire odd lots of the Shares to make up a full board lot or dispose of their odd lots of the Shares may, directly or through their broker, contact Mr. Wilson Lee of Pinestone Securities Limited at 1807, 18/F., China Resources Building, 26 Harbour Road, Wan Chai (telephone number: 3728 0828) during such period. Holders of odd lots of the Shares should note that successful matching of the sale and purchase of odd lots of the Shares is on the best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

### Placing Agreement for Unsubscribed Rights Shares and the NQS Unsold Rights Shares

On 23 May 2025 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Details of the Placing Agreement are summarised below:

Date	:	23 May 2025 (after trading hours)
Issuer	:	the Company
Placing Agent	:	Pinestone Securities Limited, appointed as the bookrunner and placing agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis. The Placing Agent confirmed that it is a licensed corporation to carry out type 1 (dealing in securities) regulated activities under the SFO.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner are Independent Third Parties of the Company and its Connected Persons.

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## LETTER FROM THE BOARD

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- Fees and expenses : The commission payable to the Placing Agent shall be 3% of the actual gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares.
- The Company will pay all out-of-pocket expenses properly and reasonably incurred by the Placing Agent in connection with the Placing (excluding legal and other professional fees and expenses) which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.
- Placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe) : The placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe) shall be at least equal to the Subscription Price.
- Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to placees, who shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company and the connected person of the Company.
- Ranking of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the New Ordinary Shares in issue as at the Latest Practicable Date.



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## LETTER FROM THE BOARD

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- Termination : If at any time prior to the Latest Time for Termination:
- (i) the Company fails to comply with its obligations under the Placing Agreement; or
  - (ii) the occurrence of any force majeure events; or
  - (iii) any of the warranties of the Company under the Placing Agreement is not, or has ceased to be, true, accurate and not misleading in any respect by reference to the facts subsisting at the time,
- and such matter in the reasonable opinion of the Placing Agent to be material in the context of the Placing Arrangement then the Placing Agent may by giving notice in writing to the Company terminate the Placing Agent's obligation under the Placing Agreement and the Placing Agreement shall be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach thereunder prior to such termination.
- Further, if all the Rights Shares have been taken up by the Qualifying Shareholders and/or the holders of the nil-paid rights on or before the Latest Time for Acceptance, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach thereunder prior to such termination.
- Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:
- (i) the GEM Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares;

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## LETTER FROM THE BOARD

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- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

The engagement between the Company and the Placing Agent for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares was determined after arm's length negotiations between the Placing Agent and the Company. The Directors consider the fee charged by the Placing Agent is no less favourable to the Company than the commission in recent placing transactions and therefore the terms of the Placing Arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are on normal commercial terms. The Directors believe that the expenses are typical and ordinary in the marketing of securities.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and NQS Unsold Rights Shares to the Company; (ii) a channel of participation in the Rights Issue for independent investors; and (iii) a compensatory mechanism for the No Action Shareholders, the Company considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interests of the Company's minority Shareholders.

### **Fractional entitlements to the Rights Shares**

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and sold by the Company in the open market if a premium (net of expenses) can be obtained. Any of the Rights Shares remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Friday, 7 November 2025 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. If the Rights Issue does not become unconditional, refund cheques will be despatched on or before Friday, 7 November 2025 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

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## LETTER FROM THE BOARD

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### **Application for the Rights Shares**

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

### **Application for listing of the Rights Shares**

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

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the 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.

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## LETTER FROM THE BOARD

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Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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

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

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

### **Undertaking**

As at the Latest Practicable Date, the Company had not received any information or undertaking from any Shareholder as to whether such Shareholder intends to take up his/her entitlements under the Rights Issue (or otherwise).

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

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## LETTER FROM THE BOARD

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### Conditions of the Rights Issue

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

- (i) the passing by the Shareholders or Independent Shareholders (as the case may be) at the EGM of the necessary resolution(s) to approve the Capital Reorganisation, 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;
- (ii) the Capital Reorganisation having become effective by no later than the Prospectus Posting Date;
- (iii) the GEM Listing Committee granting and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms and such listing and permission to deal not having been withdrawn or revoked;
- (iv) the provision to the Stock Exchange for authorisation and the filing and registration with the Companies Registry in Hong Kong respectively one duly certified copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (v) following registration, the Prospectus Documents be made available and/or sent (as the case may be) to the Qualifying Shareholders (and, where applicable, to the Non-Qualifying Shareholder(s), if any, for information purpose only) and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Prospectus Posting Date;
- (vi) the Company having complied with the requirements under all applicable laws and regulations; and
- (vii) the Placing Agreement not being terminated pursuant to the terms thereof and remaining in full force and effect.

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## LETTER FROM THE BOARD

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None of the above conditions can be waived. The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. If any of the conditions above are not fulfilled, the Rights Issue will not proceed. As at the Latest Practicable Date, none of the above conditions has been fulfilled.

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

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

#### Reasons for the Rights Issue

The Company is engaged in civil engineering works regarding repairing and maintaining structures of roads and highways in Hong Kong, with focus in Kowloon and Hong Kong Islands.

Reference is made to the annual report for the financial year ended 31 March 2024, where the Company had disclosed that the revenue of the Group was approximately HK\$17.0 million for the year ended 31 March 2024 representing a decrease from approximately HK\$29.4 million of the year ended 2023, which was mainly due to completion of the repair and maintenance work project.

To diversify its construction business and explore new revenue streams, the Company has established a dedicated team to seek new business opportunities in the PRC. The Company has located some potential construction projects in the traditional Chinese medicine and healthcare industries in the PRC.

The Company has entered into legally binding agreements with Huanren Hehegu, Tonghua Shanbao and Hangzhou Qiandaohu in relation to construction projects, respectively.

The Company has entered into the Huanren Hehegu Service Agreement dated 24 April 2025 with Huanren Hehegu, according to the Huanren Hehegu Service Agreement, the Company has agreed to a construction project of developing the ginseng cultivation base located in Wulidianzi Town, Huanren Manchu Autonomous County, Benxi City, Liaoning Province, PRC (“**Project Huanren Hehegu**”).

Huanren Hehegu, a company engaged in ginseng cultivation and medicinal herb processing in the PRC with registered capital of RMB10 million, is planning to develop a ginseng cultivation base in Wulidianzi Town, Huanren Manchu Autonomous County, Benxi City, Liaoning Province. According to the information provided, Huanren Hehegu owns a private forest of approximately

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108.7 mu located in Group 15, Huashudianzi Village, Wulidianzi Town. Project Huanren Hehegu aims to establish a cultivation base within this area to support its long-term production and processing capacity.

Project Huanren Hehegu is scheduled to commence in the second half of 2025 and is expected to be implemented in several stages. The initial phase will involve site preparation, infrastructure development (including access roads, and utility connections), second phase will establish cultivation facilities and support structures such as storage, and processing areas. The project is expected to last approximately 12 months from commencement to completion.

The Company has entered into the Tonghua Shanbao Service Agreement dated 24 April 2025 with Tonghua Shanbao in relation to a construction project for the sika deer breeding facility located in Kuaidamao Town, Tonghua County, Tonghua City, Jilin Province, PRC (“**Project Tonghua Shanbao**”).

Tonghua Shanbao is a well-established enterprise specializing in sika deer breeding and deer product processing in the PRC with registered capital of RMB10 million. Tonghua Shanbao manages 30 deer sheds with over 1,200 sika deer currently and has extensive experience in large-scale deer farming and cooperative development. Tonghua Shanbao is planning to expand and modernize its breeding operations through the expansion of its sika deer breeding facility with the total area of approximately 32,600m<sup>2</sup> located in Fancheng Village, Kuaidamao Town, Tonghua County. The proposed construction project aims to upgrade and expand the existing breeding base to enhance production capacity and improve breeding conditions.

Project Tonghua Shanbao is scheduled to commence in the second half of 2025 and is estimated to take 9 months from initiation to completion, which will focus on construction activities including building new deer sheds, upgrading existing infrastructure, and installing modern breeding equipment. The nine-month construction phase of Tonghua Shanbao’s sika deer breeding facility expansion will be divided into stages. In the first two months, site preparation will be carried out, including land leveling, and soil testing. The third to fifth months will be the construction of new deer sheds and supporting facilities, alongside upgrades to the existing infrastructure. In the sixth and seventh months, it will be the installation of modern breeding equipment and feeding systems to optimize breeding efficiency. The eighth and ninth months will be interior finishing.

The Company has entered into the Hangzhou Qiandaohu Service Agreement dated 24 April 2025 with Hangzhou Qiandaohu in relation to a construction project for a wellness resort hotel located in Jiangjia Town, Chun’an County, Hangzhou City, Zhejiang Province, PRC (“**Project Hangzhou Qiandaohu**”).

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Hangzhou Qiandaohu is a health and wellness services company in the PRC, primarily focused on developing senior living apartments and wellness centers, with a registered capital of RMB10 million. Hangzhou Qiandaohu is planning to construct a wellness resort hotel in Jiangjia Town, Chun'an County, Hangzhou City, Zhejiang Province. Project Hangzhou Qiandaohu will be the resort hotel and will be located in Jiangjia Town with the land area of approximately 3,333.33 m<sup>2</sup> and the construction area of approximately 6,119.99 m<sup>2</sup>. According to the Hangzhou Qiandaohu Service Agreement, the Company will construct a hotel resort for Hangzhou Qiandaohu.

Project Hangzhou Qiandaohu is scheduled to begin in the second half of 2025 and is expected to take 15 months. The initial month will focus on preparatory activities, such as land clearing and site surveys. The following eight months will involve the core construction phase, covering the underground level, the four above-ground floors, and the structural framework. Interior and exterior finishing, utility installation, and landscaping will be completed over the next four months, while the final two months will be reserved for furnishing.

Reference is made to the interim report for the six months ended 30 September 2024, where the Company had disclosed that as at 30 September 2024, the Group recorded the bank balances and cash of approximately HK\$366,000. As at 28 February 2025, the bank and cash balances of the Group was approximately HK\$300,000.

The Directors consider that the Rights Issue represents an opportunity to (i) strengthen the Group's financial position, and (ii) raise additional funding for the business operations of the Group without any interest burden.

Therefore, the Directors are of the view that taking into account the existing cash resources held by the Group, it would be desirable for the Group to raise additional cash for satisfying the cash flow needs of the Group in order to (i) explore new business opportunities, (ii) strengthen the financial position of the Group and (iii) provide for its general working capital so as to accommodate the operating cash flow needs to support its business operations.

Assuming full subscription under the Rights Issue, the expected gross proceeds of the Rights Issue will be up to approximately HK\$27.5 million and the relevant expenses would be approximately HK\$2.5 million, which includes placing commission and professional fees payable to financial adviser, legal advisers and other parties involved in the Rights Issue. Accordingly, the estimated net proceeds of the Rights Issue, after deducting the related expenses, will be up to approximately HK\$25.0 million.



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## LETTER FROM THE BOARD

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Given that the Compensatory Arrangements would provide a compensatory mechanism for the relevant No Action Shareholders and Non-Qualifying Shareholders, the Directors consider that the Compensatory Arrangements are in the interest of the minority Shareholders.

### Intended use of proceeds

Assuming full subscription under the Rights Issue, the Company intends to apply the net proceeds of approximately HK\$25.0 million from the Rights Issue (assuming no other change in the number of Shares in issue on or before the Record Date) for the following purposes:

- (i) approximately HK\$15.0 million, representing 60% of the net proceeds, will be used for the expansion of the Group's construction business with the healthcare and agriculture industries in the PRC in the capacity of the main contractor, among which the Company intends to apply:

- Approximately HK\$7.5 million, representing 30% of the net proceeds, for the expansion into agriculture-related construction projects as the main contractor, including the construction of the Chinese medicinal herb industrial base and museum for Chinese medicinal herbs. The funds will be used for the deposit to demonstrate the main contractor's financial capability to undertake the projects. The proceeds will be allocated as the material costs, labor expenses, and subcontractor fees for Project Huanren Hehegu and Project Tonghua Shanbao as below:

- ***Project Huanren Hehegu***

Category	Estimated Cost (RMB)
Land Preparation & Site Development	500,000
Infrastructure Construction	1,000,000
Facility Development	1,000,000
Equipment & Material Procurement	1,000,000
Operational Setup & Support Structures	500,000
Total	<u>4,000,000</u>

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## LETTER FROM THE BOARD

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— *Project Tonghua Shanbao*

Category	Estimated Cost (RMB)
Land Preparation & Site Development	1,000,000
Infrastructure Construction	1,200,000
Equipment & Material Procurement	800,000
Operational Setup & Support Structures	500,000
Total	3,500,000

- Approximately HK\$7.5 million, representing 30% of the net proceeds, for the potential construction projects related to the health industry as the main contractor, including the planning, construction, and development of facilities such as healthcare centers, and healthcare serviced apartments. The proceeds will be used as a deposit, as the counterparty requires the main contractor to provide sufficient funds as proof of its financial capability to undertake Project Hangzhou Qiandaohu as below:

— *Project Huanren Hehegu*

Category	Estimated Cost (RMB)
Land Preparation & Site Development	2,000,000
Infrastructure Construction	4,000,000
Equipment & Material Procurement	1,000,000
Operational Setup & Support Structures	500,000
Total	7,500,000

- As at the Latest Practicable Date, all counterparties, namely Huanren Hehegu, Tonghua Shanbao, and Hangzhou Qiandaohu, and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

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## LETTER FROM THE BOARD

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- (ii) approximately HK\$10.0 million, representing 40% of the net proceeds, will be used for general working capital of the Group, covering staff salaries, rental and office expenses, professional fees for advisory services, and operational and administrative costs.

In the event that there is an undersubscription of the Rights Issue, the use of proceeds raised from the Rights Issue will be allocated on a pro-rata basis for the purposes disclosed above. If the proceeds raised are insufficient to fund the planned projects, the Company will prioritize the allocation of funds from healthcare-related construction projects to agriculture-related construction projects as needed.

Further details of the use of proceeds will be disclosed by the Company in the announcement of results of the Rights Issue.

### **Fund-raising alternatives**

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, placing of new shares and open offer. The Board notes that bank borrowings, if available, would result in additional interest burden of the Company and create pressure to the liquidity of the Company. Hence, the Board does not consider it to be beneficial to the Company. As for placing of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company and it is relatively smaller in scale as compared to fund raising through rights issue. 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. As opposed to open offer, Rights Issue would allow 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 their respective pro-rata shareholding interests in the Company and dealing with the Shares.

Having considered all the other fund-raising alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that it is an appropriate fund-raising method to strengthen the capital base of the Company and support the Company's continuing business development and growth.

As at the Latest Practicable Date, save as disclosed in this circular, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities; and (ii) has no other plan or intention to carry out any future corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Rights Issue.

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## LETTER FROM THE BOARD

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### EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had carried out the following equity fundraising activity in the 12 months immediately preceding the Latest Practicable Date:

<b>Date of initial announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raise</b> <i>Approximate (HK\$)</i>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of the Latest Practicable Date</b> <i>Approximate (HK\$)</i>
15 November 2024	Placing of new shares under general mandate	3.1 million	General working capital	3.1 million

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## LETTER FROM THE BOARD

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### **WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES, THE NEW ORDINARY SHARES AND/OR THE NIL-PAID RIGHTS SHARES**

Shareholders and potential investors of the Company should note that the Capital Reorganisation are conditional upon satisfaction of conditions set out in the paragraphs headed “Conditions of the Share Consolidation” and “Conditions of the Capital Reduction and the Sub-division” in this circular. Therefore, the Capital Reorganisation may or may not proceed.

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 Rights Shares. Please refer to the section headed “Proposed Rights Issue — Conditions of the Rights Issue” in this circular.

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

Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed.

Any Shareholder or other person dealing in the Existing Shares, the Consolidated Shares, the New Ordinary Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or the Latest Time for Termination, which is expected to be 4:00 p.m. on Friday, 31 October 2025, will accordingly bear the risk that the Rights Issue and/or the Placing may not proceed.

Any Shareholder or other person contemplating transferring, selling, or purchasing Shares is advised to exercise caution when dealing in the Existing Shares, the Consolidated Shares, the New Ordinary Shares and/or the nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

## LETTER FROM THE BOARD

### EFFECTS ON SHAREHOLDING STRUCTURE

To the best knowledge of the Directors, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Capital Reorganisation becoming effective; (iii) immediately after the Capital Reorganisation becoming effective and the completion of the Rights Issue (assuming full acceptance by all Qualifying Shareholders under the Rights Issue); and (iv) immediately after the Capital Reorganisation becoming effective and the completion of the Rights Issue (assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing):

Name of Shareholder	As at the Latest Practicable Date		Immediately upon completion of the Capital Reorganisation		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares have been placed by the Placing Agent	
	Number of		Number of		Number of		Number of	
	Existing Shares	Approx. % (Note 3)	Adjusted Shares	Approx. % (Note 3)	Adjusted Shares	Approx. % (Note 3)	Adjusted Shares	Approx. % (Note 3)
Talent Prime Group Limited (Note 1)	6,466,900	3.93%	646,690	3.93%	2,263,415	3.93%	646,690	1.12%
Mr. Chu Jinzhe (Note 2)	5,480,800	3.33%	548,080	3.33%	1,918,280	3.33%	548,080	0.95%
Public shareholders:								
Independent placees	0	0.00%	0	0.00%	0	0.00%	41,106,000	71.43%
Other public Shareholders	152,476,300	92.73%	15,247,630	92.73%	53,366,705	92.73%	15,247,630	26.50%
Total	<u>164,424,000</u>	<u>100%</u>	<u>16,442,400</u>	<u>100%</u>	<u>57,548,400</u>	<u>100%</u>	<u>57,548,400</u>	<u>100%</u>

*Notes:*

1. Talent Prime Global Limited is a company incorporated in the British Virgin Islands with limited liability and is owned as to 50% each by Mr. Ha Chak Hung (“**Mr. Ha**”) being Co-Chairman of the Board and an executive Director, and Mr. Ip Chu shing (“**Mr. Ip**”) being Chief Executive Officer of the Company and an executive Director. Accordingly, Mr. Ha and Mr. Ip are deemed to be interested in all the Shares held by Talent Prime Group Limited under the SFO.
2. Mr. Chu Jinzhe, the Co-Chairman and executive Director of the Company.
3. Certain percentage figures included in the table above have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

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## LETTER FROM THE BOARD

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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 Shares. Further announcements will be made by the Company in accordance with the GEM Listing Rules following the completion of the Rights Issue upon which the Rights Shares are allotted and issued.

The public float requirements under the GEM Listing Rules shall be maintained by the Company at all times, and the Company will take all appropriate steps to ensure that sufficient public float shall be at all times in compliance with Rule 11.23 of the GEM Listing Rules.

### RISK FACTORS

The Directors are aware that the Group's business operations are exposed to a variety of risks and uncertainties. To their best of knowledge and belief, the Directors consider that the followings are the key risks and uncertainties identified by the Group. These key risks are not exhaustive or comprehensive, and there may be additional risks not known by the Group or which may not appear significant now but could turn out to be so in the future.

#### **Risks relating to the Group's business**

##### *Concentration risk associated with having majority of the Group's revenue generated from its repair and maintenance works for structures of roads and highways*

Majority of the revenue of the Group was generated from the segment of repair and maintenance works for structures of roads and highways ("**Repair and Maintenance Works**"). For the year ended 31 March 2024, the Repair and Maintenance Works contributed to approximately 98.8% of the Group's total revenue. The Group anticipates that revenues from Repair and Maintenance Works will continue to represent a substantial portion of the Group's total revenue in the near future. Any interruption or adverse change to the Group's Repair and Maintenance Works or any failure to mitigate such interruptions and changes, or any significant decline in demand for Repair and Maintenance Works could adversely affect our revenue of Repair and Maintenance Works which, in turn, may have a material adverse effect on the Group's business, profitability and results of operations.

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## LETTER FROM THE BOARD

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### *Geographical risk associated with the Group's business operations being primarily based in Hong Kong*

All of the Group's revenue are generated from business operations being based in Hong Kong. Accordingly, the Group is subject to certain legal and operational risks associated with being based in or having all of the Group's in Hong Kong, including but not limited to legal, political and economic developments of Hong Kong. Any adverse changes in the business or economic conditions, policies of Hong Kong government, or the laws and regulations of the Hong Kong could cause material adverse effects to the Group's business, financial conditions, results of operations and prospects.

### **GEM LISTING RULES IMPLICATIONS**

#### **The Capital Reorganisation**

The Capital Reorganisation is conditional upon, among other things, (i) the passing of an ordinary resolution by the Shareholders at the EGM approving the proposed Share Consolidation; and (ii) the passing of a special resolution by the Shareholders at the EGM approving the proposed Capital Reduction and the Sub-division.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Capital Reorganisation, no Shareholder would be required to abstain from voting in favour of the resolutions relating to the Capital Reorganisation at the EGM.

#### **The Rights Issue**

In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the Latest Practicable Date (after taking into account the effect of the Capital Reorganisation), the Rights Issue must be made conditional on approval by the Shareholders at the EGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the proposed Rights Issue.

As at the Latest Practicable Date, the Company has no controlling Shareholder as defined under the GEM Listing Rules. Mr. Ha, the Co-Chairman and an executive Director of the Company, beneficially owns 6,466,900 Existing Shares in aggregate, representing approximately 3.93% of the entire issued share capital of the Company as at the Latest Practicable Date. Mr. Chu,



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## LETTER FROM THE BOARD

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an executive Director, beneficially owns 5,480,800 Existing Shares in aggregate, representing approximately 3.33% of the entire issued share capital of the Company as at the Latest Practicable Date while Talent Prime Global Limited is owned as to 50% each by Mr. Ha being Co-Chairman of the Board and an executive Director, and Mr. Ip being chief executive officer of the Company and an executive Director. Accordingly, Mr. Ha, Mr. Ip and Mr. Chu are required to abstain from voting in favour of the proposed resolution(s) to approve the Rights Issue at the EGM in accordance with Rule 10.29(1) of the GEM Listing Rules. Save as disclosed above, no other Directors are interested in the Existing Shares of the Company as at the Latest Practicable Date. Accordingly, no other Shareholder is required to abstain from voting in favour of the relevant resolution(s) of the proposed Rights Issue at the EGM.

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

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

### **THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Diligent Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial term, fair and reasonable, in the interests of the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

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## LETTER FROM THE BOARD

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### EGM

A notice convening the EGM to be held at Room 1417, Star House, 3 Salisbury Road, Tsim Sha Tsui, Hong Kong on Wednesday, 23 July 2025 at 11:00 a.m. at which resolutions will be proposed to consider and approve the Capital Reorganisation, the Rights Issue and the transactions contemplated thereunder are set out on pages EGM-1 to EGM-5 of this circular. All the resolutions to be proposed at the EGM will be taken by poll and an announcement on the results of the EGM will be made by the Company after the EGM.

In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the As at the Latest Practicable Date (after taking into account the effect of the Capital Reorganisation), the Rights Issue must be made conditional on approval by the Shareholders at the EGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the proposed Rights Issue.

As at the Latest Practicable Date, the Company has no controlling Shareholder as defined under the GEM Listing Rules. Mr. Ha, the Co-Chairman and an executive Director of the Company and Mr. Ip, chief executive officer of the Company and an executive Director, beneficially owns 6,466,900 Existing Shares in aggregate through Talent Prime Group Limited, is a company incorporated in the British Virgin Islands with limited liability and is owned as to 50% each by Mr. Ha and Mr. Ip, representing approximately 3.93% of the entire issued share capital of the Company as at the Latest Practicable Date. Accordingly, Mr. Ha and Mr. Ip are deemed to be interested in all the Shares held by Talent Prime Group Limited under the SFO. Mr. Chu, an executive Director, beneficially owns 5,480,800 Existing Shares in aggregate, representing approximately 3.33% of the entire issued share capital of the Company as at the Latest Practicable Date. Accordingly, Mr. Ha, Mr. Ip and Mr. Chu are required to abstain from voting in favour of the proposed resolution(s) to approve the Rights Issue at the EGM in accordance with Rule 10.29(1) of the GEM Listing Rules. Save as disclosed above, no other Directors are interested in the Existing Shares of the Company as at the Latest Practicable Date. Accordingly, no other Shareholder is required to abstain from voting in favour of the relevant resolution(s) of the proposed Rights Issue at the EGM.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the As at the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Existing Shares issued pursuant thereto

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## LETTER FROM THE BOARD

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commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

### DESPATCH OF PROSPECTUS DOCUMENTS

Subject to the approval of the Capital Reorganisation by the Shareholders and the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be despatched by the Company together with the PAL on or before Monday, 6 October 2025. A copy of the Prospectus will also be made available on the websites of the Company ([www.grandtalentsgroup.com.hk](http://www.grandtalentsgroup.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send the PAL to them.

### RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Fok Wai Sun, Ms. Liu Yuchao and Ms. Tang Shui Man, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM. Diligent Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 53 to 54 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 55 to 81 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the

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## LETTER FROM THE BOARD

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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 Letter from the Independent Board Committee set out on pages 53 to 54 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM and the Letter from the Independent Financial Adviser set out on pages 55 to 81 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

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

Yours faithfully  
For and on behalf of  
**Grand Talents Group Holdings Limited**  
**Ha Chak Hung**  
*Co-Chairman*



**GRAND TALENTS GROUP HOLDINGS LIMITED**

**廣駿集團控股有限公司**

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

**(Stock Code : 8516)**

2 July 2025

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) PROPOSED CAPITAL REORGANISATION;  
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
FIVE (5) RIGHTS SHARES FOR EVERY TWO (2) NEW  
ORDINARY SHARE HELD ON THE RECORD DATE;  
AND  
(3) CLOSURE OF REGISTER OF MEMBERS**

We refer to the circular of the Company dated 2 July 2025 (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 terms of 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 insofar as the Independent Shareholders are concerned. Diligent Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to (i) the Letter of advice from the Independent Financial Adviser as set out on pages 55 to 81 of the Circular; and (ii) the Letter from the Board as set out on pages 9 to 52 of the Circular and the additional information set out in the appendices to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the terms of the Rights Issue, the Placing Agreement and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the Rights Issue and 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 resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Yours faithfully, on behalf of  
Independent Board Committee of  
**Grand Talents Group Holdings Limited**

**Tang Shui Man**  
*Independent non-executive  
Director*

**Fok Wai Sun**  
*Independent non-executive  
Director*

**Liu Yuchao**  
*Independent non-executive  
Director*

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from Diligent Capital Limited, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in connection with the Rights Issue.*



**DILIGENT  
CAPITAL**

Diligent Capital Limited  
Room 2203,  
22/F., New World Tower 1,  
16–18 Queen's Road Central,  
Hong Kong

2 July 2025

*To: The Independent Board Committee and  
the Independent Shareholders of  
Grand Talents Group Holdings Limited*

Dear Sirs or Madams,

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY TWO (2) NEW ORDINARY SHARES HELD ON THE RECORD DATE**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue. Details of the Rights Issue are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company dated 2 July 2025 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 23 May 2025, the Company announced that it proposes, subject to the Capital Reorganisation becoming effective, to raise gross proceeds of up to approximately HK\$27.5 million before expenses by way of Rights Issue of up to 41,106,000 Rights Shares at the Subscription Price of HK\$0.67 per Rights Share on the basis of five (5) Rights Shares for every two (2) New Ordinary Shares held on the Record Date. The net proceeds from the Rights Issue (after deducting the related expenses) is estimated to be approximately HK\$25 million (assuming no change in the issued share capital of the Company on or before the Record Date and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full).

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. There are no requirements for minimum levels of subscription in respect of the Rights Issue.

Pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make arrangements to dispose of the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 23 May 2025, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares to independent placees on a best effort basis. Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis.

### GEM LISTING RULE IMPLICATION

In accordance with the requirements of Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total issued shares or the market capitalisation of the Company by more than 50% within the 12 months immediately preceding the Latest Practicable Date (after taking into account the effect of the Capital Reorganisation), the Rights Issue must be made conditional on approval by the Shareholders at the EGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the proposed Rights Issue.

As at the Latest Practicable Date, the Company has no controlling Shareholder as defined under the GEM Listing Rules. Mr. Ha, the Co-Chairman and an executive Director of the Company, beneficially interested in 6,466,900 Existing Shares in aggregate through his beneficially owned Talent Prime Global Limited (“**Talent Prime**”), representing approximately 3.93% of the entire issued share capital of the Company as at the date of the Latest Practicable Date, while Talent Prime is owned as to 50% each by Mr. Ha and Mr. Ip, being chief executive officer of the Company and an executive Director. Furthermore, Mr. Chu, an executive Director, beneficially owns 5,480,800 Existing Shares in aggregate, representing approximately 3.33% of the entire issued share capital of the Company as at the Latest Practicable Date. Accordingly, Mr. Ha, Mr. Ip and Mr. Chu are required to abstain from voting in favour of the proposed resolution(s) to approve the Rights Issue at the EGM in accordance with Rule 10.29(1) of the GEM Listing Rules.



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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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Save as disclosed above, no other Directors are interested in the Existing Shares of the Company as at the date of the Latest Practicable Date. Accordingly, no other Shareholder is required to abstain from voting in favour of the relevant resolution(s) of the proposed Rights Issue at the EGM.

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

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue complies with Rule 10.44A of the GEM Listing Rules.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Dr. Fok Wai Sun, Ms. Liu Yuchao and Ms. Tang Shui Man, has been established to advise the Independent Shareholders on the Rights Issue and the transactions contemplated thereunder whether the Rights Issue is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM.

### THE INDEPENDENT FINANCIAL ADVISER

We, Diligent Capital Limited (“**Diligent Capital**”), have been appointed and approved by the Independent Board Committee for the purpose of the GEM Listing Rules, our role is to give an independent opinion to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Placing Agreement are on normal commercial terms or better and fair and reasonable, and are in the interests of the Company and its shareholders as a whole and to advice the Independent Shareholders as to how to vote at the EGM.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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### OUR INDEPENDENCE

Diligent Capital is a licensed corporation under the Securities and Futures Ordinance (the “SFO”) to carry out Type 6 (advising on corporate finance) regulated activity. Mr. Huen Felix Ting Cheung (“**Mr. Huen**”) is signing off the opinion letter from Diligent Capital contained in the Circular. Mr. Huen has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2019, and he has participated in and completed various independent financial advisory transactions in Hong Kong.

During the past two years immediately preceding the Latest Practicable Date, Diligent Capital has not provided any other services to the Company. We confirmed that there is no relationship or interest between Diligent Capital and the Company or any other parties that could reasonably be regarded as a hindrance to Diligent Capital’s independence as set out under Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Shareholders in respect of the Transaction.

We are not associated with and have no significant connection, financial or otherwise, with the Company, its subsidiaries, its associates, or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. Accordingly, we consider that we are independent pursuant to Rule 17.96 of the GEM Listing Rules.

### BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the statements, information, opinions and representations relating to the operations, financial condition and prospects of the Group contained or referred to in the Circular and/or provided to us by the Company and the management of the Group. We have assumed that such information and any representation made to us were true, accurate and complete in all material respects were true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful consideration. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors and the management of the Group.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. As such, we considered that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information.

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 management of the Company.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts no contained in the Circular, the omission of which would make any statement in the Circular misleading. The Company shall inform the Independent Shareholders as soon as possible if there is any material change to such information up to and including the date of the EGM.

We consider that we have reviewed all currently available information and documents, among others: (i) the Placing Agreement; (ii) annual report of the Company for the year ended 31 March 2024 (the “**2023/2024 Annual Report**”); and (iii) interim report of the Company for the year ended 30 September 2024 (the “**2024 Interim Report**”), which are made available to us and enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Rights Issue, as referred to in Rule 17.92 of the GEM Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Rights Issue and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

#### 1. Background information of the Group

The Company is an investment holding company, and through its subsidiaries, it is principally engaged in the business of (i) the provision of civil engineering construction works of road and highway related infrastructures; and (ii) repair and maintenance works for structures of roads and highways.

##### 1.1 Financial information of the Group

Set out below is a summary of financial information of the Group extracted from the 2023/2024 Annual Report and 2024 Interim Report:

*Table 1: Summary of the unaudited/audited consolidated financial performance of the Group*

	For the six months ended 30 September 2024 ("HY2024") (unaudited) HK\$'000	For the six months ended 30 September 2023 ("HY2023") (unaudited) HK\$'000	For the year ended 31 March 2024 ("FY2023/ 2024") (audited) HK\$'000	For the year ended 31 March 2023 ("FY2022/ 2023") (audited) HK\$'000
Revenue	19,106	6,614	16,967	29,430
Gross profit	7,168	55	1,135	(4,967)
Administrative expenses	(3,591)	(3,588)	(12,476)	(11,915)
Finance costs	(3)	(20)	(992)	(988)
Profit/(Loss) for the period/year	3,577	(2,512)	(15,138)	(27,261)

The Group's revenue is primarily derived from two key business segments: (i) the provision of civil engineering construction services for road and highway infrastructure (the "**Civil Engineering Construction Works**"), and (ii) the provision of repair and maintenance services for road and highway structures (the "**Repair and Maintenance Works**").

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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### *FY2023/2024 VS FY2022/2023*

As noted in the table above, for FY2023/2024, the Group recorded revenue of approximately HK\$17.0 million, representing a decrease of approximately 42.4% as compared with FY2022/2023. The decline in revenue was primarily attributed to the completion of the majority of projects related to the Repair and Maintenance Works during FY2023/2024, with significant revenue from these projects being recognized in the previous year, FY2022/2023. Furthermore, the new projects initiated in FY2023/2024 have yet to yield substantial revenue contributions. Because of declining revenue, the Group was unable to generate sufficient gross profit to support its ongoing administrative expenses incurred during business operations. Accordingly, the Company reported a loss attributable to its owners of approximately HK\$15 million for FY2023/2024.

### *HY2024 VS HY2023*

As noted in the table above, for HY2024, the Group recorded an unaudited revenue of approximately HK\$19.1 million, representing a substantial increase of approximately 1.9 times compared to the revenue generated from HY2023. This revenue was solely derived from our Repair and Maintenance Works. As a result of these efforts, the Group achieved a net profit of approximately HK\$3.6 million for HY2024, as compared to a net loss of approximately HK\$2.5 million recorded for HY2023.

***Table 2: Summary of the unaudited/audited consolidated financial position of the Group***

	As at 30 September 2024 (unaudited) HK\$'000	As at 31 March 2024 (audited) HK\$'000
<b>Total assets</b>	<b>34,787</b>	<b>27,682</b>
— Trade and other receivables	27,464	20,438
— Cash and bank balances	366	851
<b>Total liabilities</b>	<b>19,945</b>	<b>16,417</b>
— Trade and other payables	8,793	7,273
— Amounts due to shareholders	9,037	8,939
— Loan from a third party	1,779	—
<b>Net assets</b>	<b>14,842</b>	<b>11,265</b>

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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*As at 30 September 2024*

As noted in the table above, the Group's total assets amounted to approximately HK\$34.79 million as of 30 September 2024, which mainly comprises trade and other receivables of approximately HK\$27.46 million, and cash and cash equivalents of approximately HK\$366,000.

Further, the Group's total liabilities amounted to approximately HK\$19.95 million as of 30 September 2024, which mainly comprises trade and other payables of approximately HK\$8.79 million and amounts due to shareholders of approximately HK\$9.04 million.

The data presented above shows that the Group's liquidity is heavily reliant on the recovery of its trade receivables. Currently, the Group has exhausted its cash reserves needed for ongoing operations. If the Group intends to seek working capital for new initiatives aimed at generating revenue, it may need to consider additional funding options, including both debt and equity financing.

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

### ***2.1 Intended use of proceeds***

According to the Letter from the Board, assuming full subscription under the Rights Issue, the Company intends to apply the net proceeds of approximately HK\$25.0 million from the Rights Issue (assuming no other change in the number of New Ordinary Shares in issue on or before the Record Date) (the "**Net Proceeds**") for the following purposes:

- (i) approximately HK\$15.0 million, representing 60% of the Net Proceeds, will be allocated for expanding the Group's construction business within the healthcare and agriculture sectors in the PRC, acting as the main contractor. The Company intends to apply these funds as follows:
  - (a) approximately HK\$7.5 million, representing 30% of the Net Proceeds, will be allocated for the expansion into agriculture-related construction projects, where the Group will serve as the main contractor. This initiative includes the establishment of an industrial base for Chinese medicinal herbs and a dedicated museum showcasing these valuable resources. The allocated funds will be utilised as a deposit to demonstrate the Group's financial capability to undertake these projects. Additionally, the proceeds will be directed towards covering material costs, labor expenses, and subcontractor fees for both Project Huanren Hehegu and Project Tonghua Shanbao; and

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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- (b) approximately HK\$7.5 million, representing 30% of the Net Proceeds, will be allotted for potential construction projects in the healthcare industry. This initiative involves serving as the main contractor responsible for the planning, construction, and development of various facilities, including healthcare centers, and serviced apartments. The allocated funds will act as a deposit, as the counterparty requires the main contractor to demonstrate sufficient financial capacity to undertake Project Hangzhou Qiandaohu.
- (ii) approximately HK\$10.0 million, representing 40% of the Net Proceeds, will be allocated for general working capital of the Group, covering staff salaries, rental and office expenses, professional fees for advisory services, and operational and administrative costs.

Please refer to the paragraph headed “REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS” of the Letter from the Board for more details.

### ***2.2 Our view on the Group’s funding needs***

As stated above, the Company intends to apply the Net Proceeds primarily for three key purposes: (i) the exploration of new business opportunities, (ii) strengthening the financial position of the Group, and (iii) providing general working capital to adequately support the operating cash flow requirements necessary for business operations.

#### ***(i) Exploration of new business opportunities***

As advised by the Management, the Company operated as a contractor over the years, executing various projects as part of its regular principal business activities. This involved utilising reserved funds to meet the advance payment requirements for each project, with the minimum funding set at a specific percentage of the contract.

Further, the Group engages in contractual agreements with its customers for engineering work, where project payments are linked to progress rather than adhering to a fixed schedule. Confirmation from customers is obtained at each stage of project management before payments are released. As project milestones are achieved, corresponding payments are made by the customers.

This payment model necessitates that the Group finance a substantial portion of the project costs incurred during the construction phases through external bank loans, operational cash flow, and equity contributions. As a result, the Company is exposed to cash flow risks due to the inherent payment structure of its current business model.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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We are advised by the Management that the Company is focused on diversifying its construction business and exploring new revenue opportunities. To facilitate this, the Company has entered into legally binding agreements with Huanren Hehegu, Tonghua Shanbao, and Hangzhou Qiandaohu, with construction activities set to commence in August and September 2025.

We have conducted a thorough review of the contract terms, estimated working capital requirements, and expected commencement date for each project undertaken by the Group. It has been noted that the projected contract sum and working capital requirement for these initiatives are approximately RMB34 million. Furthermore, we have discussed with the Management and understand that to tender for additional projects, the Group must meet the necessary capital requirements and ensure adequate funding is available to support these endeavors.

However, as stated in the Letter from the Board, as of 28 February 2025, the Group's bank and cash balances are approximately HK\$300,000, which is insufficient to finance the signed projects. Consequently, the Net Proceeds of HK\$15.0 million are intended to fulfil these capital requirements and fund the aforementioned projects, the details of the allocations are set out as the followings:

	<b>Project Huanren Hehegu (HK\$)</b>	<b>Project Tonghua Shanbao (HK\$)</b>	<b>Project Hangzhou Qiandaohu (HK\$)</b>
<b>Category</b>			
Land Preparation & Site Development	500,000	1,000,000	2,000,000
Infrastructure Construction	1,000,000	1,200,000	4,000,000
Facility Development	1,000,000		
Equipment & Material Procurement	1,000,000	800,000	1,000,000
Operational Setup & Support Structures	500,000	500,000	500,000
Total	4,000,000	3,500,000	7,500,000



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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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Additionally, we concur with the Directors that maintaining financial flexibility is essential, estimating a promising gross profit margin, after accounting for material costs, labour expenses, and subcontractor fees.

Considering these factors, we concur with the Directors that maintaining financial flexibility is essential. Insufficient readily available funds for project costs may impede the Group's ability to complete the projects effectively, potentially hindering negotiation and delaying project timelines.

*(ii) Strengthening the Group's financial position*

In order to support our view, we have conducted a thorough review of the Group's financial statements. The 2024 Interim Report reflects that, as of 30 September 2024, the unaudited consolidated net tangible assets are approximately HK\$34.2 million. Following the completion of the Rights Issue, it is anticipated that the Group's unaudited consolidated net tangible assets will be increased to approximately HK\$59.2 million.

Importantly, a portion of the expected net proceeds, approximately HK\$25.0 million, will be directed toward enhancing the Group's general working capital. This strategic investment is poised to significantly improve the Group's working capital position, strengthening the overall financial condition of the Group.

Furthermore, the signed construction projects are anticipated to generate significant operating cash flow and profits for the Group, thereby enhancing its cash position. This improvement will further strengthen the Group's capacity to pursue additional viable projects, ultimately leading to improved financial performance and fostering a robust financial condition within a sustainable business framework.

Taking these positive developments into account, particularly the increase in net asset value and improved liquidity, we support the Directors' assessment that the Net Proceeds will substantially enhance the Group's financial position.

*(iii) Providing the Group's general working capital*

The Group intends to allocate HK\$10 million, representing approximately 40% of the Net Proceeds, for the Group's general working capital, including staff salaries, rental and office expenses, professional fees for advisory services, and as operational and administrative costs, all aimed at supporting the Group's ongoing business operations.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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The 2024 Annual Report highlights that the major operating components for the Group in the periods of FY2022/2023 and FY2023/2024 included auditors' remunerations, directors' remuneration, entertainments, legal and professional fee, motor vehicles expenses, and staff costs. These expenses amounted to approximately HK\$11.9 million and HK\$12.5 million for each corresponding period, representing approximately 40.5% and 73.5% of the Group's total revenue, respectively.

Furthermore, the Hong Kong government has implemented stimulus packages and infrastructure investment plans aimed at revitalizing the construction sector, with a particular focus on public housing, transportation, and urban renewal. Nevertheless, it is important to note that labor, material, and subcontracting costs have continued to escalate.

Based on our analysis, we conclude that it is reasonable to allocate a portion of the Net Proceeds to support the general working capital of the Group.

### *Conclusion*

Based on the above analysis, we concur with the view of the Board that it is in the interests of the Company to conduct the Rights Issue to support the capital needs of the Group.

### ***2.3 Alternative fund-raising methods considered by the Group***

As set out in the Letter from the Board, a comprehensive evaluation of various fund-raising alternatives was conducted before the decision to pursue the Rights Issue. The options considered included, but are not limited to, debt financing, placing of new shares and open offer.

The Board acknowledges that bank borrowings, if available, would result in additional interest burden for the Company and create pressure on its liquidity. Consequently, this option was deemed not to be the best interest of the Company.

Regarding the placing of new Existing Shares, this approach would result in immediate dilution of the existing shareholders' interest and would not provide them the opportunity to participate in the enlarged capital base of the Company. Additionally, the potential funds raised through this method are relatively modest compared to those achievable through a rights issue.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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Regarding open offer, although they are similar to rights issues in providing qualifying shareholders the opportunity to participate, they do not allow for the free trading of rights entitlements in the open market. In contrast, a rights issue facilitates qualifying shareholders' participation in the Company's future development while offering them increased flexibility to decide whether to maintain their respective pro-rata shareholding interests and manage their shares effectively.

Having considered all the other fund-raising alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that it is an appropriate fund-raising method to strengthen the capital base of the Company and support the Company's continuing business development and growth.

As at the Latest Practicable Date, save as disclosed in the Circular, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities; and (ii) has no other plan or intention to carry out any future corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Rights Issue.

### *Our view*

Having considered the abovementioned alternatives, the expected timeline of the Rights Issue, and the reasons for the Rights Issue 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 Rights Issue and the Placing**

#### ***3.1 Summary of the key terms of the Rights Issue***

Basis of the Rights Issue:	Five (5) Rights Shares for every two (2) New Ordinary Shares held by the Qualifying Shareholders on the Record Date
Subscription Price:	HK\$0.67 per Rights Share
Net price per Rights Shares (i.e. Subscription Price less cost and expenses incurred in the Rights Issue):	Approximately HK\$0.61 per Rights Share

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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Number of Shares in issue as at the Latest Practicable Date:	164,424,000 Existing Shares
Number of New Ordinary Shares in issue upon the Capital Reorganisation becoming effective:	16,442,400 New Ordinary Shares
Number of Rights Shares (New Ordinary Shares to be issued pursuant to the Rights Issue):	Up to 41,106,000 Rights Shares (assuming there is no change to the total number of New Ordinary Shares in issue on or before the Record Date)
	The aggregate nominal value of the Rights Shares will be HK\$411,060
Total number of New Ordinary Shares in issue upon completion of the Rights Issue:	Up to 57,548,400 New Ordinary Shares (assuming there is no change to the total number of New Ordinary Shares in issue on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)
Gross proceeds from the Rights Issue (before deducting the necessary expenses):	Up to approximately HK\$27.5 million before expenses (assuming there is no change to the total number of New Ordinary Shares in issue on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)

As at the Latest Practicable Date, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Existing Shares. The Company has no intention to issue or grant any Existing Shares, convertible securities, warrants and/or options on or before the Record Date.

### **3.2 Subscription Price**

As stated in the Letter from the Board, the Subscription Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among others, (i) the market price and trading liquidities of the Existing Shares under the prevailing market

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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conditions; and (ii) the latest business performance and financial position of the Group. For details of the Directors' rationale for determining the Subscription Price, please refer to the paragraphs headed "Subscription Price" under the Letter from the Board.

The Subscription Price of HK\$0.67 per Rights Share represents:

- (i) a discount of approximately 33.00% to the theoretical closing price of HK\$1.00 per New Ordinary Share based on the closing price of HK\$0.100 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (ii) a discount of approximately 33.00% to the theoretical average closing price of approximately HK\$1.00 per New Ordinary Share based on the average closing price of approximately HK\$0.100 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iii) a discount of approximately 32.39% to the theoretical average closing price of approximately HK\$0.99 per New Ordinary Share based on the average closing price of approximately HK\$0.099 per Existing Share as quoted on the Stock Exchange for the last 10 consecutive trading days prior to the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iv) a discount of approximately 12.34% to the theoretical ex-rights price of approximately HK\$0.76 per New Ordinary Share based on the closing price of HK\$0.100 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and the number of New Ordinary Shares in issue upon the Capital Reorganisation becoming effective;
- (v) a discount of approximately 18.51% to the latest published audited consolidated net asset value per New Ordinary Share as at 31 March 2024 of approximately HK\$0.822 based on the net asset value of HK\$11,265,000 and 137,020,000 Existing Shares (representing 13,702,000 New Ordinary Shares) from the annual report of the Company published on 28 June 2024 for the year ended 31 March 2024 and the number of New Ordinary Shares in issue upon the Capital Reorganisation becoming effective. The Directors consider the discount represented by the Subscription Price to the audited consolidated net asset value per New Ordinary Share as at 31 March 2024 to be fair and reasonable with reasons set out below in this letter;

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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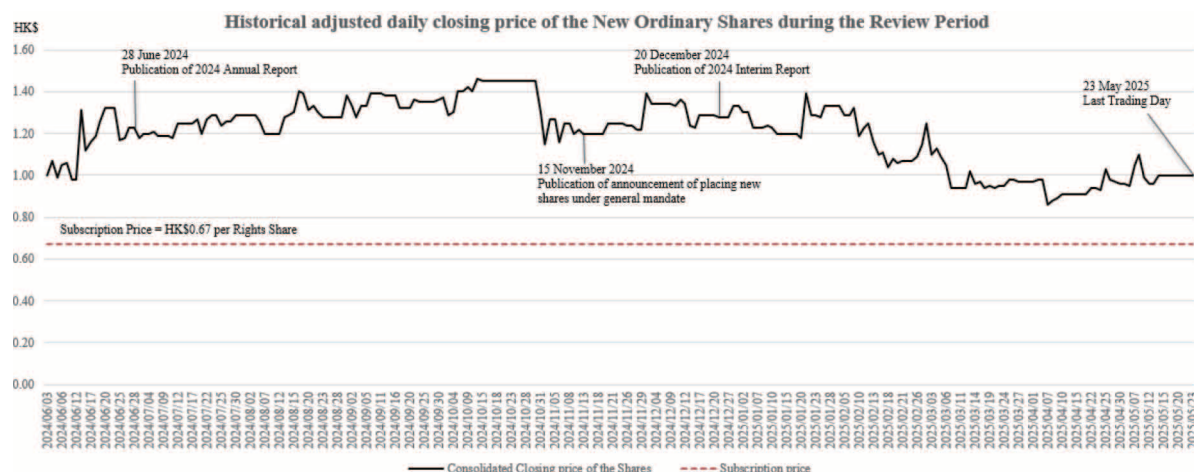
- (vi) a discount of approximately 38.15% to the latest published unaudited consolidated net asset value per New Ordinary Share as at 30 September 2024 of approximately HK\$1.083 based on the net asset value of HK\$14,842,000 and 137,020,000 Existing Shares (representing 13,702,000 New Ordinary Shares) from the 2024 Interim Report and the number of New Ordinary Shares in issue upon the Capital Reorganisation becoming effective. The Directors consider the discount represented by the Subscription Price to the unaudited consolidated net asset value per New Ordinary Share as at 30 September 2024 to be fair and reasonable with reasons set out below in this letter;
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 23.57%, represented by the theoretical diluted price of approximately HK\$0.76 per New Ordinary Share to the benchmarked price of approximately HK\$1.00 per New Ordinary Share (as defined under 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price on the Last Trading Day of HK\$0.100 per Existing Share and (ii) the average of the closing prices of approximately HK\$0.100 per Existing Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this letter and adjusted for the effect of the Capital Reorganisation); and
- (viii) a discount of approximately 24.72% to the theoretical closing price of HK\$0.89 per New Ordinary Share based on the closing price of HK\$0.089 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Capital Reorganisation.

### *Review of the historical price performance of the Existing Shares*

To assess the fairness and reasonableness of the Subscription Price, we reviewed the daily closing price of the Existing Shares as quoted on the Stock Exchange from 3 June 2024 to the Last Trading Day (the “**Review Period**”). This timeframe of approximately one year is a commonly adopted standard for such assessment. Additionally, the number of trading days within the Review Period provides a solid foundation for analysing the historical closing prices of Existing Shares in relation to the Subscription Price. Therefore, we considered that the duration of the Review Period is both adequate and appropriate.

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

The comparison of daily closing prices of the Existing Shares and the Subscription Price is illustrated below:



Source: Official website of the Stock Exchange

During the Review Period, the daily closing price of the Existing Shares as quoted on the Stock Exchange ranged from a low of HK\$0.86 on 7 April 2025 to a high of HK\$1.46 on 14 October 2024 (adjusted for Share Consolidation). From the start of the Review Period up to early October 2024, the closing price of the Existing Shares exhibited fluctuations between HK\$1.00 and HK\$1.29 (adjusted for Share Consolidation). Following this period, the closing price of the Existing Shares experienced significant growth, reaching its peak at HK\$1.46 on 14 October 2024. Thereafter, a general downward trend emerged, with the closing price of Existing Shares declining to HK\$0.86 on 7 April 2025. Save for the possible market reactions to the announcements as set out in the above chart, we were unable to identify any specific factors that contributed to the fluctuations in the closing prices of the Existing Shares throughout the Review Period.

The average closing price of Existing Shares during the Review Period was approximately HK\$1.20 per Share, and the Subscription Price represents a discount of approximately 44.19% to the average closing price of Existing Shares during the Review Period.

Despite the Subscription Price being set at a discount compared to historical closing prices of the Existing Shares, this strategy aims to enhance the attractiveness of the Rights Issue, thereby encouraging Shareholder participation. Additionally, the comparative analysis outlined below demonstrates that the discount approach used by the Company is a common practice. The discount offered in the Rights Issue falls within the range identified in the comparative analysis discussed in the sub-section titled “Comparison with Other Rights Issue” in this letter.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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As such, we consider that the determination of the Subscription Price is fair and reasonable and the Rights Issue is in the interests of the Company and the Shareholders as a whole.

### *Historical trading liquidity of the Existing Shares*

Month	Total volume of Existing Shares traded <i>Shares</i>	Number of trading days <i>days</i>	Approximate average daily trading volume of the Existing Shares <i>Shares</i>	Approximate percentage of average daily trading volume to total number of issued Existing Shares as at the end of the month/period <i>(Note 1)</i>
<b>2024</b>				
June	4,875,000	19	256,579	0.19%
July	1,185,700	22	53,895	0.04%
August	1,276,500	22	58,023	0.04%
September	3,160,000	19	166,316	0.12%
October	4,150,000	21	197,619	0.14%
November	1,905,000	21	90,714	0.07%
December	1,205,000	20	60,250	0.04%
<b>2025</b>				
January	1,165,000	19	61,316	0.04%
February	2,465,800	20	123,290	0.07%
March	5,022,500	21	239,167	0.15%
April	1,260,000	19	66,316	0.04%
May (up to and including the Last Trading Day)	330,000	15	22,000	0.01%
		Max	256,579	
		Min	22,000	
		Average	116,290	

*Source: Official website of the Stock Exchange*



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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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As illustrated in the table above, the liquidity of the Existing Shares was generally thin during the Share Price Review Period, with an average daily trading volume of 116,290 Existing Shares, representing approximately 0.07% of the total issued Existing Shares as at the Last Trading Day. The average daily trading volume of the Existing Shares during the Review Period was generally low, with a range from approximately 0.01% to approximately 0.19% of the total number of Existing Shares in issue as at the last date of the respective months during the Review Period.

In light of the low trading volume, the Shareholders may encounter challenges in selling their Existing Shares promptly at a more favourable price. Furthermore, the Company may face difficulties in raising equity funds from third parties without offering a substantial discount to the prevailing Existing Share price. Given the low trading liquidity and the observed downward trend in the closing price of the Shares during the Review Period, we believe that the determination of the Subscription Price is deemed fair and reasonable, thereby to encouraging the Qualifying Shareholders to participate in the Rights Issue and to engage in the future development of the Company.

### *Comparison with other rights issue*

Based on the information available from the Stock Exchange's website, having considered the recent volatility of the Hong Kong stock market, and in order to (i) include sufficient number of transactions for comparison purposes; and (ii) allow the Shareholders to have a general understanding of the recent rights issue transactions being conducted in the Hong Kong stock market, we have identified an exhaustive list of 20 of the rights issues (the “**Comparables**”) as announced by the companies listed on the main board or growth enterprise market of the Stock Exchange twelve months immediately preceding the Last Trading Day and up to the Latest Practicable Date.

Despite the fact that the Comparables that we have identified are with different basis of entitlement that might not be exactly the same as the Rights Issue or the issuer of the Comparables is engaged in different business operations, and having financial performances or funding needs different to the Company, we consider the following factors: (i) our analysis focuses primarily on the principal terms of the rights issue, and we have not identified any established evidence indicating any correlation between principal business of the issuer of the Comparables and the fund-raising exercise's underlying principal terms; (ii) the statistics of the Comparables as set out below, for illustration purpose only, can provide the Shareholders or potential investors of the Company, a general trend and data of rights issue exercises in the market to make decision with respect to the Rights Issue; (iii) the approximately twelve months selection period has generated a reasonable sample size to represent recent market practices for rights issues. The Comparables

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

were included without any artificial selection or filtering on our part so the Comparables represent a true and fair view of the recent market trends for similar transactions conducted by other GEM issuers, we consider that the Comparables are fair and representative samples.

In addition, the Independent Board Committee and the Shareholders should note that the businesses, operations and prospects of the Company are not the same as the Comparables. We have not conducted any independent investigation with regard to the businesses and operations of the Comparables which shall not affect our analysis as we are comparing the general trend of rights issue exercises in the market with the Rights Issue. The following table sets forth the relevant details of the Comparables:

Date of initial announcement	Company name	Stock code	Market capitalisation on the respective last trading day (HK\$ million)	Maximum Gross proceeds from the rights issue (HK\$ million)	Basis of entitlement	Premium/ (Discount) of subscription price over/to the closing share price on the last trading day	Premium/ (Discount) of subscription price for the five consecutive trading days up to and including the last trading day	Premium/ (Discount) of subscription price over/to the theoretical ex-right price	Premium/ (Discount) of the subscription price over/to the latest net asset value per share	Theoretical dilution effect	Underwriting arrangement	Placing commission rate
19/03/2025	Pacific Legend Group Limited	8547	22.6	13.7	1 for 2	(13.79%)	(13.79%)	(9.64%)	(53.99%)	4.60%	No	1.25%
27/02/2025	TIMELESS RESOURCES HOLDINGS LIMITED	8028	66.4	30.0	1 for 2	(9.64%)	(8.72%)	(6.81%)	(23.28%)	3.21%	No	N/A
14/02/2025	China Sافتower International Holding Group Limited	8623	13.0	6.1	1 for 2	(6.78%)	(2.83%)	(4.62%)	(82.79%)	2.26%	No	1.00%
07/02/2025	Stream Ideas Group Limited	8401	24.0	40.8	2 for 1	(15.00%)	(16.50%)	(5.56%)	N/A	11.58%	No	3.00%
31/12/2024	China Demeter Financial Investments Limited	8120	41.6	15.6	1 for 2	(25.00%)	(25.32%)	(18.18%)	(59.08%)	8.55%	No	2.50%
20/12/2024	Mansion International Holdings Limited	8456	9.9	30.7	4 for 1	(22.90%)	(23.50%)	(5.50%)	N/A	18.80%	No	1.50%
13/12/2024	Royal Century Resources Holdings Limited	8125	17.2	39.2	3 for 1	(23.95%)	(22.10%)	(7.30%)	(82.69%)	17.96%	No	2.00%
15/11/2024	Global Strategic Group Limited	8007	14.6	51.1	4 for 1	(12.50%)	(14.10%)	(3.20%)	(91.60%)	11.30%	Yes	N/A
21/10/2024	China 33 Media Group Limited	8087	14.0	19.4	3 for 2	(7.41%)	(8.54%)	(3.23%)	(55.62%)	5.12%	No	1.50%

# LETTER FROM INDEPENDENT FINANCIAL ADVISER

Date of initial announcement	Company name	Stock code	Market capitalisation on the respective last trading day (HK\$ million)	Maximum Gross proceeds from the rights issue (HK\$ million)	Basis of entitlement	Premium/ (Discount) of subscription price over/to the closing share price on the last trading day	Premium/ (Discount) of subscription price over/to the five consecutive trading days up to and including the last trading day	Premium/ (Discount) of subscription price over/to the theoretical ex-right price	Premium/ (Discount) of the subscription price over/to the latest net asset value per share	Theoretical dilution effect	Underwriting arrangement	Placing commission rate
08/10/2024	V & V Technology Holdings Limited	8113	70.7	24.2	1 for 2	(31.51%)	(26.04%)	(23.47%)	(32.23%)	10.50%	No	N/A
04/10/2024	Palinda Group Holdings Limited	8179	176.3	71.7	1 for 2	(18.70%)	(9.42%)	(13.29%)	(66.10%)	6.23%	No	N/A
23/09/2024	Hatcher Group Limited	8365	15.6	33.0	3 for 1	(31.50%)	(24.00%)	(10.40%)	(94.10%)	23.60%	Yes	N/A
04/09/2024	China New Consumption Group Limited	8275	48.5	24.0	1 for 2	(5.66%)	(7.41%)	(4.76%)	(61.09%)	2.47%	No	3.50%
14/08/2024	Ziyuanyuan Holdings Group Limited	8223	1,281.4	86.0	1 for 5	(66.44%)	(66.49%)	(62.26%)	36.38%	11.09%	Yes	N/A
22/07/2024	Roma (meta) Group Limited	8072	213.1	25.3	3 for 1	(23.08%)	(24.24%)	(7.41%)	(97.23%)	18.18%	Yes	1.25%
02/07/2024	Tonking New Energy Group Holdings Limited	8326	129.2	40.9	1 for 2	(41.18%)	(41.18%)	(33.30%)	(69.70%)	11.76%	No	1.00%
28/06/2024	Jiading International Group Holdings Limited	8153	9.3	27.5	3 for 1	(16.67%)	(14.68%)	(4.76%)	(91.67%)	12.50%	No	3.00%
27/06/2024	Hanvey Group Holdings Limited	8219	32.7	8.25	1 for 2	(59.30%)	(59.30%)	(49.20%)	(7.40%)	19.80%	No	3.50%
25/06/2024	Chong Fai Jewellery Group Holdings Company Limited	8537	10.1	27.0	3 for 1	(32.20%)	(32.60%)	(10.40%)	(87.40%)	24.72%	No	1.00%
29/05/2024	Icon Culture Global Company Limited	8500	55.7	54.0	1 for 1	(36.71%)	(37.19%)	(18.18%)	N/A	18.59%	No	0.50%
		maximum	1,281.4	86.0		(5.66%)	(2.83%)	(3.20%)	36.38%	24.72%		3.50%
		average	113.3	33.4		(25.00%)	(23.90%)	(15.07%)	(59.98%)	12.14%		1.89%
		minimum	9.3	6.1		(66.44%)	(66.49%)	(62.26%)	(97.23%)	2.26%		0.50%
23/05/2025	Grand Talents Group Holdings Limited	8516	16.4	27.5	5 for 2	(33.00%)	(33.00%)	(12.34%)	(38.15%)	23.57%	No	3.00%

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*Notes:*

- 1) The information has been extracted from the relevant announcements or circulars regarding the rights issues of the respective Comparables.
- 2) “N/A” denotes that the announcement did not disclose such information.
- 3) The theoretical dilution effect is calculated in according to Rule 10.44A of the Rules Governing of the Listing of Securities on GEM.

Based on the above table, we noted that:

- (a) the market capitalisation of the Comparables on their respective last trading day ranged from HK\$9.3 million to HK\$1,281.4 million. In comparison, the Company’s market capitalisation on the Last Trading Day was approximately HK\$16.4 million. This falls within this range of the Comparables, suggesting that they are representative for our analysis;
- (b) the maximum gross proceeds from the rights issue of the Comparables ranged from HK\$6.1 million to HK\$86.0 million. In comparison, the maximum gross proceeds from the Rights Issue, which is approximately HK\$27.5 million, falls within this range. Therefore, we are of the view that the Comparables are representative;
- (c) the subscription prices for all Comparables were set at a discount to their closing share prices on the last trading day. As noted above, the discount to the closing price before the last trading day of the rights issue announcement for these Comparables ranged from a minimum of approximately 5.66% to a maximum of approximately 66.44%, with an average discount of approximately 25.00%. The discount of approximately 33.00% to the closing price per share on the last trading day, used to determine the Subscription Price, falls within the range among the Comparables;
- (d) the discount to the closing price as quoted on the last five trading days before the announcement of the rights issue ranged from a minimum of approximately 2.83% to a maximum of approximately 66.49%, with an average discount of approximately 23.90%. The discount of approximately 33.00% to the closing price as quoted on the last five trading days before the announcement of the rights issue, used to determine the Subscription Price, falls within the range among the Comparables;
- (e) the comparison of the subscription price to the latest net asset value per Share of the Comparables ranged from a discount of approximately 97.23% to a premium of approximately 36.38%, with an average discount of approximately 59.98%. The Subscription Price set at a discount of approximately 38.15% compared to the net asset

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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value per Share as of 30 September 2024. This discount aligns with the range observed among Comparables and is notably lower than the average discount of these Comparables;

- (f) the theoretical dilution effect of the rights issue of the Comparables ranged from a minimum of approximately 2.26% to a maximum of approximately 24.72%, with the average of approximately 12.14%. The theoretical dilution effect of the Rights Issue of approximately 23.57%, used to determine the Subscription Price, falls within the range among the Comparables;
- (g) the placing commission under the Placing Agreement is established at 3% of the gross proceeds from the subscription of the Unsubscribed Rights Shares that the Placing Agent successfully secures; this rate falls within the range of the placing commission rates offered by the placing agents of the Comparables; and
- (h) the Rights Issue is being conducted on a non-underwritten basis, in line with market practice, notably, 16 out of 20 Comparables were also conducted in this manner.

The theoretical dilution effect of the Rights Issue of approximately 23.57%, used to determine the Subscription Price, falls within the range among the Comparables and close to the higher end of range as above mentioned. Having considered that (i) the Subscription Price favors the Qualifying Shareholders to subscribe for the Rights Shares and the interest of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as long as they are offered an equal opportunity to take up their entitlements in full at the same price to maintain their respective pro-rata 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, we consider that the dilution impact represented by the Rights Issue is fair and reasonable so far as the Independent Shareholders are concerned.

In light of (i) the recent overall downward trend of the closing price of the Existing Shares and the generally low trading volume of the Existing Shares during the Review Period as outlined in the section headed “Review of the historical price performance of the Existing Shares” in this letter; (ii) the discounts applied to the Subscription Price align with the ranges of the Comparables; (iii) the Rights Issue is available to all Qualifying Shareholders, which the interests of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as long as they are offered with an equal opportunity to participate in the Rights Issue and subscribe for the Rights Shares; and (iv) the theoretical dilution effect of the Rights Issue is within the range of the Comparables, we consider that the principal terms of the Rights Issue (including the Subscription Price) are fair and reasonable to the Shareholders and in the interests of the Company and the Shareholders as a whole.

### **3.3 Other terms**

#### *Non-underwritten basis*

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. The Cayman legal adviser of the Company has confirmed that pursuant to the Company's constitutional documents and the Companies Act of the Cayman Islands (as amended from time to time), there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the ultimate subscription level.

In the event that the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders under PAL(s), or transferees of nil-paid Rights Shares together with the NQS Unsold Rights Shares will be placed to independent placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company, and hence, the size of the Rights Issue will be reduced accordingly.

The Shareholder who applies to take up his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the New Ordinary Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder 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. There is no minimum amount to be raised under the Rights Issue.

#### *The Placing*

The Company has entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees on a best effort basis. The Placing will be proceeded only if the Rights Shares are not fully subscribed.

Considering the funding needs of the Company and the difficulties in conducting alternative fund raising methods as mentioned in the paragraphs headed "2.2 Our view on the Group's funding needs" and "2.3 Alternative fund-raising methods considered by the Group" in this letter, as the

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Placing offers additional means to facilitate the subscription of untaken portion of the Rights Issue to the maximum extent, we consider that adopting the Placing is in the interests of the Company and the Shareholders.

### *The Placing Price*

The placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe) shall be at least equal to the Subscription Price. As we consider that the Subscription Price is fair and reasonable as discussed in the paragraph headed “3.2 Subscription Price” in this letter, we also consider the arrangement of setting the placing price at or above the Subscription Price is fair and reasonable.

### *The Placing Commission*

According to the Placing Agreement, the Company will pay to the Placing Agent a placing commission of 3% of the amount which is equal to the Placing Price multiplied by the total number of the Unsubscribed Rights Shares which are successfully placed by the Placing Agent.

To assess the fairness and reasonableness of the Placing Commission, we have considered the commission charged by placing agents of the Comparables, where applicable. We noted that the placing commission paid by these companies ranged from nil to 3.5%. The Placing Commission of approximately 3% is within the range of the Comparables, as set out in the sub-section “Comparison with other rights issue” in this letter. Hence, we consider that the Placing Commission pursuant to the Placing Agreement is fair and reasonable.

## **3.4 Conclusion**

Taking into consideration (i) the Subscription Price and the Placing Price are fair and reasonable; (ii) the Placing offers additional means to raise funds for the Company; and (iii) the Placing Commission is within the range of the Comparables, we concur with the Management that the terms of the Rights Issue and the Placing are fair and reasonable.

## **4. Financial effects of the Rights Issue**

### **4.1 Net tangible assets**

Based on the 2024 Interim Report, the unaudited consolidated net tangible assets of the Group per Share was approximately HK\$0.11, computed by dividing the unaudited consolidated net tangible liabilities of the Group of approximately HK\$14.8 million by the total number of Existing Shares of 137,020,000 as at 30 September 2024.

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With reference to “Unaudited pro forma financial information of the Group” as set out in Appendix III to the Circular, assuming that (i) the total number of issued Shares of 16,442,400 New Ordinary Shares after the Share Consolidation being effective on 25 July 2025; and (ii) upon completion of the Rights Issue, resulting in the issuance of an additional 41,106,000 Rights Shares, the Group’s net tangible liabilities per Share would be approximately HK\$0.75 as if the Rights Issue had taken place on 30 September 2024. For details, please refer to the “UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP” set out in the Appendix III to the Circular.

### **4.2 Liquidity**

Since part of the net proceeds are intended to be utilised for the general working capital of the Company, the Group’s liquidity position would be improved upon the completion of the Rights Issue.

In light of the above, we are of the view that the overall financial impact to the Group upon completion of the Rights Issue is in the interest of the Company and the Shareholders.

### **5. Possible dilution effect**

All 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. Qualifying Shareholders who do not take up the Rights Issue can, subject to the then prevailing market conditions, consider selling their nil-paid rights to subscribe for the Rights Shares in the market. However, they should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and the Placing.

For those Qualifying Shareholders who do not take up their full provisional allotments under the Rights Issue, depending on the extent to which they subscribe for the Rights Shares, their shareholding interests in the Company upon completion of the Rights Issue and the Placing will be diluted by up to a maximum of approximately 71.43%.

Having considered (i) the dilution effect is not prejudicial as all Qualifying Shareholders are offered an equal opportunity to participate in the enlargement of the capital base of the Company and Shareholders’ interests in the Company will not be diluted if they elect to exercise their full provisional allotments under the Rights Issue; and (ii) the Qualifying Shareholders have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market, subject



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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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to availability, we are of the view that the potential dilution effect on the shareholding, which may only happen to the Qualifying Shareholders who decide not to subscribe for their pro-rata Rights Shares, is acceptable and justifiable.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the terms of the Rights Issue and the Placing are fair and reasonable; and (ii) the Rights Issue and the Placing are in the interests of the Company and the Shareholders. Accordingly, we recommend the Independent Board Committee to advise the Shareholders to vote in favour on the resolutions at the EGM in relation to the Rights Issue and the Placing.

Yours faithfully,  
For and on behalf of  
**Diligent Capital Limited**  
**Huen Felix Ting Cheung**  
*Director*

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particular 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 is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. DISCLOSURE OF INTERESTS****(I) Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation**

As at Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

***Long position in shares or underlying shares of the Company***

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of shares or underlying shares held</b>	<b>Percentage of issued share capital</b>
Mr. Ha Chak Hung ("Mr. Ha") (Note 1)	Interest of controlled corporation Beneficial owner	6,466,900	3.93%
Mr. Ip Chu Shing ("Mr. Ip") (Note 1)	Interest of controlled corporation Beneficial owner	6,466,900	3.93%

Name of Director	Capacity	Number of shares or underlying shares held	Percentage of issued share capital
Mr. Chu Jinzhe ("Mr. Chu")	Beneficial owner	1,918,280	3.33%

1. Talent Prime Global Limited is a company incorporated in the British Virgin Islands with limited liability and is owned as to 50% each by Mr. Ha Chak Hung ("Mr. Ha") being Co-Chairman of the Board and an executive Director, and Mr. Ip Chu Shing ("Mr. Ip") being Chief Executive Officer of the Company and an executive Director. Accordingly, Mr. Ha and Mr. Ip are deemed to be interested in all the Shares held by Talent Prime Group Limited under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## (II) Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at Latest Practicable Date, the Company did not have any the interests and short positions of the substantial shareholders of the Company (other than the Directors and chief executives of the Company) in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register to therein.

Save as disclosed above, as at Latest Practicable Date, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

**3. COMPETING INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

As at the Latest Practicable Date, the Company did not have any controlling Shareholder, substantial Shareholder and so far as the Directors are aware, none of the Directors or any of their respective associate(s) had any interest in a business which causes or may cause, either directly or indirectly, any significant competition with the business of the Group.

**4. DIRECTORS' SERVICE CONTRACTS**

Each of the executive Directors has entered into a service contract with the Company for a term of three years, which are determinable by not less than three months' notice in writing served by either party on the other and is subject to termination provisions therein and in the Articles.

Pursuant to the letters of appointment between the Company and the independent non-executive Directors, the independent non-executive Directors have been appointed for a term of three years, which are determinable by either party by giving three months' written notice.

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation).

**5. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENTS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, acquired, disposed of by, or leased to, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and none of the Directors was materially interested in any contract or arrangement subsisting as at the date of this circular which is significant in relation to the business of the Group.

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

**6. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

**7. EXPERTS AND CONSENTS**

The following is the qualification of the experts who have given opinions or advice contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Diligent Capital Limited	A corporation licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity
SFAI (HK) CPA Limited	Certified Public Accountants

The letters, reports and/or opinions from the above experts are given as of the date of this circular for incorporation in this circular. The above experts have given and have not withdrawn written consents to the issue of this circular with the inclusion therein of the letters, reports and/or opinions, as the case may be, and references to the names in the form and context in which appear.

As at the Latest Practicable Date, the above experts:

- (a) did not have any direct or indirect interest in any assets which have since 31 March 2024 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**8. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position or prospects of the Group since 31 March 2024, being the date to which the latest published audited accounts of the Company were made up.

**9. MATERIAL CONTRACTS**

- (i) The placing agreement dated 2 January 2024 entered into between the Company and Global Mastermind Securities Limited in relation to placing up to 22,800,000 Existing Shares;
- (ii) The placing agreement dated 15 November 2024 entered into between the Company and Pinestone Securities Limited in relation to placing up to 27,404,000 Existing Shares;
- (iii) The supplemental loan agreement dated 10 January 2024 entered into between the Company and Mr. Ha Chak Hung in relation to extend the loan of principal amount of HK\$8,000,000 for a year;
- (iv) The supplemental loan agreement dated 10 January 2025 entered into between the Company and Mr. Ha Chak Hung in relation to extend the loan of principal amount of HK\$8,000,000 for a year; and
- (v) The Placing Agreement

**10. DOCUMENTS ON DISPLAY**

Copies of the following documents will be displayed on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<http://www.grandtalentsgroup.com>) for a period of 14 days from the date of this circular:

- (a) the letter from the Board, the text of which is set out from pages 9 to 52 of this circular;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 53 to 54 of this circular;
- (c) the letter from Independent Financial Adviser, the text of which is set out on pages 55 to 81 of this circular;
- (d) the accountant's report on the unaudited pro forma financial information of the Group issued by SFAI (HK) CPA Limited, the text of which is set out in Appendix III to this Prospectus;
- (e) the material contracts referred to in the section headed "9. MATERIAL CONTRACTS" in this appendix;

(f) the written consent of the experts as referred to in the section headed “7. Experts and Consents” in this Appendix; and

(g) this circular.

## **11. EXPENSES**

The expenses in connection with the Rights Issue, including financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to amount approximately HK\$2.5 million, and are payable by the Company.

## **12. CORPORATE INFORMATION**

<b>Registered office</b>	Windward 3, Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
<b>Head office and principal place of business in Hong Kong</b>	Office 15, 9/F., Mega Cube No. 8 Wang Kwong Road Kowloon Hong Kong
<b>Authorised representatives</b>	Mr. Ha Chak Hung Ms. Wong Chi Ling
<b>Company secretary</b>	Ms. Wong Chi Ling (CPA, FCCA, FCA)
<b>Legal Adviser to the Company as to the Companies Act</b>	Appleby SUITES 3505-06, 35/F, Two Taikoo Place, 979 King’s Road, Quarry Bay Hong Kong
<b>Placing Agent</b>	Pinestone Securities Limited 1807, 18/F., China Resources Building 26 Harbour Road, Wan Chai, Hong Kong

**Independent Financial Adviser**

Diligent Capital Limited  
Room 2203, 22/F., New World Tower 1,  
16–18 Queen’s Road Central, Hong Kong

**Auditor**

OOP CPA & Co.  
21/F,  
LL Tower, 2–4 Shelley Street,  
Central, Hong Kong

**Principal share registrar**

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

**Principal Banker**

Fubon Bank (Hong Kong) Limited  
Fubon Bank Building,  
38 Des Voeux Road Central,  
Hong Kong

**13. DIRECTORS OF THE COMPANY****Name****Correspondence address****Executive Director**

**Mr. Ha Chak Hung** (*Co-Chairman*)

Office 15, 9/F., Mega Cube  
No. 8 Wang Kwong Road  
Kowloon Hong Kong

**Mr. Ip Chu Shing**

(*Chief Executive Officer*)

Office 15, 9/F., Mega Cube  
No. 8 Wang Kwong Road  
Kowloon Hong Kong

**Mr. Chu Jinzhe** (*Co-Chairman*)

Office 15, 9/F., Mega Cube  
No. 8 Wang Kwong Road  
Kowloon Hong Kong



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No. 8 Wang Kwong Road  
Kowloon Hong Kong

## Audit committee

Office 15, 9/F., Mega Cube  
No. 8 Wang Kwong Road  
Kowloon Hong Kong

Office 15, 9/F., Mega Cube  
No. 8 Wang Kwong Road  
Kowloon Hong Kong

Office 15, 9/F., Mega Cube  
No. 8 Wang Kwong Road  
Kowloon Hong Kong

### Nomination committee

Office 15, 9/F., Mega Cube  
No. 8 Wang Kwong Road  
Kowloon Hong Kong

Office 15, 9/F., Mega Cube  
No. 8 Wang Kwong Road  
Kowloon Hong Kong

**Dr. Fok Wai Sun**

Office 15, 9/F., Mega Cube  
No. 8 Wang Kwong Road  
Kowloon Hong Kong

**Remuneration committee**

**Dr. Fok Wai Sun** (*Chairman*)

Office 15, 9/F., Mega Cube  
No. 8 Wang Kwong Road  
Kowloon Hong Kong

**Ms. Tang Shui Man**

Office 15, 9/F., Mega Cube  
No. 8 Wang Kwong Road  
Kowloon Hong Kong

**Mr. Ha Chak Hung**

Office 15, 9/F., Mega Cube  
No. 8 Wang Kwong Road  
Kowloon Hong Kong

#### **14. PARTICULARS OF THE DIRECTORS**

##### **Executive Directors**

**Mr. Ha Chak Hung** (夏澤虹) (“**Mr. Ha**”), aged 49, is the Chairman and executive Director of our Group. Mr. Ha was appointed as a Director on 23 October 2017 and was redesignated as our executive Director on 21 September 2018. Mr. Ha is responsible for the overall strategic management and development of our business and operations. Mr. Ha is currently a director of Talent Mart Construction Co., Limited (“**TMC**”) and Talent Mark Development Limited (“**TMD**”). He is also a member of the Remuneration Committee and Nomination Committee.

Mr. Ha graduated with a Bachelor of Business Administration from Chu Hai College in January 2000. He also completed a Postgraduate Certificate in Business and Management in University of Bradford in July 2014 through distance learning.

Mr. Ha has over 19 years of experience in the roads and highways management and maintenance industry. Mr. Ha began his career as a sales executive in Wah Lam Construction Co., Limited from 1999 to 2001. He then worked as a sales manager in Hongkong United Dockyards Limited from 2001 to 2004. Later, he worked in Good Intelligent Development Engineering Limited from May 2005 to April 2010 and Mr. Ha’s major roles and responsibilities included

projects co-ordination, marketing and business development. Throughout the period, he acquired extensive knowledge and expertise in the roads and highway management and maintenance industry by participating in different construction projects.

**Mr. Ip Chu Shing (葉柱成) (“Mr. Ip”)**, aged 53, is the Chief Executive Officer and executive Director of our Group. Mr. Ip was appointed as a Director on 23 October 2017 and was redesignated as an executive Director on 21 September 2018. Mr. Ip is responsible for overseeing our operations, business development, human resources, finance and administration. Mr. Ip is currently a director of TMC and TMD.

Mr. Ip obtained a Bachelor of Science in Civil Engineering and a Master of Science in Civil Engineering from San Jose State University in December 1994 and December 1998 respectively.

Mr. Ip has over 26 years of experience in the civil engineering industry, during which he gathered extensive knowledge of the industry and established close relationships with customers, suppliers and subcontractors alike. Mr. Ip began his career as a site engineer in Kin Wing Engineering Company Limited in September 1994 with his last position held as a project engineer in 1997. He then worked as an assistant engineer in Atkins China Limited from May 1997 to August 1997. From 1997 to 1998, Mr. Ip worked as a project manager in Man Wah General Contractor Company Inc. in the United States. He also worked as a design engineer in T. Y. Lin International Consultant Limited in the United States from 1999 to 2000. From 2000 to 2001, Mr. Ip worked as a transportation engineer in California Department of Transportation in the United States. After working as a project engineer in HUD General Engineering Services Limited from 2001 to 2003, he worked as a project manager in Ki Wan Development Limited from April 2005 to December 2010.

Mr. Chu Jinzhe (“**Mr. Chu**”), aged 34, has over ten years of management experience across various industries, such as traditional Chinese medicinal plant cultivation, animal husbandry, and food processing. While his earlier career was primarily focused on the agricultural sector, he developed expertise in versatility and leadership. Upon joining the Company, Mr. Chu will be responsible for developing business opportunities in the People’s Republic of China (the “**PRC**”).

Currently, Mr. Chu serves as the deputy secretary-general of the Xingchen Health Fund Management Committee\* (星辰健康專案基金管理委員會) under the China Ageing Development Foundation\* (中國老齡事業發展基金會). He is also the director and executive vice president of Huanuo Agriculture (Shenzhen) Co., Ltd.\* (華諾農業(深圳)有限公司), an indirect subsidiary of China National Pharmaceutical Group Corporation\* (中國醫藥集團有限公司).

Mr. Chu graduated from Jiangsu Institute of Food and Pharmaceutical Sciences\* (江蘇食品藥品職業技術學院) in 2012.

Mr. Chu has entered into a service agreement with the Company for an initial term of one year commencing from 27 September 2024, and renewable automatically for successive terms of one year each commencing from the day immediately after the expiry of the then current term of Mr. Chu's appointment until terminated in accordance with the provisions under the service agreement. The service agreement may be terminated by either party by serving one month's prior written notice to the other party, or payment in lieu of notice. Mr. Chu is subject to retirement by rotation and re-election in accordance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and the articles of association of the Company at the next following general meeting of the Company after his appointment. Mr. Chu is entitled to receive a director's fee of HK\$600,000 per annum, which was determined by the Board based on the recommendation of the remuneration committee of the Company with reference to his duties and responsibilities as well as the prevailing market conditions.

### **Independent non-executive Directors**

**Ms. Tang Shui Man (鄧瑞文)** ("**Ms. Tang**"), aged 44, was appointed as our independent non-executive Director on 21 September 2018. She is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. Ms. Tang is responsible for providing independent judgement on issues relating to our strategy, performance, resources and standard of conduct.

Ms. Tang obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in June 2003.

Ms. Tang worked in Shinewing (HK) CPA Limited from February 2004 to September 2005 with her last position held as an audit semi senior. She then worked in Deloitte Touche Tohmatsu from September 2005 to September 2007 with her last position held as an audit senior. Ms. Tang subsequently worked in Benetton Asia Pacific Limited from October 2007 to January 2009 with her last position held as a financial analyst. She also worked in i.t apparels Limited, a subsidiary of I.T Limited (a company listed on the Main Board of the Stock Exchange (stock code: 0999)) from January 2009 to August 2009 with her last position held as an assistant internal audit manager. She further worked in BWC Capital Markets Limited from September 2009 to July 2010 with her last position held as an internal audit and compliance director. Ms. Tang was an independent non-executive director of China Finance Investment Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 875) from December 2014 to June 2017. Ms. Tang was worked in Tang Clansmen Association as an accounting consultant form 2013 to 2023.

Ms. Tang has been a member and fellow member of the Hong Kong Institute of Certified Public Accountants since July 2011 and March 2019, respectively. She has also been a member and fellow member of the Association of Chartered Certified Accountants since October 2007 and October 2012 respectively.

**Dr. Fok Wai Sun (霍惠新) (“Dr. Fok”)**, aged 51, was appointed as our independent non-executive Director on 21 September 2018. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee. Dr. Fok is responsible for providing independent judgment on issues relating to our strategy, performance, resources and standard of conduct.

Dr. Fok obtained a Bachelor of Science in Civil Engineering from San Jose State University in May 1994 and Master of Business Administration in Management from Golden Gate University in April 1995. He later obtained a Bachelor of Science in Quantity Surveying from The University of Reading through distance learning in December 2005. He further obtained a Master of Science in Finance from City University of Hong Kong in November 2006. He continued to pursue his education and graduated with a Doctor of Philosophy in Engineering Management from Neuva Ecija University of Science and Technology in Republic of Philippines through distance learning in June 2010. He also earned Master of Art in Comparative and Public History at The Chinese University of Hong Kong in November 2018 and Graduate Diploma in International Relations at University of London in August 2018.

Dr. Fok worked as an assistant engineer in United Reliance Corporation Limited from July 1995 to March 1996. He then worked as an analyst in Hopewell Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0054), from January 1997 to June 1998. Dr. Fok later worked as a quantity surveyor in Pui Hing Construction Company Limited from January 1999 to August 1999. He then worked as a project manager in KPA Engineering Limited from March 2000 to August 2000. He subsequently worked as a quantity surveyor/estimator in Lam Geotechnics Limited from September 2000 to February 2002. Dr. Fok also worked as a technical manager in Stanger Asia Limited from May 2002 to November 2012. He has been a senior manager in Castco Testing Centre Limited since December 2012.

**Ms. Liu Yuchao (劉玉超) (“Ms. Liu”)**, aged 28, graduated from Changchun Guanghua College\* (長春光華學院) in 2019. Ms. Liu has over five years of experience in corporate financing. Ms. Liu has been the deputy financial controller of Beijing Jifu Innovation Investment Company Limited\* (北京集富創新投資有限公司) from July 2021 to May 2024. She has been the costing and general ledger accountant of Shanghai Transformation Network Technology Development Company Limited\* (上海蛻變網絡科技發展有限公司) from July 2019 to July 2021.

**15. AUDIT COMMITTEE**

The audit committee was established on 21 September 2018 with its written terms of reference in compliance with the CG Code. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance.

Latest Practicable Date, the audit committee consists of three independent non-executive Directors, being Ms. Tang Shui Man (Chairman), Ms. Liu Yuchao and Dr. Fok Wai Sun. As at the date of the annual report, the audit committee consists of three independent non-executive Directors, being Ms. Tang Shui Man (Chairman), Ms. Liu Yuchao (appointed on 29 October 2024) and Dr. Fok Wai Sun, Ms. Wu Jing (retired on 30 July 2024). None of the members of the audit committee is a former partner of the existing external auditor of the Company, CWK CPA Limited.

During the year ended 31 March 2024, three audit committee meetings were held on 28 June 2023, 11 August 2023 and 10 November 2023 to review the annual results for the year ended 31 March 2023, the quarterly results for the three months ended 30 June 2023 and the interim results for the six months ended 30 September 2023 of the Company and its subsidiaries respectively and other related matters.

Subsequent to the year ended 31 March 2024, the audit committee met on 28 June 2024 and reviewed (i) the Group's audited consolidated financial statements for the year ended 31 March 2024, with a recommendation to the Board for approval; (ii) the Group's financing and accounting policies; (iii) the Group's internal control system and risk management functions and (iv) recommended to the Board for consideration the reappointment of CWK CPA Limited as the Company's external auditor at the annual general meeting.

**16. MISCELLANEOUS**

- (i) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong;
- (ii) As at the Latest Practicable Date, the Company had no significant exposure to foreign exchange liabilities; and
- (iii) The English text of this circular shall prevail over the Chinese text in the case of any inconsistent.

**A. FINANCIAL INFORMATION OF THE GROUP**

The financial information of the Group for the three years ended 31 March 2022, 2023 and 2024 are disclosed in the following documents which have been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.grandtalentsgroup.com](http://www.grandtalentsgroup.com)) respectively:

- (i) the unaudited financial information of the Group for the six months ended 30 September 2024 is disclosed in the interim report of the Company for the six months ended 30 September 2024, from pages 5 to 22

**(<https://www1.hkexnews.hk/listedco/listconews/gem/2024/1220/2024122000630.pdf>)**

- (ii) the audited consolidated financial information of the Group for the year ended 31 March 2024 is disclosed in the annual report of the Company for the year ended 31 March 2024 published on 28 June 2024, from pages 66 to 132

**(<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0628/2024062803981.pdf>)**

- (iii) the audited consolidated financial information of the Group for the year ended 31 March 2023 is disclosed in the annual report of the Company for the year ended 31 March 2023 published on 28 June 2023, from pages 66 to 136

**(<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0628/2023062802135.pdf>)**

- (iv) the audited consolidated financial information of the Group for the year ended 31 March 2022 is disclosed in the annual report of the Company for the year ended 31 March 2022 published on 29 June 2022, from pages 43 to 135

**(<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0629/2022062902465.pdf>)**

Set out below is a summary of the consolidated financial information of the Group for the years ended 31 March 2022, 2023, and 2024 and the six months ended 30 September 2024.

	For the year ended 31 March		
	2024	2023	2022
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Revenue	16,967	29,430	42,469
Cost of revenue	(15,832)	(34,397)	(38,705)
Gross profit/(loss)	1,135	(4,967)	3,764
Other income	221	1,251	3,174
Other gains	30	221	(204)
Administrative expenses	(12,476)	(11,915)	(12,021)
Impairment loss under expected credit loss model	(3,056)	(10,858)	(13,056)
Impairment loss on property, plant and equipment	—	(151)	—
Impairment loss on right-of-use assets	—	(31)	—
Finance costs	(992)	(988)	(2,211)
Loss before taxation	(15,138)	(27,438)	(20,554)
Income tax credit	—	177	152
Loss for the year	(15,138)	(27,261)	(20,402)

The management discussion and analysis of the Company for each of the financial years ended 31 March 2024, 2023 and 2022, are disclosed in the annual reports of the Company for the financial years ended 31 March 2022 and 2023 and 2024

For each of the three financial years ended 31 March 2024, 2023 and 2022, no dividend or distribution was declared or paid.

No modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the auditor's report of the Company from BDO Limited for each of the year ended 31 March 2022 and 2023, and from CWK CPA Limited for the year ended 31 March 2024.



	As at 31 March 2024 HK\$'000
<b>Non-current assets</b>	
Property, plant and equipment	544
Right-of-use assets	193
	<u>737</u>
<b>Current assets</b>	
Contract assets	5,656
Trade and other receivables	20,438
Amount due from shareholders	—
Amount due from a related company	—
Bank balances and cash	851
	<u>26,945</u>
<b>Current liabilities</b>	
Trade and other payables	7,273
Amounts due to shareholders	8,938
Lease liabilities	168
	<u>16,739</u>
<b>Non-current liabilities</b>	
Lease liabilities	29
Deferred tax liabilities	9
	<u>38</u>
<b>Net assets</b>	<u><u>11,265</u></u>
<b>Capital and reserves</b>	
Share capital	13,702
Reserves	(2,437)
<b>Total equity</b>	<u><u>11,265</u></u>

**B. STATEMENT OF INDEBTEDNESS**

As at the close of business on 30 April 2025, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Circular, the indebtedness of the Group was as follows:

	<b>As at</b> <b>30 April 2025</b> <i>HK\$'000</i> unaudited
Amount due to shareholders ( <i>Note 1</i> )	9,997
Other loans ( <i>Note 2</i> )	1,457
Lease Liabilities	197

*Notes:*

- (1) The amount due to shareholders is non-trade in nature, unsecured, non-guaranteed, interest-bearing at 12.00% per annum, and due on 31 January 2026.
- (2) The loans are non-trade in nature, unsecured, non-guaranteed, interest-bearing at 15.00% and 4% per annum, respectively, and due on 2 August 2025.

**Contingent liabilities**

On 19 February 2019, a plaintiff served a writ of summons against the Group regarding construction services, claiming approximately HK\$1,644,000 plus interest and costs. The directors believe this claim is unreasonable, and the Group does not agree with it. After obtaining legal advice, the Group considers the possibility of cash outflow to be remote. A mediation attempt was made; however, progress stalled due to COVID-19. Supplemental witness statements have been filed, but as of the reporting date, there has been no response from the plaintiff.

In early 2023, the Company identified an over-payment of approximately HK\$287,000 related to a disputed contract with a customer. The directors instructed their lawyer to demand a refund, and a writ of summons was issued on 17 April 2023. The Supplier proposed to repay HK\$137,000 but denied that the remaining HK\$150,000 constitutes an over-payment. A settlement was reached in August 2022 regarding the outstanding payment.

Additionally, on 25 August 2021, the Group served a writ of summons against the customer for construction services rendered. This action was subsequently amended to recover the balance of the over-payment identified earlier. The customer filed counterclaims, and an interim application was concluded in favor of the Company.

Save as disclosed above, the Group did not have any other material contingent liabilities.

**Disclaimers**

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables and lease liabilities, as at 30 April 2025, the Group did not have any material debt securities issued and outstanding, or authorised or otherwise created but unissued, or term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages, charges or other material contingent liabilities or guarantees.

**C. WORKING CAPITAL STATEMENT**

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Group including internally generated funds, bank and other facilities, the Group will have sufficient working capital for its operation for at least twelve months from the date of this circular.

**D. MATERIAL ADVERSE CHANGE**

The Board confirms that there has been no material adverse change in the financial or trading position of the Group since 31 March 2024, 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.

**E. BUSINESS REVIEW**

The Group is an established subcontractor engaged in the provision of civil engineering works with over thirteen years of experience. The Group principally specialises in repairing and maintaining structures of roads and highways in Hong Kong, with focus on Kowloon and Hong Kong Island. Since 2013, the Group has extended its services to include civil engineering construction works, including construction drainage systems in Hong Kong.

During the Reporting Period, the Group has undertaken (i) repair and maintenance projects for roads and highways and other infrastructures such as construction of pavilion and drainage systems in Kowloon region; and (ii) civil engineering construction projects. The Hong Kong government has introduced various stimulus packages and infrastructure investment plans, including plans to initiate a significant capital works expenditure on projects in public housing, transportation infrastructure, and urban renewal, in an effort to boost the construction sector. While these government measures have helped improve sentiment in the construction sector, the overall

labor, material, and subcontracting costs have continued to rise, which is expected to lead to low project profit margins for the Group. Despite the challenges, the Group has continued to focus on developing its business of undertaking repair and maintenance works and civil engineering construction works in Hong Kong.

Looking ahead, the Group will continue to focus on the repair and maintenance works, as well as civil engineering construction projects, that it has undertaken in Hong Kong during the Reporting Period. Although the Hong Kong government's initiative to introduce various stimulus packages and infrastructure investment plans, including significant capital works expenditure on public housing, transportation, and urban renewal projects, has helped improve sentiment in the construction sector, the Group expects low profit margins due to higher costs of operation, including rising labor, material, and subcontracting costs. To address this challenge, the Group will continue adopting more cost-effective construction methods and aiming to complete projects more quickly. Despite the margin pressure, the Group remains optimistic about securing upcoming projects and will continue submitting tenders for both civil engineering and maintenance works in order to generate more profits for the Group and its Shareholders.

## **F. FINANCIAL REVIEW**

For the year ended 31 March 2023, the revenue of the Group was approximately HK\$17.0 million for the year ended 31 March 2024 representing a decrease from approximately HK\$29.4 million of the year ended 2023, which was mainly due to completion of the repair and maintenance work project. The Group's loss before taxation decreased from approximately HK\$27.4 million for the year ended 31 March 2023 to approximately HK\$15.1 million for the year ended 31 March 2024, which was mainly due to the decrease in cost of revenue.

*The information set out in this Appendix does not form part of the Accountants' Report issued by SFAI (HK) CPA Limited, the Company's reporting accountants, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with "Financial information of the Group" set out in Appendix II.*

**(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared by the Directors (the **"Unaudited Pro Forma Financial Information"**) in accordance with paragraph 31 of Chapter 7 of the GEM Rules is set out to illustrate the effect of the Rights Issue on the Group's unaudited adjusted consolidated net tangible assets as if the Rights Issue had been completed on 30 September 2024.

The Unaudited Pro Forma Financial Information has been prepared based on the judgments, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the unaudited adjusted consolidated net tangible assets of the Group as at 30 September 2024 or any further dates following the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group as at 30 September 2024, as extracted from published unaudited interim report of the Company for the six months ended 30 September 2024, with adjustments described below.

## UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Based on 41,106,000 Rights  
Shares to be issued at  
Subscription Price of  
HK\$0.67 per Rights Share

1. The unaudited consolidated net tangible assets of the Group as at 30 September 2024 of approximately HK\$14,842,000 is extracted from the published unaudited interim report of the Company for the six months ended 30 September 2024.
2. Pursuant to the Company's announcement dated 10 December 2024, on the same date, the Company completed the placing (the **"Placing"**) of 27,404,000 Existing Shares at the placing price of HK\$0.120 per Existing Shares. The net proceeds from the Placing, after deduction of the commission and other expenses of the Placing, amounted to approximately HK\$3.10 million.

3. The estimated net proceeds from the Rights Issue of approximately HK\$25,041,000 is calculated based on 41,106,000 Rights Shares to be issued (in the proportion of five (5) Rights Share for every two (2) New Ordinary Shares held by the Shareholders on the Record date and assuming all Rights Shares are taken up by

the Qualifying Shareholders) at the subscription price of HK\$0.67 per Rights Shares, after deduction of the estimated related expenses of approximately HK\$2,500,000, assuming that the Rights Issue had been completed on 30 September 2024.

4. The consolidated net tangible assets of the Group per share as at 30 September 2024 immediately after the completion of the Placing of 27,404,000 Existing Shares completed on 10 December 2024 and before the Capital Reorganisation which is based on the unaudited consolidated net tangible assets of the Group as at 30 September 2024 of approximately HK\$14,842,000 and the estimated net proceeds from the Placing completed on 10 December 2024 of approximately HK\$3,100,000 divided by 164,424,000 Existing Shares.
5. The consolidated net tangible assets of the Group per share as at 30 September 2024 immediately after the completion of the Placing of 27,404,000 Existing Shares completed on 10 December 2024 and upon completion of the Capital Reorganisation which is based on the unaudited consolidated net tangible assets of the Group as at 30 September 2024 of approximately HK\$14,842,000 and the estimated net proceeds from the Placing completed on 10 December 2024 of approximately HK\$3,100,000 divided by 16,442,400 New Ordinary Shares (with par value of HK\$0.01 each per share in the share capital of the Company immediately upon the Capital Reorganisation becoming effective).
6. The consolidated net tangible assets of the Group per share as at 30 September 2024 immediately after the completion of the Placing completed on 10 December 2024 and upon completion of the Rights Issue which is based on the unaudited consolidated net tangible assets of the Group as at 30 September 2024 of approximately HK\$14,842,000, the estimated net proceeds from the Placing of 27,404,000 new shares completed on 10 December 2024 of approximately HK\$3,100,000 and estimated net proceeds from the Rights Issue of approximately HK\$25,041,000 (assuming all Rights Shares are taken up by the Qualifying Shareholders) divided by 16,442,400 New Ordinary Shares (with par value of HK\$0.01 each per share in the share capital of the Company immediately upon the Capital Reorganisation becoming effective) and 41,106,000 Rights Shares to be issued (in the proportion of five (5) Rights Share for every two (2) New Ordinary Shares held by the Shareholders on the Record date).
7. Exception for the Placing completed on 10 December 2024 as described above, no adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2024.

#### **(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of the independent reporting accountant's assurance report received from SFAI (HK) CPA Limited, Certified Public Accountants, the Hong Kong reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of inclusion in this prospectus.*

**Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro Forma Financial Information**

To the directors of Grand Talents Group Holdings Limited

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Grand Talents Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of unaudited consolidated net tangible assets of the Group as at 30 September 2024 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages III-1 to III-3 of the circular dated 2 July 2025 (the “**Circular**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-3 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of up to 41,106,000 rights shares at HK\$0.67 per rights share (the “**Rights Shares**”) on the basis of five (5) Rights Share for every two (2) existing shares of the Company held on the rights issue record date (the “**Rights Issue**”) on the Group's unaudited consolidated net tangible assets of the Group as at 30 September 2024 as if the Rights Issues had taken place at 30 September 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2024, on which no audit or review report has been published.

**Directors' Responsibility for the Unaudited Pro Forma Financial Information**

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

**Our Independence and Quality Management**

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

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the HKICPA, which requires the firm to



design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the 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 the Unaudited Pro Forma Financial Information included in the Prospectus 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 2024 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Rules.

Yours faithfully,  
**SFAI (HK) CPA Limited**  
*Certified Public Accountants*  
**Lee Yan Fai**

Practicing Certificate Number: P06078  
Hong Kong, 2 July 2025

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## NOTICE OF EGM

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### GRAND TALENTS GROUP HOLDINGS LIMITED

### 廣駿集團控股有限公司

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

**(Stock Code : 8516)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of Grand Talents Group Holdings Limited (the “**Company**”) will be held at Room 1417, Star House, 3 Salisbury Road, Tsim Sha Tsui, Hong Kong on Wednesday, 23 July 2025 at 11:00 a.m. (Hong Kong time), or at any adjournment thereof, for the purpose of considering and, if thought fit, passing (with or without amendment) the following resolutions:

#### ORDINARY RESOLUTIONS

1. “**THAT** subject to the satisfaction of the conditions set out in the letter from the board under the heading “Conditions of the Share Consolidation” in the circular of the Company dated 2 July 2025, with effect from the second business day immediately following the day of passing of this resolution, being a day on which the shares of the Company are traded on The Stock Exchange of Hong Kong Limited:

every ten (10) issued and unissued shares of par value HK\$0.10 each in the share capital of the Company be consolidated into one (1) share of par value HK\$1.00 (each a “**Consolidated Share**”), 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 articles of association of the Company (the “**Share Consolidation**”); be necessary, desirable or expedient to effect and implement this resolution.”

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### SPECIAL RESOLUTION

As special business, to consider and, if thought fit, pass the following resolution as a special resolution of the Company:

2. “**THAT** conditional upon the passing of resolutions numbered 1 as set out above and subject to the conditions set out in the letter from the board under the heading “Conditions of the Capital Reduction and the Sub-division” in the circular of the Company dated 2 July 2025, with effect from Tuesday, 23 September 2025, being a day on which the shares of the Company are traded on The Stock Exchange of Hong Kong Limited:

the proposed reduction of the issued share capital of the Company whereby (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled; and (b) the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01 by cancelling the paid-up share capital to the extent of HK\$0.99 per issued Consolidated Share (“**Capital Reduction**”) and the proposed sub-division of each authorised but unissued Consolidated Share with par value of HK\$1.00 each into 100 authorised but unissued New Ordinary Shares with par value of HK\$0.01 each (“**Sub-division**”)”

3. “**THAT** conditional upon the passing of resolutions numbered 1 and 2 as set out above and subject to the conditions set out in the letter from the board under the heading “Conditions of the Rights Issue” in the circular of the Company dated 2 July 2025:
  - (a) the allotment and issue of up to 41,106,000 New Ordinary Shares, credited as fully paid upon full payment of the Subscription Price (the “**Rights Shares**”), (assuming no change in the number of New Ordinary Shares in issue on or before the Record Date (as defined below) and that no New Ordinary Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) pursuant to an offer by way of rights to the shareholders of the Company (the “**Shareholders**”) at the subscription price of HK\$0.67 per Rights Share (the “**Subscription Price**”), in cash, on the basis of five (5) Rights Shares for every two (2) New Ordinary Shares held by the Shareholders (the “**Qualifying Shareholders**”) whose names appear on the register of members of the Company on Friday, 3 October 2025, or such other date as may be determined by the Company for determining entitlements of Shareholders to participate in the Rights Issue (as defined below) (the “**Record Date**”), as described in further details in a circular issued by the Company dated 2 July 2025 (a copy of which has been produced to the Meeting marked “A” and signed by the chairman of the Meeting

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for the purpose of identification), save for the Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) to whom the Directors, based on legal opinions to be provided by the legal advisers to the Company, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s) (the “**Non-Qualifying Shareholders**”), and on and subject to such terms and conditions as may be determined by the Directors (the “**Rights Issue**”), be and is hereby approved, confirmed and ratified;

- (b) the placing agreement dated 23, May 2025 (the “**Placing Agreement**”) and entered into between the Company and Pinestone Securities Limited (a copy of which has been produced to the Meeting marked “B” and signed by the chairman of the Meeting for the purpose of identification), in relation to the placing of the Rights Shares of Unsubscribed Rights Shares and the NQS Unsold Rights Shares in nil-paid form that has/have not been sold by the Company at the placing price of not less than the Subscription Price on a best effort basis, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (c) the board of Directors or a committee thereof be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro-rata to the existing Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to any Non-Qualifying Shareholders, and to do all such acts and things or make such arrangements as it considers necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and

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- (d) any one or more Directors be and is/are hereby authorised to do all such acts, deeds and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.”

By order of the Board  
**Grand Talents Group Holdings Limited**  
**Ha Chak Hung**  
*Chairman*

Hong Kong, 2 July 2025

*Registered office:*

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

*Principal place of business in Hong Kong:*

Office 15, 9/F.,  
Mega Cube  
No. 8 Wang Kwong Road  
Kowloon  
Hong Kong

*Notes:*

- (1) An eligible shareholder is entitled to appoint one or more proxies to attend, speak and vote in his/her stead at the Meeting (or at any adjournment of it) provided that each proxy is appointed to represent the respective number of shares held by the shareholder as specified in the relevant proxy forms. The proxy does not need to be a shareholder of the Company.
- (2) Where there are joint registered holders of any shares, any one of such persons may vote at the Meeting (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (3) A proxy form for use at the Meeting or its adjourned Meeting is enclosed.
- (4) In order to be valid, the completed proxy form must be received by the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong at least 48 hours before the time appointed (i.e. Monday, 21 July 2025 at 11:00 a.m.) for holding the Meeting or adjourned meeting (as the case may be). If a proxy form is signed by an attorney of a shareholder who is not a corporation, the power of attorney or other authority under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong) must be delivered to the Hong Kong branch share registrar and transfer office of the Company together with the proxy form. In the case of a corporation, the proxy form must either be executed under its common seal or be signed by an officer or agent duly authorised in writing.

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- (5) For the purposes of determining shareholders' eligibility to attend, speak and vote at the Meeting (or at any adjournment of it), the register of members of the Company will be closed from Wednesday, 16 July 2025 to Wednesday, 23 July 2025, (both dates inclusive), during which period no transfer of shares of the Company will be registered. To be eligible to attend, speak and vote at the above meeting (or at any adjournment of it), all properly completed transfer documents accompanied by the relevant share certificate must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 15 July 2025.
- (6) The voting at the Meeting or its adjourned Meeting will be taken by poll.
- (7) If tropical cyclone warning signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions after super typhoons" announced by the Government of Hong Kong is/are in effect any time after 7:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the website of the Company at <http://www.grandtalentsgroup.com.hk> and on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify the Shareholders of the date, time and place of the re-scheduled Meeting.

If a tropical cyclone warning signal No. 8 or above or a "black" rainstorm warning signal is lowered or cancelled at or before 7:00 a.m. on the date of the Meeting and where conditions permit, the Meeting will be held as scheduled.

The Meeting will be held as scheduled when an "amber" or "red" rainstorm warning signal is in force.

As at the date of this notice, the Directors are:

*Executive Directors:*

Mr. Ha Chak Hung (*Chairman*)

Mr. Ip Chu Shing (*Chief Executive Officer*)

Mr. Chu Jinzhe

*Independent non-executive Directors:*

Ms. Tang Shui Man

Dr. Fok Wai Sun

Ms. Liu Yuchao