THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Hong Wei (Asia) Holdings Company Limited** you should at once hand this circular, and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

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

HONG WEI (ASIA) HOLDINGS COMPANY LIMITED
鴻偉（亞洲）控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 8191)

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

Placing Agent

德林證券 DL SECURITIES

Independent Financial Adviser to the Independent Board Committee and Independent Shareholders

紅日資本有限公司 RED SUN CAPITAL LIMITED

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

A letter from the Board is set out on pages 10 to 32 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 33 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 34 to 59 of this circular.

It should be noted that the Shares will be dealt in on an ex-entitlement basis from Thursday, 28 May 2026. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 10 June 2026 to Wednesday, 17 June 2026 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Wednesday, 10 June 2026 to Wednesday, 17 June 2026 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its own professional advisers.

A notice convening the EGM to be held at 16/F, Tower 5, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong on Tuesday, 26 May 2026 at 11:00 a.m. is set out in the Notice of EGM in this circular. A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you are to attend the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 11:00 a.m. on Friday, 22 May 2026. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed "Letter from the Board – Conditions of the Rights Issue" in this circular. In the event that the Rights Issue is not fully subscribed, any Unsubscribed Rights Shares together with the ES Unsold Rights Shares will be placed to independent placees on a best effort basis under the Placing. Any Unsubscribed Rights Shares or ES Unsold Rights Shares which are not placed under the Placing 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 the nil-paid Rights Shares up to the date when all the conditions to which the Rights Issue is subject are fulfilled.

5 May 2026

CHARACTERISTICS OF GEM

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

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

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

"2025 Annual Report"	the annual report of the Company for the year ended 31 December 2025 published on 30 April 2026
"Announcement(s)"	the announcements of the Company dated 17 April 2026 in relation to the Rights Issue and the Placing
"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, a Sunday, a public holiday and a day on which 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 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Companies Registry"	Companies Registry of Hong Kong
"Companies (WUMP) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
"Company"	Hong Wei (Asia) Holdings Company Limited(鴻偉(亞洲)控股有限公司)(Stock Code: 8191), a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on GEM
"Compensatory Arrangements"	the compensatory arrangements pursuant to Rule 10.31(1)(b) of the GEM Listing Rules as described in the section headed "Procedures in respect of the Unsubscribed Rights Shares and ES Unsold Rights Shares and the Compensatory Arrangements" in this circular
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules

"Controlling Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the Rights Issue and the transactions contemplated thereunder
"ES Unsold Rights Share(s)"	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholders (if any) in nil-paid form that has/have not been sold by the Company
"Excluded Shareholder(s)"	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"GEM Listing Committee"	has the same meaning ascribed to it under the GEM Listing Rules
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administration Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors namely Mr. Cheung Wai Yin Wilson, Mr. Guo Ensheng and Ms. Zhao Jianhong, which has been established to advise the Independent Shareholders in respect of the Rights Issue

"Independent Financial Adviser"	Red Sun Capital Limited, a licensed corporation authorised to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed by the Company as the independent financial adviser, with the approval of the Independent Board Committee, to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue
"Independent Shareholders"	Shareholders other than (i) all executive Directors and their respective associates (as defined under the GEM Listing Rules); (ii) those who are involved in or interested in the Rights Issue; and (iii) those who are required under the GEM Listing Rules to abstain from voting at the EGM
"Independent Third Parties"	third parties independent of, and not connected with, the Company and its connected persons
"Last Trading Day"	17 April 2026, being the last trading day for the Shares immediately prior to the date of the Announcement
"Latest Practicable Date"	30 April 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Latest Time for Acceptance"	4:00 p.m. on Tuesday, 23 June 2026 (or such other time and date as may be determined by the Company), being the latest time for the application of, and payment for, the Rights Shares
"Net Gain"	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and ES Unsold Rights Shares placed by the Placing Agent and/or its sub-placing agent(s) under the Placing Agreement) under the Compensatory Arrangements
"No Action Shareholders"	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renouncees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, and/or the Excluded Shareholders (if any)

"Overseas Shareholder(s)"	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
"PAL"	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
"Placing"	the offer by way of private placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agent(s) to independent placee(s), who and whose ultimate beneficial owners shall be Independent Third Party(ies), during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
"Placing Agent"	DL Securities (HK) Limited, a licensed corporation by the SFC to carry out and conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under and pursuant to the SFO
"Placing Agreement"	the placing agreement dated 17 April 2026 entered into between the Company and the Placing Agent in respect of the Placing
"Placing End Date"	6:00 p.m. on Friday, 10 July 2026 or such other time and/or date as the Company and the Placing Agent may agree
"Placing Long Stop Date"	Monday, 13 July 2026 or such later date as the Company may announce
"Placing Period"	the period commencing from Monday, 6 July 2026 and ending at 6:00 p.m. on Friday, 10 July 2026
"PRC"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Prospectus"	the prospectus to be issued by the Company in relation to the Rights Issue
"Prospectus Documents"	the Prospectus and the PAL(s)

"Prospectus Posting Date"	Monday, 8 June 2026 or such other date as may be determined by the Company, being the date of which the Prospectus Documents are made available to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
"Qualifying Shareholder(s)"	Shareholder(s), whose name(s) appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
"Record Date"	Friday, 5 June 2026 or such other date as may be determined by the Company, being the date for determining entitlements of the Shareholders to participate in the Rights Issue
"Registrar"	Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
"Rights Issue"	the proposed offer for subscription of the Rights Shares at the Subscription Price on the basis of four (4) Rights Shares for every one (1) Share held by the Shareholders on the Record Date and subject to the conditions set out in the section headed "Letter from the Board – Conditions of the Rights Issue" in this circular
"Rights Share(s)"	up to 294,873,692 Shares (assuming no change in the number of Shares in issue on or before the Record Date) to be allotted and issued pursuant to the Rights Issue
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of the Company
"Share Option(s)"	share option(s) granted or to be granted under the Share Option Scheme to subscribe for Shares in accordance with the terms thereof
"Share Option Scheme"	the share option scheme adopted by the Company on 12 May 2017
"Shareholder(s)"	holder(s) of the Share(s)

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	HK$0.13 per Rights Share
"substantial Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
"Unsubscribed Rights Shares"	the Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights
"%"	per cent

The expected timetable for the proposed Rights Issue and the Placing and the associated trading arrangement is set out below. The expected timetable is subject to the results of the EGM and satisfaction of the conditions and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates.

Event	**Time and Date**
Latest date and time for lodging transfer documents in order for the transferees to qualify for attending and voting at EGM	4:30 p.m. on Monday, 18 May 2026
Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive)	Tuesday, 19 May 2026 to Tuesday, 26 May 2026
Latest date and time for lodging the proxy form for the EGM	11:00 a.m. on Friday, 22 May 2026
Record date for determining entitlements to attend and vote at the EGM	Tuesday, 26 May 2026
Expected date and time of the EGM to approve the Rights Issue	11:00 a.m. on Tuesday, 26 May 2026
Publication of announcement of poll results of the EGM	Tuesday, 26 May 2026
Re-opening of the register of members of the Company	Wednesday, 27 May 2026

The following events are conditional upon the results of the EGM and therefore the dates are tentative only.

Event	Time and Date
Last day of dealings in the Shares on a cum-rights basis	Wednesday, 27 May 2026
First day of dealings in the Shares on an ex-rights basis relating to the Rights Issue	Thursday, 28 May 2026
Latest date and time for lodging transfer documents of the Shares in order for the transferees to qualify for the Rights Issue	4:30 p.m. on Friday, 29 May 2026
Closure of register of members to determine the entitlements to the Rights Issue (both dates inclusive)	Monday, 1 June 2026 to Friday, 5 June 2026
Record Date for determining entitlements for the Rights Issue	Friday, 5 June 2026
Re-opening of the register of members of the Company	Monday, 8 June 2026
Expected date of despatch of Prospectus Documents to the Qualifying Shareholders (in the case of the Excluded Shareholders, the Prospectus only)	Monday, 8 June 2026
First day of dealings in nil-paid Rights Shares in the board lot size of 6,000 Rights Shares	Wednesday, 10 June 2026
Latest time for splitting the PALs	4:30 p.m. on Friday, 12 June 2026
Last day of dealings in nil-paid Rights Shares in the board lot size of 6,000 Rights Shares	Wednesday, 17 June 2026
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Tuesday, 23 June 2026
Announcement of the number of the Unsubscribed Rights Shares and ES Unsold Rights Shares subject to the Placing	Friday, 3 July 2026

Event	Time and Date
Commencement of the Placing Period (if there are any Unsubscribed Rights Shares and ES Unsold Rights Shares available)	Monday, 6 July 2026
Latest time for placing of Unsubscribed Rights Shares and ES Unsold Rights Shares (if any)	6:00 p.m. on Friday, 10 July 2026
Latest time for the Rights Issue and the Placing to become unconditional	4:00 p.m. on Monday, 13 July 2026
Rights Issue settlement date and Placing completion date	Thursday, 16 July 2026
Announcement of the results of the Rights Issue (including the results of the Placing and the Net Gain)	Friday, 17 July 2026
Despatch of share certificates of fully-paid Rights Shares or refund cheques, if any (if the Rights Issue is terminated)	Monday, 20 July 2026
First day of dealings in fully-paid Rights Shares commence	Tuesday, 21 July 2026
Payment of Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholders (if any)	Monday, 27 July 2026

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

The Latest Time for Acceptance will not take place if a tropical cyclone warning signal no. 8 or above, or "extreme conditions" or a "black" rainstorm warning is:

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 23 June 2026. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day;

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 23 June 2026. 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 warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on Tuesday, 23 June 2026, the dates mentioned in the expected timetable may be affected. The Company will notify Shareholders by way of announcement on any change to the expected timetable as soon as practicable.

HONG WEI (ASIA) HOLDINGS COMPANY LIMITED
鴻偉（亞洲）控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 8191)

Executive Directors:
Mr. Wong Kin Ching
Ms. Liu Yan

Non-executive Director:
Mr. Chen Gang

Independent Non-executive Directors:
Mr. Cheung Wai Yin Wilson
Mr. Guo Ensheng
Ms. Zhao Jianhong

Registered Office:
Unit 603, 6/F
Admiralty Centre, Tower 1,
18 Harcourt Road, Admiralty
Hong Kong

5 May 2026

To the Shareholders:

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with, among other things, (i) further information regarding the Rights Issue and the transactions contemplated thereunder; (ii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; (iv) other information required under the GEM Listing Rules; and (v) the notice of the EGM.

PROPOSED RIGHTS ISSUE

The Company proposes to conduct the Rights Issue on the basis of four (4) Rights Shares for every one (1) existing Share held on the Record Date at the Subscription Price of HK$0.13 per Rights Share, to raise up to HK$38.33 million before expenses by way of issuing up to 294,873,692 Rights Shares (assuming no change in the number of issued Shares on or before the Record Date). Set out below are the details of the Rights Issue statistics:

Rights Issue Statistics

Basis of the Rights Issue	:	Four (4) Rights Shares for every one (1) existing Share held at the close of business on the Record Date
Subscription Price	:	HK$0.13 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	73,718,423 Shares
Number of Rights Shares	:	Up to 294,873,692 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date). Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 294,873,692 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 400% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) 80% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	Up to 368,592,115 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue	:	Up to approximately HK$38.33 million

Net proceeds from the Rights Issue	:	Up to approximately HK$37.19 million
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK$0.126 per Rights Share (assuming full subscription under the Rights Issue and no change in the number of Shares).
Rights of excess application and underwriter	:	There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten.
Compensatory Arrangements	:	Any Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed to independent placees on a best effort basis under the Compensatory Arrangements. Any of the Rights Shares which remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

Undertakings

The Company has not received any information or irrevocable undertaking from any shareholder of the Company of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue as at the Latest Practicable Date.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed to independent placees on a best effort basis by the Placing Agent under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken-up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 10.26(2) of the GEM Listing Rules. As at the Latest Practicable Date, the Board has not received any information or undertaking from any substantial shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue.

Subscription Price

The Subscription Price is HK$0.13 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 27.37% to the closing price of HK$0.179 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 16.13% to the closing price of HK$0.155 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 10.47% to the average of the closing prices of HK$0.1452 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 8.84% to the average of the closing prices of approximately HK$0.1426 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

(v) a discount of approximately 3.70% to the theoretical ex-rights price of approximately HK$0.135 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK$0.155 per Share as quoted on the Stock Exchange on the Last Trading Day;

(vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 12.9% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK$0.135 per Share and the benchmarked price of HK$0.155 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK$0.155 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of approximately HK$0.1422 per Share); and

(vii) a discount of approximately 85.43% to the consolidated net asset value per Share of approximately HK$0.892 (based on the latest published consolidated net asset value of the Company of HK$65,758,000 as at 31 December 2025 and 73,718,423 Shares in issue as at the Latest Practicable Date).

The Subscription Price was determined by the Company with reference to, among others, (i) the recent closing prices of the Shares; (ii) the financial position of the Group; and (iii) the reasons as discussed in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS" below in this circular.

Qualifying Shareholders

The Company will make available the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may make available copies of the Prospectus to them for their information only, but no PAL will be sent to the Excluded Shareholders. To qualify for the Rights Issue, a Shareholder must at the close of business on the Record Date: (i) be registered on the register of members of the Company; and (ii) not be an Excluded Shareholder.

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

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of the Share(s) (with the relevant share certificates) for registration with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 p.m. on Friday, 29 May 2026.

The last day of dealing in the Shares on a cum-rights basis is Wednesday, 27 May 2026. The Shares will be dealt with on an ex-rights basis from Thursday, 28 May 2026.

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

Rights of Overseas Shareholders

The Prospectus will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders, if any, may not be eligible to take part in the Rights Issue. The Company will send the Prospectus (without the PAL) to the Excluded Shareholders for their information only. For the avoidance of doubt, the Overseas Shareholders, if any, are entitled to attend and vote at the EGM.

The Company notes the requirements specified in the notes to Rule 17.41(1) of the GEM Listing Rules, and is in the process of making reasonable enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders present on the Record Date. If, after such enquiries, the Company is of the opinion that it would be necessary or expedient, on account of the legal restrictions or prohibitions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory body or stock exchange in such jurisdictions, not to offer the Rights Shares to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. Such Overseas Shareholders will be regarded as Excluded Shareholders and will not qualify for the Rights Issue. The basis of exclusion of Excluded Shareholders, if any, will be disclosed in the Prospectus.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) to be sold in the market 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 and stamp duty, of more than HK$100 will be paid pro rata to the Excluded Shareholder(s). The Company will retain individual amounts of HK$100 or less for the benefit of the Company.

Based on the register of members of the Company as at the Latest Practicable Date, there were no Overseas Shareholder with registered address situated outside Hong Kong. The Company will continue to ascertain whether there are any other Overseas Shareholders (other than the aforesaid) as at the Record Date and, if applicable, will make further enquiries with legal advisers in other overseas jurisdictions regarding the feasibility of extending the Rights Issue to such Overseas Shareholder (if any) as at the Record Date.

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

Basis of provisional allotment

The basis of the provisional allotment shall be four (4) Rights Shares for every one (1) Share in issue and held 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.

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

No fractional entitlements to the Rights Shares

On the basis of provisional allotment of four (4) Rights Shares for every one (1) Share held on the Record Date, no fractional entitlements to the Rights Shares shall arise under the Rights Issue. No odd lot matching services in relation to the Rights Issue will be provided.

Status of the Rights Shares

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

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 20 July 2026. If the Rights Issue does not become unconditional, refund cheques are expected to be posted on or before Monday, 20 July 2026 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

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

According to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and ES Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 17 April 2026 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to the independent placees on a best effort basis.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and ES Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 6:00 p.m. on Friday, 10 July 2026 (or such later date as the Company may announce), subscribers for all (or as many as possible) of those Unsubscribed Rights Shares and ES Unsold Rights Shares. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

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

B. the relevant Excluded Shareholders with reference to their shareholdings in the Company on the Record Date.

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

Placing Agreement for the Unsubscribed Rights Shares and ES Unsold Rights Shares

Principal terms of the Placing Agreement are summarised as follows:

Date	:	17 April 2026 (after trading hours of the Stock Exchange)
Issuer	:	The Company
Placing Agent	:	DL Securities (HK) Limited To the best of the Company's knowledge, information and belief, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.
Placing Period	:	The period commencing from Monday, 6 July 2026 and ending at 6:00 p.m. on Friday, 10 July 2026 or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Placing.
Commission	:	Subject to completion of the Placing taking place, the Company shall pay a placing commission of 1% of the actual gross proceeds from the subscription of the Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Placing. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent. The Directors consider that the placing commission in respect of the Placing is fair and reasonable based on the current market condition.
Placing Price	:	The placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares shall be not less than the Subscription Price.

The final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares and ES Unsold Rights Shares during the process of placement.

Placees : The Unsubscribed Rights Shares and ES Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies)

The Company and the Placing Agent will ensure that the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing. The Company will continue to comply with the public float requirement under the GEM Listing Rules upon completion of the Placing and the Rights Issue.

Ranking : The placed Unsubscribed Rights Shares and ES Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of completion of the Rights Issue.

Conditions of the Placing Agreement : The obligations of the Placing Agent under the Placing Agreement are conditional upon 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 in their nil-paid and fully paid forms and such approval not having been withdrawn or revoked;

(ii) the passing of all necessary resolutions to be proposed at the EGM to be convened to consider and approve, among others, the Rights Issue and the transactions contemplated thereunder;

(iii) all necessary consents and approvals to be obtained on the part of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;

(iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect as if it were repeated as at the time of the completion; and

(v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

In respect of condition (iii) above, the necessary consents and approvals include approvals from the board of directors of the Placing Agent, the Company and the shareholders approval at the EGM. None of the above conditions is capable of being waived.

The long stop date for the fulfilment of conditions of the Placing Agreement shall be 4:00 p.m. on Monday, 13 July 2026 (being the next Business Day after the Placing End Date) or such later date as may be announced by the Company. The Company shall use its reasonable endeavours to procure the fulfilment of the conditions and if the said conditions are not fulfilled on or before the Placing Long Stop Date, the Placing Agreement will lapse and become null and void and the Company and the Placing Agent shall be released from all obligations under the Placing Agreement, save the liabilities for any antecedent breaches thereof. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

If all the Rights Shares are already fully taken up in the Rights Issue through valid applications by PAL(s), the Placing will not proceed.

Termination : Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time up to 4:00 p.m. on Monday, 13 July 2026 upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or would materially prejudice the success of the Placing or full placement of all of the Unsubscribed Rights Shares and the ES Unsold Rights Shares or otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

(a) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or

(b) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would affect the success of the Placing; or

(c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or

(d) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or

(e) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the completion which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or

(f) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Under the Compensatory Arrangements, the Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed by the Placing Agent and/or its sub-placing agent(s) to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and ES Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The engagement between the Company and the Placing Agent in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms. In particular, the Directors, taking into account the range of placing commissions for recent rights issues conducted by issuers listed on the Stock Exchange, consider that the terms of the Placing Agreement, including the placing commission, are on normal commercial terms. Given that the Placing would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares; and (ii) a compensatory mechanism for the No Action Shareholders, the Directors consider that the Placing Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Application for listing of the Rights Shares

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

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 commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

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

Stamp duty and other applicable fees

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

Taxation

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

Conditions of the Rights Issue

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

(a) the passing of all the necessary resolution(s) at the EGM to be convened to consider and approve, among others, the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Independent Shareholders;

(b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of the Prospectus Documents each duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolutions of the Directors (and all other documents required to be attached hereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date;

(c) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;

(d) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked listing of and permission to deal in the Rights Shares in their nil-paid and fully-paid forms;

(e) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events; and

(f) compliance with the requirements under the applicable laws and regulations of Hong Kong.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by the Placing Long Stop Date, the Rights Issue will not proceed.

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

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

The Company is an investment holding company and the principal activities of the Group, through its subsidiaries, are manufacturing and sales of particleboards, which were used primarily in the production of furniture, flooring panels, decoration and construction materials.

The Group had bank balances and cash of approximately HK$0.83 million as at 31 December 2025. The Company has entered into a settlement deed to settle outstanding notes for a total consideration of HK$7,500,000, payable by installments. Upon full and punctual payment of the consideration, all liabilities under the notes will be discharged. In addition, the Group had outstanding loans due to two individuals in the amount of HK$15 million each. This situation has led to significant financial pressure to the Group. The management of the Company has been actively considering possible fund-raising alternatives with a view to increasing the Group's capitalisation/equity and to support the continuing growth of the Company. The Company plans to utilize approximately HK$37.19 million of the net proceeds from the Rights Issue for settlement of above-mentioned indebtedness as to (i) approximately HK$7.5 million and HK$21.77 million for the settlement of outstanding notes and the repayment of loans respectively; (ii) approximately HK$3.96 million for development in current business in relation to investment in fixed assets including the acquisition of equipment and ancillary infrastructure; and (iii) approximately HK$3.96 million for general working capital of the Company including professional fees and administrative expenses.

In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will be applied firstly to the settlement of outstanding notes of up to HK$7.5 million, and subsequently to the repayment of loans of up to HK$21.77 million. Any remaining amount will be utilised for development in current business; and for general working capital of the Company proportionally. For any shortfall in net proceeds from the Rights Issue, the Company will further evaluate the available options according to the market conditions and operating conditions including but not limited to rationing internal financial resources and may consider to conduct further equity and/or debt fundraising exercise to finance the shortfall, as and when appropriate.

Other fund-raising alternatives

Other than the Rights Issue, the Company has considered other debt/equity fund-raising alternatives such as bank borrowings, placing or open offer. However, the Board considers that debt financing will result in additional interest burden and a higher gearing ratio of the Group. In addition, debt financing may not be achievable on favourable terms or may require pledge of other kind of assets or securities which may reduce the Group's flexibility. As for equity fund-raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund-raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As 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. On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain or decrease their respective pro rata shareholdings in the Company by taking up their respective rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

The Board (including the independent non-executive Directors whose views are expressed in the Letter from the Independent Board Committee) considers that the terms of the Rights Issue are fair and reasonable and raising funds through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

Assuming there is no further issue or repurchase of Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders; (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up any entitlements of the Rights Shares and all the Unsubscribed Rights Shares and ES Unsold Rights Shares are placed to the independent placees:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue, assuming full acceptance of the Rights Shares by the Qualifying Shareholders		Immediately after completion of the Rights Issue, assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all the remaining Placing Shares having been placed by the Placing Agent		Immediately after completion of the Rights Issue, assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of the Placing Shares are placed by the Placing Agent	
	Number of issued Shares	*%*	*Number of issued Shares*	*%*	*Number of issued Shares*	*%*	*Number of issued Shares*	*%*
Substantial Shareholder								
Mr. Wong Cheung Lok	21,500,000	29.17	107,500,000	29.17	21,500,000	5.83	21,500,000	29.17
Director								
Mr. Wong Kin Ching	18,600	0.03	93,000	0.03	18,600	0.01	18,600	0.03
Public Shareholders								
Placees	–	–	–	–	294,873,692	80.00	–	–
Other public Shareholders	52,199,823	70.81	260,999,115	70.81	52,199,823	14.16	52,199,823	70.81
	73,718,423	100	368,592,115	100	368,592,115	100	73,718,423	100

Notes:

1. The percentage figures shown in the table above have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

2. As it is not expected that any of the individual Placees will become a substantial Shareholder immediately after completion of the Placing, the Placing Shares will form part of the public float of the Company. The Company will take all appropriate steps to ensure that sufficient public float is maintained in compliance with Rule 11.23(7) of the GEM Listing Rules. In the event that the Rights Issue would result in public float not being maintained, the Company and/or the Placing Agent will take necessary action to place down the Shares such that sufficient public float could be maintained in compliance with Rule 11.23(7) of the GEM Listing Rules.

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

EQUITY FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company had carried out the following equity fund-raising activities in the past 12 months immediately preceding the Latest Practicable Date:

Date of Announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
24 June 2025	Subscription of 10,531,000 shares	HK$1,500,000	Please refer to the announcement dated 24 June 2025 for details	Fully utilized
On 29 and 30 December 2025	Subscription of 10,531,237 shares	HK$1,248,000	Please refer to the announcement dated 29 and 30 December 2025 for details	Fully utilized

If a Qualifying Shareholder does not accept the Rights Shares provisionally allotted to him/her/it in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

GEM LISTING RULES IMPLICATIONS

Given that the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rules 10.24 and 10.29(1) of the GEM Listing Rules, the Rights Issue is subject to the approval of the Independent Shareholders by way of poll at the EGM at which any controlling Shareholders 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 resolution approving the Rights Issue.

As at the Latest Practicable Date, no Shareholder is required to abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM.

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

DESPATCH OF PROSPECTUS DOCUMENTS

Subject to the approval of 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 (in printed copies) on or before Monday, 8 June 2026. A copy of the Prospectus will also be made available on the websites of the Company (http://www.hongweiasia.com/) and the Stock Exchange (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 Excluded Shareholders for their information only but will not send the PAL to them.

WARNING OF THE RISKS OF DEALING IN THE SHARE AND/OR THE NIL-PAID RIGHTS SHARES

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD NOTE THAT THE RIGHTS ISSUE AND THE PLACING ARE CONDITIONAL UPON, AMONG OTHERS, CONDITIONS SET OUT IN THE SECTIONS HEADED "LETTER FROM THE BOARD – PROPOSED RIGHTS ISSUE – CONDITIONS OF THE RIGHTS ISSUE" AND "LETTER FROM THE BOARD – PROPOSED RIGHTS ISSUE – CONDITIONS OF THE PLACING" IN THIS CIRCULAR, RESPECTIVELY.

ACCORDINGLY, THE RIGHTS ISSUE AND/OR THE PLACING MAY OR MAY NOT PROCEED. ANY DEALINGS IN THE SHARES AND/OR THE NIL-PAID RIGHTS SHARES UP TO THE DATE ON WHICH ALL THE CONDITIONS OF THE RIGHTS ISSUE AND THE PLACING ARE FULFILLED WILL BEAR THE RISK THAT THE RIGHTS ISSUE AND/OR THE PLACING MAY NOT BECOME UNCONDITIONAL OR MAY NOT PROCEED.

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY, AND IF THEY ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS.

GENERAL

The EGM will be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve, among other things, the Rights Issue and the Placing Agreement and the transactions contemplated thereunder. The register of members of the Company will be closed from Tuesday, 19 May 2026 to Tuesday, 26 May 2026 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

In order to be registered as a member of the Company on the record date for attendance and voting at the EGM, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar for registration by no later than 4:30 p.m. (Hong Kong time) on Monday, 18 May 2026.

The notice convening the EGM to be held at 16/F, Tower 5, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong on Tuesday, 26 May 2026 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular.

A form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 11:00 a.m. on Friday, 22 May 2026, Hong Kong time or not less than 48 hours before the time appointed for holding any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

In compliance with the GEM Listing Rules, all the resolution(s) to be proposed at the EGM will be voted on by way of poll at the EGM.

RECOMMENDATIONS

The Independent Board Committee, which comprises all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Placing Agreement, and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the EGM on the relevant resolution(s). Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Your attention is drawn to the letter from the Independent Board Committee set out on page 33 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 34 to 59 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

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

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
Hong Wei (Asia) Holdings Company Limited
Liu Yan
Executive Director

HONG WEI (ASIA) HOLDINGS COMPANY LIMITED
鴻偉（亞洲）控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 8191)

5 May 2026

To the Shareholders:

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

We refer to the circular of the Company dated 5 May 2026 (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 and 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.

The Independent Financial Adviser has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect. Having taken into account the terms of the Rights Issue and 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,
For and on behalf of the Independent Board Committee

Mr. Cheung Wai Yin Wilson **Mr. Guo Ensheng** **Ms. Zhao Jianhong**
Independent non-executive Directors

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the transactions as contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

红日资本有限公司
RED SUN CAPITAL LIMITED

Room 2703, Floor 27,
China Insurance Group Building,
141 Des Voeux Road Central,
Hong Kong

Tel: (852) 2857 9208
Fax: (852) 2857 9100

5 May 2026

To: The independent board of committee and the independent shareholders of
Hong Wei (Asia) Holdings Company Limited

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 5 May 2026 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the Letter from the Board, the Company proposed to raise up to approximately HK$38.33 million before expenses by way of the Rights Issue of a maximum of 294,873,692 Share at the Subscription Price of HK$0.13 per Rights Share on the basis of four (4) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date (assuming no further change in the number of issued Shares on or before the Record Date). The estimated net proceeds of the Rights Issue, will be up to approximately HK$37.19 million. The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. There will be no excess application arrangement in relation to the Rights Issue.

According to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and ES Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they are offered by way of the Rights Issue. Accordingly, on 17 April 2026 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to the independent placees on a best effort basis.

GEM LISTING RULES IMPLICATIONS

As the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rules 10.24 and 10.29(1) of the GEM Listing Rules, the Rights Issue is subject to the approval of the Independent Shareholders by way of poll at the EGM at which any controlling Shareholders 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 resolution approving the Rights Issue. As set out in the Letter from the Board, no Shareholder is required to abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM.

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

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Cheung Wai Yin Wilson, Mr. Guo Ensheng and Ms. Zhao Jianhong, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM. We have been appointed as the Independent Financial Adviser and approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any business relationship with or interest in the Company or the Placing Agent that could reasonably be regarded as relevant in assessing our independence. Save for our appointment as the Independent Financial Adviser, Red Sun Capital Limited did not act as an independent financial adviser to the Company under the GEM Listing Rules in the past two years. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 17.96 of the GEM Listing Rules.

BASIS OF OUR ADVICE

In formulating our advice, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Group, the Directors and/or senior management of the Company (the "**Management**"). We have reviewed, among other things, (i) the Placing Agreement; (ii) the annual report for the year ended 31 December 2024 (the "**2024 Annual Report**"); and (iii) the annual report for the year ended 31 December 2025 (the "**2025 Annual Report**"), as part of our work and analysis. We have assumed that all information, representations and opinions contained or referred to in the Circular or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have assumed that all the opinions and representations made by the Directors in the Circular have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that no material facts have been omitted from the information provided and referred to in the Circular, nor statements, information, opinions or representation provided to us to be untrue, inaccurate or misleading.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group or its respective history, experience and track records, or the prospects of the markets in which it operates.

We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of the transactions as contemplated under 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. In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Rights Issue, we have taken into consideration the following principal factors and reasons:

1. Background and financial information of the Group

As set out in the Letter from the Board, the Company is primarily engaged in the manufacturing and sales of particleboards and the plantation, timber logging and sales of wood and agricultural products in the People's Republic of China.

Set out below is a summary of the audited consolidated financial performance of the Group for each of the years ended 31 December 2023, 2024 and 2025 as extracted from the 2024 Annual Report and the 2025 Annual Report.

Summary of the Group's consolidated statement of profit or loss and other comprehensive income

	For the year ended 31 December		
	2025	**2024**	**2023**
	(audited)	(audited)	(audited)
	HK$'000	*HK$'000*	*HK$'000*
Revenue	101,686	314,378	481,810
Cost of sales	(98,671)	(280,444)	(397,845)
Gross profit	3,015	33,934	83,965
Finance costs	(17,315)	(23,957)	(25,215)
Loss before tax	(125,009)	(52,783)	(4,477)
(Loss)/profit for the year attributable to owners of the Company	(138,422)	(46,277)	1,453

Financial performance for the year ended 31 December 2025 as compared to the year ended 31 December 2024

As set out in the 2025 Annual Report, the Group recorded revenue of approximately HK$101.7 million from the sales of particleboards for the year ended 31 December 2025 ("**FY2025**"), representing a decrease of approximately 67.7% compared to approximately HK$314.4 million for the year ended 31 December 2024 ("**FY2024**"). Such decrease in revenue was mainly due to the decline in production and sales of products. The Group recorded cost of sales of approximately HK$98.7 million for FY2025, representing a decrease of approximately 64.8% compared to approximately HK$280.4 million for FY2024. The gross profit of the Group decreased from approximately HK$33.9 million for FY2024 to approximately HK$3.0 million for FY2025, representing a decrease of approximately HK$30.9 million or approximately 91.1%.

The Group recorded finance costs of approximately HK$17.3 million for FY2025, representing a decrease of approximately HK$6.6 million or approximately 27.7% compared to approximately HK$24.0 million for FY2024.

The Group recorded loss for the year attributable to owners of the Company of approximately HK$138.4 million for FY2025 compared to approximately HK$46.3 million for FY2024, representing an increase of approximately HK$92.1 million or approximately 199.1%. Such financial performance was mainly due to the net effects of (i) the decrease in the sales of particleboards, which led to lower gross profit; (ii) the increase in impairment loss on property, plant and equipment and trade receivables; and (iii) the decrease in other income and other gains or losses.

Financial performance for the year ended 31 December 2024 as compared to the year ended 31 December 2023

As set out in the 2024 Annual Report, the Group recorded revenue of approximately HK$314.4 million from the sales of particleboards for FY2024, representing a decrease of approximately 34.8% compared to approximately HK$481.8 million for the year ended 31 December 2023 ("**FY2023**"). Such decrease in revenue was mainly due to the decline in production and sales of products. The Group recorded cost of sales of approximately HK$280.4 million for FY2024, representing a decrease of approximately 29.5% compared to approximately HK$397.8 million for FY2023. The gross profit of the Group decreased from approximately HK$84.0 million for FY2023 to approximately HK$33.9 million for FY2024, representing a decrease of approximately HK$50.0 million or approximately 59.6%.

The Group recorded finance costs of approximately HK$24.0 million for FY2024, representing a decrease of approximately HK$1.3 million or approximately 5.0% compared to approximately HK$25.2 million for FY2023. The finance costs for FY2024 primarily comprised (i) interests on bank and other borrowings of approximately HK$15.4 million; (ii) interests on notes payable of approximately HK$5.5 million; and (iii) interests on loans from Mr. Wong and his associate of approximately HK$3.1 million.

The Group recorded loss for the year attributable to owners of the Company of approximately HK$46.2 million for FY2024 compared to profit for the year attributable to owners of the Company of approximately HK$1.5 million for FY2023. Such financial performance was mainly due to the net effects of (i) the decrease in the sales of particleboards, which led to lower gross profit; (ii) the increase in impairment loss on trade receivables; and (iii) the comparatively lower decrease in the selling and general administrative expenses, together with the financial costs.

Summary of the Group's consolidated statement of financial position

	As at 31 December	
	2025	**2024**
	(audited)	(audited)
	HK$'000	*HK$'000*
Non-current assets	**295,255**	**363,117**
– Property, plant and equipment	251,811	310,695
Current assets	**280,251**	**381,432**
– Inventories	154,960	199,854
– Trade and bills receivables	35,951	64,891
– Deposits, prepayments and other receivables	77,438	97,658
– Bank balances and cash	831	8,428
– Restricted deposit	11,071	10,601
Current liabilities	**176,536**	**328,657**
– Trade payables	38,950	32,059
– Other payables and accrued expenses	58,076	82,638
– Notes payable	64,925	–
– Bank and other borrowings, due within one year	1,102	197,417
Non-current liabilities	**333,212**	**223,184**
– Bank and other borrowings, due after one year	308,209	135,645
– Notes payable	–	58,642
Net assets	**65,758**	**192,708**

Note: For the avoidance of doubt, only selected major asset and liability components are disclosed in the table above.

Consolidated financial position as at 31 December 2025 as compared to 31 December 2024

The net assets of the Group decreased notably from approximately HK$192.7 million as at 31 December 2024 to approximately HK$65.8 million as at 31 December 2025.

Total assets of the Group amounted to approximately HK$575.5 million as at 31 December 2025 as compared to approximately HK$744.5 million as at 31 December 2024. The Group's total assets as at 31 December 2025 mainly comprised of (i) property, plant and equipment of approximately HK$251.8 million (2024: approximately HK$310.7 million); (ii) inventories of approximately HK$155.0 million (2024: approximately HK$199.9 million); (iii) deposits, prepayments and other receivables of approximately HK$77.4 million (2024: approximately HK$97.7 million); and (iv) trade and bills receivables of approximately HK$36.0 million (2024: approximately HK$64.9 million).

Total liabilities of the Group amounted to approximately HK$509.7 million as at 31 December 2025 as compared to approximately HK$551.8 million as at 31 December 2024. The Group's total liabilities as at 31 December 2025 mainly comprised of (i) bank and other borrowings, due after one year of approximately HK$308.2 million (2024: approximately HK$135.6 million); (ii) notes payable of approximately HK$64.9 million under current liabilities (2024: approximately HK$58.6 million under non-current liabilities); (iii) other payables and accrued expenses of approximately HK$58.1 million (2024: approximately HK$82.6 million); and (iv) trade payable of approximately HK$39.0 million (2024: approximately HK$32.1 million).

The Group was in a net debt position, as calculated by the total bank and other borrowings, notes payable balances less the bank balances and cash balance, and the restricted deposit balance, of approximately HK$362.3 million as at 31 December 2025 as compared to approximately HK$372.7 million as at 31 December 2024.

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

Based on the Letter from the Board, the reasons for the Rights Issue and the use of proceeds are summarised below:

The Group had bank balances and cash of approximately HK$0.83 million as at 31 December 2025. The Company has entered into a settlement deed to settle outstanding notes for a total consideration of HK$7,500,000, payable by installments. Upon full and punctual payment of the consideration, all liabilities under the notes will be discharged. In addition, the Group had outstanding loan due to two individuals of approximately HK$15 million each. This situation has led to significant financial pressure to the Group.

The management of the Company has been actively considering possible fund-raising alternatives with a view to increasing the Group's capitalisation/equity and to support the continuing growth of the Company. The Company plans to utilise approximately HK$37.19 million of the net proceeds from the Rights Issue for settlement of above-mentioned indebtedness as to (i) approximately HK$7.5 million and HK$21.77 million for the settlement of outstanding notes and the repayment of loans respectively; (ii) approximately HK$3.96 million for development in current business in relation to investment in fixed assets including the acquisition of equipment and ancillary infrastructure; and (iii) approximately HK$3.96 million for general working capital of the Company including professional fees and administrative expenses.

(i) Repayment of borrowings

Approximately HK$29.27 million (being approximately 78.7% of the estimated maximum net proceeds) is intended to be used for repayment of borrowings of the Group, including (a) outstanding notes of approximately HK$7.5 million; and (b) loans of approximately HK$21.77 million (collectively, the "**Borrowings**"). The breakdown of the use of proceeds which will be utilised for the repayment of the Borrowings are summarised in the table as below.

Items	**Amount** *(HK$ million)*	**Interest Rate** *(per annum)*	**Due Date**
Notes issued to a third party *(Note 1)*	7.5	Nil	30 July 2026
Loan A *(Note 2)*	10.0	7%	13 May 2027
Loan B *(Note 2)*	11.8	7%	31 March 2027
Total	29.27		

Notes:

1. As advised by the Management, a settlement deed was entered into between the Company and the subject noteholder extended the original due date with a reduction in principal and the interest rate.

2. The lender of Loan A and Loan B is the spouse and daughter of an ex-executive Director of the Company who retired in January 2026, respectively.

The Directors believe that repaying the Borrowings will enable the Group to improve its financial position. Having an improved financial position after the reduction of the Borrowings could potentially place the Group in a more advantageous position when negotiating for better terms on financings from other financial institutions.

(ii) Development of current business

Approximately HK$3.96 million (being approximately 10.6% of the estimated maximum net proceeds) is intended to be used for the development in current business in relation to investment in fixed assets including the acquisition of equipment and ancillary infrastructure.

(iii) General working capital

Approximately HK$3.96 million (being approximately 10.6% of the estimated maximum net proceeds) is intended to be used for general working capital of the Group including but not limited to professional fees and administrative expenses. The Directors believe that the proceeds will help to replenish the working capital of the Group to support its operations.

In the event there is an under-subscription of the Rights Issue, the net proceeds of the Right Issue will be applied firstly to the settlement of outstanding notes, and subsequently to the repayment of loans. Any excess amount will be utilised for development in current business and for general working capital of the Company proportionally.

In view of the above, the Board considers that the Rights Issue, as compared to fundraising by other means, will 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, is an appropriate fundraising method and is fair, cost effective, efficient and beneficial to the Company and its Shareholders as a whole.

Based on our review of the 2025 Annual Report, we noted the Group is under notable financial pressure as evidenced by (i) there are going concern consideration as set out in the 2025 Annual Report; (ii) the Company has obtained a letter of financial support from Ms. Liu Yan, the executive director of the Company, who has agreed to (a) provide adequate financial resources as is necessary to enable the Group both to meet its financial obligations as and when they fall due and to carry on its business for at least 12 months from 31 December 2025; and (b) not to demand for repayment of the amount due to director of approximately HK$1,399,000, which is included in other payables as at 31 December 2025; (iii) the Group will continue to cooperate with the related parties and they agreed in writing to provide funding support and not to demand for repayment for the balances, included in other payables, owed to them of approximately HK$13,406,000 as at 31 December 2025, until the Group has financial ability to do so; and (iv) during the year ended 31 December 2025, the Group has been in negotiation with the subscriber of the notes payable, in related to the outstanding principal and interest amount to approximately HK$52,400,000 and HK$12,525,000 respectively as at 31 December 2025, including a new repayment schedule and a haircut.

In addition, we also noted from the Group's consolidated financial information for the year ended 31 December 2025, in particular, (i) approximately 55.3% of the total current assets of the Group, being approximately HK$155.0 million was under the "inventories" balance, and the Management advised that it is uncertain on the timing of the inventory balance, in part or in whole, that can be converted into cash after sales transaction are completed as the receivables are subject to the settlement from its customers; (ii) approximately 27.6% of the total current assets of the Group, being approximately HK$77.4 million was under the "deposits, prepayments and other receivables" balance, which the Management advised that most of such balance cannot be readily converted into cash; (iii) approximately 12.8% of the total current assets of the Group, being approximately HK$36.0 million was under the "trade and bill receivables" balance, the Management advised that a majority of which were aged over six months, as compared to the Group's credit period of generally up to 90 days; (iv) the Group had notes payable of approximately HK$64.9 million and bank and other borrowings, due within one year of approximately HK$1.1 million in addition to other payables and accrued expenses of approximately HK$58.1 million recorded under current liabilities as at 31 December 2025; and (v) the Group recorded a loss for the period attributable to owners of the Group for the year ended 31 December 2025.

Having considered the above factors, the Group is in need of additional liquidity as working capital and for the purposes of settling its outstanding financial obligations, in particular, as failure to repay the outstanding financial obligations as per the stipulated timeline under the subject agreements would constitute a breach of the repayment terms and may result in default under the respective agreements. In such event, the subject lenders are entitled to pursue further actions, including legal proceedings against the Company, with a view to recover the outstanding principal and interests and such actions could expose the Group to undue risks, including, where applicable, litigation, suspension in trading of the Shares, cross-default, and, in the event of continued non-repayment, delisting and/or potential liquidation of the Company, if such matters are left unresolved, we therefore are of the view that the Company has imminent funding needs to raise additional funds through the Rights Issue, in particular, to settle its financial obligations and to maintain sufficient working capital to finance its operations.

Assuming that all Rights Shares to be issued under the Rights Issue have been taken up in full, the Board is of the view that the Company is expected to have sufficient working capital for at least twelve months from the date of completion of the Rights Issue in the absence of unforeseeable circumstances. Therefore, we consider it appropriate for the Group to apply a significant portion of the net proceeds towards the settlement of its financial obligations as described in the Letter from the Board.

Fundraising alternatives

We noted from the Letter from the Board that the Company has considered other debt/equity fund-raising alternatives, in addition to the Rights Issue, such as bank borrowings, placing or open offer. However, the Board considers that debt financing will result in additional interest burden and a higher gearing ratio of the Group. In addition, debt financing may not be achievable on favourable terms or may require pledge of other kind of assets or securities which may reduce the Group's flexibility. As for equity fund-raising, such as placing of new Shares, which the Group has undertaken twice in the past 12 months, in June and December 2025 respectively, it is relatively smaller in scale as compared to fund-raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. 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. On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain or decrease their respective pro rata shareholdings in the Company by taking up their respective rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

Having consider that (i) debt financing or bank loans would result in additional interest burden as well as a higher gearing ratio of the Group; (ii) placing of new Shares would only be available to certain placees and would dilute the shareholding of the existing Shareholders who do not participate in such placing exercise; (iii) for an open offer, although similar to a rights issue in offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market and accordingly, Shareholders must either participate in the open offer or lose the benefit of any discount at which the new shares are offered; and (iv) the Rights Issue will allow Qualifying Shareholders to participate in the future development of the Company and at the same time offer flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro-rata shareholding interests in the Company or trade the relevant nil-paid Rights Shares in the market thus reducing impact from dilution of their shareholdings, we concur with the Board's view that fundraising by way of the Rights Issue, which will offer Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company, is appropriate and in the interests to the Company and its shareholders as a whole.

3. Principal terms of the Rights Issue and the Placing Agreement

Assuming no further changes in the number of issued Shares on or before the Record Date:

Basis of the Rights Issue	:	Four (4) Rights Shares for every one (1) existing Share held at the close of business on the Record Date
Subscription Price	:	HK$0.13 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	73,718,423 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 294,873,692 Shares
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	Up to 368,592,115 Shares
Gross proceeds/net proceeds from the Rights Issue	:	Up to approximately HK$38.33 million / up to approximately HK$37.19 million

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed to independent placees on a best effort basis by the Placing Agent under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken-up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 10.26(2) of the GEM Listing Rules.

Subscription Price

The Subscription Price of HK$0.13 per Rights Share is payable in full when the Qualifying Shareholders accept the relevant provisional allotment of Rights Shares. Based on the Letter from the Board, assuming that all the Rights Shares are fully subscribed, the net price per Rights Share is estimated to be approximately HK$0.126.

The Subscription Price represents:

(i) a discount of approximately 27.37% to the closing price of HK$0.179 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 16.13% to the closing price of HK$0.155 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 10.47% to the average closing price of HK$0.1452 per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the Last Trading Day;

(iv) a discount of approximately 8.84% to the average closing price of HK$0.1426 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;

(v) a discount of approximately 3.70% to the theoretical ex-rights price of HK$0.135 per Share based on the closing price of HK$0.155 per Share as quoted on the Stock Exchange on the Last Trading Day;

(vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 12.9%, represented by the theoretical diluted price of approximately HK$0.135 per Share to the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules), taking into account the closing price on the Last Trading Day of HK$0.155 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the Last Trading Day of approximately HK$0.1422 per Share; and

(vii) a discount of approximately 85.43% to the consolidated net asset value per Share of approximately HK$0.89 (based on the latest published consolidated net asset value of the Company of approximately HK$65.8 million as at 31 December 2025 and 73,718,423 Shares in issue as at the Last Trading Day).

Although the Subscription Price represents a discount of approximately 16.13% to the closing price of HK$0.155 per Share as quoted on the Stock Exchange on the Last Trading Day, it should be noted that the Group recorded a net loss attributable to its Shareholders during its recent financial years, namely for each of the years ended 31 December 2024 and 2025. Therefore, the Directors are of the view that it is reasonable for the Subscription Price to be set at a discount to the prevailing closing price of the Shares in order to attract the Qualifying Shareholders to participate in the Rights Issue.

As part of our work performed, we have conducted an independent analysis of recent comparable rights issue transactions, further details of which are set out in the sub-section headed "4.3 Our analysis on recent rights issue market comparables" in this section below.

As set out in the Letter from the Board, the Subscription Price was determined with reference to, among others, (i) the recent closing prices of the Shares; (ii) the financial position of the Group; and (iii) the reasons as set out under the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS" in the Letter from the Board. The Board considers that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Irrevocable Undertaking

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

Placing Agreement

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent, namely, DL Securities (HK) Limited, to place the Unsubscribed Rights Shares and ES Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro rata basis. The placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares shall be not less than the Subscription Price. For details of the principal terms of the Placing Agreement, please refer to information under the section headed "Placing Agreement for the Unsubscribed Rights Shares and ES Unsold Rights Shares" in the Letter from the Board.

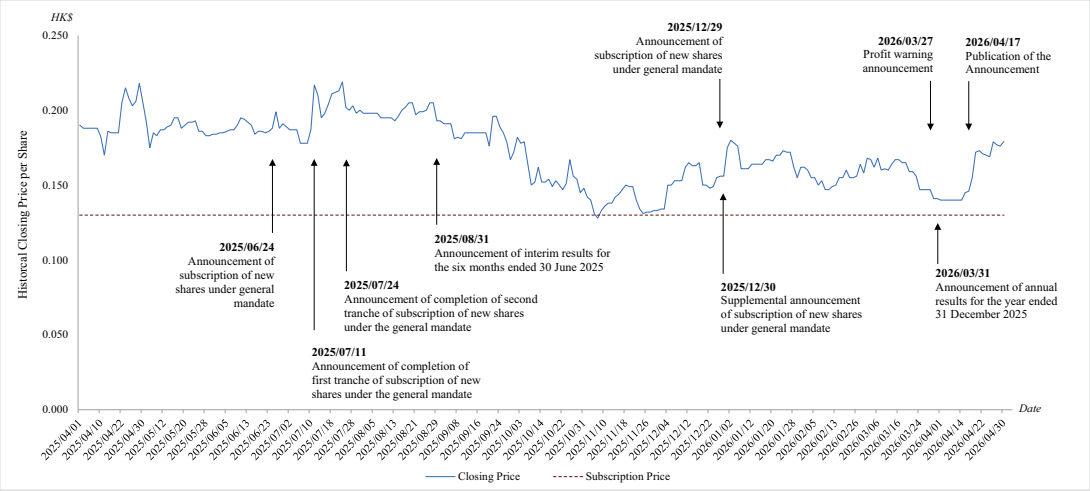
4. Our analysis on the terms of the Rights Issue

In order to assess the fairness and reasonableness of the terms of the Rights Issue, in particular the Subscription Price, we set out the following analysis for illustrative purposes:

4.1 Our analysis on historical Share price performance

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the movements in the closing price per Share during the period from 1 April 2025, being around 12 months immediately preceding the Last Trading Day, up to and including the Latest Practicable Date (the "**Share Price Review Period**"), which is commonly adopted for share price analysis of similar type. We consider that a period of 12 months is adequate and sufficiently lengthy to illustrate the recent price movements of the Shares for conducting a reasonable comparison between the Subscription Price and the closing price of the Shares for assessing the reasonableness and fairness of the Subscription Price.

Share price chart during the Share Price Review Period



Source: www.hkex.com.hk

During the Share Price Review Period, the average closing price per Share was approximately HK$0.173 per Share (the "**Average Closing Price**"). The daily closing price per Share ranged from HK$0.128 per Share recorded on 6 November 2025 (the "**Lowest Closing Price**") to HK$0.219 per Share recorded on 23 July 2025 (the "**Highest Closing Price**").

As set out in the chart above, during the Share Price Review Period, we noted the closing Share prices experienced a gradual downward trend and fluctuated from time to time between the Highest Closing Price on 23 July 2025 around the first half of the Share Price Review Period and the Lowest Closing Price on 6 November 2025 around the second half of the Share Price Review Period.

For the period commencing from 1 April 2025 up to 31 August 2025 (i.e. the date of the interim results announcement for the six months ended 30 June 2025), the closing Share prices mainly fluctuated within the range of HK$0.170 to HK$0.219. During which the Company completed the June Share Issue (defined hereafter) at HK$0.151 per Share. Since 1 September 2025 up to the Last Trading Day, the closing Share prices were in the range of HK$0.128 to HK$0.196. During which the Company completed the December Share Issue (defined hereafter) at HK$0.128 per Share.

It is noted that on 17 April 2026 (after trading hours of the Stock Exchange), the Company and a placing agent entered into a placing agreement in relation to the Rights Issue. The Subscription Price of HK$0.13 per Rights Share represents a discount of approximately 16.13% to the closing price of HK$0.155 per Share as quoted on the Stock Exchange on the Last Trading Day. As set out under the section headed "4.3 Our analysis on recent rights issue market comparables" in this letter below, we noted that it is a common market practice (ten out of twelve Rights Issue Comparables (defined hereafter)) to set the subscription price of a rights issue at a discount to the prevailing closing prices of the relevant shares with a view to the attract and encourage shareholders to participate in the rights issue.

4.2 Our analysis on historical trading volume and liquidity

We have also reviewed the historical trading volume of the Shares during the Share Price Review Period. The number of trading days, average daily trading volume of the Shares and the percentages of daily trading volume of the Shares as compared to the total number of issued Shares during the Share Price Review Period are set out in the table below.

Month/period	Number of trading days with trading of Shares	Average daily number of Shares traded per trading day	Percentage of average daily trading volume to total number of issued shares as at the end of the month/ period *(approximate)*
2025			
April *(from 1 April 2025)*	13	130,816	0.25%
May	12	39,360	0.07%
June	8	39,343	0.07%
July *(Note 1)*	16	77,618	0.12%
August	12	34,071	0.05%
September	14	810,664	1.28%
October	20	4,405,710	6.97%
November	17	828,480	1.31%
December	10	59,143	0.09%
2026			
January *(Note 2)*	10	1,124,629	1.53%
February	15	739,765	1.00%
March	16	83,182	0.11%
April *(up to and including the Latest Practicable Date)*	12	563,147	0.76%
Average		687,379	1.05%
Minimum		34,071	0.05%
Maximum		4,405,710	6.97%

Source: www.hkex.com.hk

Notes:

1. As set out in the subject monthly return of the Company as published on the website of the Stock Exchange, the issued number of Shares increased from 52,656,186 Shares as at 30 June 2025 to 63,187,186 Shares as at 31 July 2025.

2. As set out in the subject monthly return of the Company as published on the website of the Stock Exchange, the issued number of Shares increased from 63,187,186 Shares as at 31 December 2025 to 73,718,423 Shares as at 31 January 2026.

As set out in the table above, during the Share Price Review Period, the percentage of average daily trading volume of the Shares by month/period were in the range of approximately 0.05% to approximately 6.97% with an average of approximately 1.05% (the "**Average Trading Volume Percentage**") as to the total number of issued Shares.

However, it is noted that the percentage of average daily trading volume in the October 2025 was approximately 6.97%, which was 5.92 percentage points higher than the Average Trading Volume Percentage of approximately 1.05%. In this connection, we have discussed with the Management and the Company has confirmed that they are not aware of any information which may cause the notable increase in trading volume of the Shares.

Based on the above statistics, the trading liquidity of the Shares has generally been low in the open market, given the Average Trading Volume Percentage of approximately 1.05%, and the closing price per Share generally showed a decreasing trend during the Share Price Review Period as discussed under the section headed "4.1 Our analysis on historical Share price performance" in this letter above, we consider that the Company will face challenges to conduct equity fundraising without a discount to the prevailing Share price.

4.3 Our analysis on recent rights issue market comparables

With a view to further assess the fairness and reasonableness of the terms of the Rights Issue, we have conducted market research on recent proposed rights issue transactions based on the following selection criteria: (i) the shares of the company are listed on the GEM of the Stock Exchange; and (ii) the proposed rights issues announced during the 6-months period (the "**Review Period**") commencing on 1 October 2025 up to and including the Last Trading Day (the "**Criteria**"). Based on the Criteria, we have identified twelve rights issues (the "**Rights Issue Comparable(s)**") for the purpose of our analysis, which is exhaustive based on the selection Criteria.

We consider the Review Period of approximately six months is adequate and appropriate for the purpose of our analysis given that (i) such length of Review Period would provide us with an insight into the recent market practice of rights issues for comparison purposes; and (ii) we are able to identify a sufficient and reasonable sample size of Rights Issue Comparables within the Review Period, being a total of twelve Rights Issue Comparables, based on the Criteria, which was determined based on the principal terms of the Rights Issue with a view to identify recent rights issues conducted by GEM listed companies. Although we noted that (i) the structure and size of the rights issue announced by the Rights Issue Comparables may not be directly comparable to the terms of the Rights Issue due to the differences in size of the listed issuer, their shareholding structure and/or their respective funding needs at the time; and (ii) the business activities of the listed issuers conducting the Rights Issue Comparables may not be directly comparable to the business activities carried out by the Group. Despite the terms of the rights issue depend on various factors, including the dilution effects to shareholding, the funding needs and use of proceeds, discounts to share price, etc., we consider that they are often influenced by the recent market trends for rights issue. Hence, despite the Rights Issue Comparables are on different basis of entitlement, and involved issuers which engaged in different business or with different financial performance and different proposed use of proceeds from that of the Group, we consider that the Rights Issue Comparables and the Review Period of six months are appropriate and reasonable to serve as a general reference for the purpose of an assessment on the Subscription Price and recent market practice.

We set out our findings in the following table:

Date of announcement	Company name (Stock code)	Basis of entitlement	Gross proceeds *(HK$'million)*	Premium/ (discount) of subscription price over/to the closing price per share on the last trading day *(%)*	Premium/ (discount) of subscription price over/to the average closing price per share for the 10 consecutive trading days up to and including the last trading day *(%)*	Premium/ (discount) of subscription price over/to the consolidated net asset value per share *(Note 1) (%)*	Theoretical dilution effect *(Note 2) (%)*	Placing commission	Underwritten *(Yes/No)*	Excess application *(Yes/No)*
20-Mar-2026	WT Group Holdings Limited (8422)	2 for 1	24.00	(9.91)	(12.74)	(64.79)	(6.58)	3.0%	No	No
19-Mar-2026	i.century Holding Limited (8507)	1 for 1	40.00	(47.37)	(44.13)	89.99	(23.68)	HK$400,000	No	No
5-Mar-2026	Madison Holdings Group Limited (8057)	3 for 2	45.43	(40.00)	(37.05)	N/A	(24.00)	2.0%	No	No
16-Feb-2026	Mindtell Technology Limited ("**Mindtell Technology**") (8611)	1 for 1	280.80	(40.60)	(41.90)	3,900.00 *(Note 3)*	(21.70)	2.0%	No	No
11-Feb-2026	NIU Holdings Limited (8619)	2 for 1	30.93	(33.50)	(35.70)	(92.70)	(24.80)	A fixed fee of HK$15,000 together with variable portion of HK$85,000 or 1%, whichever is higher *(Note 6)*	Yes	No
6-Feb-2026	WLS Holdings Limited (8021)	1 for 1	86.2	(40.00)	(41.20)	(81.00)	(21.60)	2.5%	No	No
27-Jan-2026	Pacific Legend Group Limited ("**Pacific Legend**") (8547)	1 for 2	29.6	26.58	30.55	4.09	– *(Note 4&5)*	2.0%	No	No
6-Nov-2025	Winto Group (Holdings) Limited (8238)	3 for 1	52.3	(6.98)	(10.31)	N/A	(5.12)	3.0%	No	No
4-Nov-2025	Zhongshi Minan Holdings Limited (8283)	5 for 1	100.8	(23.91)	(25.69)	(65.44)	(21.67)	2.5%	No	No
24-Oct-2025	Jiading International Group Holdings Limited (8153)	1 for 2	6.9	(38.78)	(38.02)	(76.26)	(12.93)	2.0%	No	No
17-Oct-2025	World Super Holdings Limited ("**World Super**") (8612)	3 for 1	31.1	23.46	17.80	669.23 *(Note 3)*	– *(Note 5)*	2.5%	No	No
9-Oct-2025	Hao Bai International (Cayman) Limited (8431)	4 for 1	38.2	(19.23)	(26.31)	69.63	(23.24)	1.5%	No	No
	Maximum		280.8	26.6	30.6	90.0	(5.1)	3.0%		
	Minimum		6.9	(47.4)	(44.1)	(92.7)	(24.8)	1.0%		
	Average		63.9	(20.9)	(22.1)	(27.1)	(18.5)	2.3% *(Note 6)*		
	The Company		38.3	(16.1)	(8.8)	(85.4)	(12.9)	1.0%	No	No

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

Notes:

1. *The net asset value (the "**NAV**") per share is calculated based on the latest published audited/unaudited consolidated equity attributable to owners of the company and total number of shares in issue as at the date of the respective announcements. "N/A" denotes that the subject rights issue comparable company was in a net liabilities position as per their respective latest published audited/unaudited consolidated financial statements.*

2. *The theoretical dilution effect is calculated in accordance with Rule 10.44A of the GEM Listing Rules.*

3. *The premium of the subscription price over the net asset value per issued share of Mindtell Technology and World Super are exceptionally high as compared to the other Rights Issue Comparables and therefore such ratio of Mindtell Technology and World Super are considered to be outliers for the purpose of our analysis herein (the "**Outliners**"), and are not included in the calculation of the premium/discount of the subscription price to the net assets per share.*

4. *The subject rights issue had no theoretical dilution effect as the subject theoretical ex-right price was higher than the subject benchmarked price. However, it was noted from the rights issue announcement of Pacific Legend that there was a theoretical dilution effect of approximately 4.6% attributable to its previous rights issue, which was announced by the Pacific Legend within the 12 months period immediately preceding the date of the subject announcement.*

5. *"—" denotes that the subject rights issue has no theoretical dilution effect attributable to the subject theoretical ex-right price being higher than the subject benchmarked price.*

6. *The average placing commission represents the average of the placing commission charged on the basis of a specified percentage point and exclude those with a fixed placing commission, in part or in whole. For the avoidance of doubt, the range took into account the placing commission of 1.0% under the rights issue of NIU Holding Limited.*

7. *The exchange rate applied for Renminbi, Singapore dollar or Malaysian Ringgit converted into Hong Kong Dollar in this table is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.*

As set out in the table above, we noted that the premium or discount of subscription price over or to (i) the closing price on the last trading day of the Rights Issue Comparables ranged from a discount of approximately 47.4% to a premium of approximately 26.6% (the "**Comparable LTD Range**"), with an average discount of approximately 20.9% (the "**Average Discount of Comparable LTD**"); and (ii) average closing price per share for the 10 consecutive trading days up to and including the last trading day of the Rights Issue Comparables ranged from a discount of approximately 44.1% to a premium of approximately 30.6% (the "**Comparable 10-TD Range**"), with an average discount of approximately 22.1% (the "**Average Discount of Comparable 10-TD**"). The Subscription Price represents (i) a discount of approximately 16.1% to the closing price per Share on the Last Trading Day, which is within the Comparable LTD Range and represents a lower discount than the Average Discount of Comparable LTD; and (ii) a discount of approximately 8.8% to the average closing price per Share for the 10 consecutive trading

days up to and including Last Trading Day, which is within the Comparable 10-TD Range and represents a lower discount than the Average Discount of Comparable 10-TD. Having considered that (i) all twelve Rights Issue Comparables were selected based on Criteria within the Review Period, ensuring that they reflect recent market practice of similar transactions to the Rights Issue conducted by companies listed on GEM of the Stock Exchange; (ii) while the structures of rights issue, sizes of gross proceeds, and business activities of the Rights Issue Comparables may differ, the key parameters of these rights issues are considered to be relevant to our analysis for comparison purposed, namely subscription price relative to closing price, and theoretical dilution effect and placing commission; (iii) the observed range of discounts and premiums is a result of prevailing market practice, which demonstrated the variations in the market, we consider the Rights Issue Comparables to be fair and representative samples.

It is also noted from the table above that the premium or discount of the subscription price over/to the consolidated net asset value per share attribute to owners of the respective company of the Rights Issue Comparables ranged from a discount of approximately 92.7% to a premium of approximately 90.0% (the "**Subscription Price to NAV Premium/ Discount Range**"), excluding the Outliners (i.e. Mindtell Technology and World Super, as detailed under note 3 of the table above), with an average discount of approximately 27.1%. The Subscription Price of HK$0.13 represented a discount of approximately 85.4% to the consolidated net asset value per share of the Group of approximately HK$65,758,000 as at 31 December 2025, which falls within the Subscription Price to NAV Premium/Discount Range.

Having considered, among others, (i) the discount of the Subscription Price is within the Comparable LTD Range and the Comparable 10-TD Range; (ii) for the most recent financial periods of the Group, namely, for each of the years ended 31 December 2024 and 2025, losses attributable to owners of the Company were recorded; (iii) the Subscription Price is within the range of the issue price of HK$0.128 per Share under the December Share Issue (defined hereafter) and the issue price of HK$0.151 per Share under the June Share Issue (defined hereafter); (iv) the thin trading volume of the Shares during most of the Share Price Review Period; (v) the theoretical dilution arising from the Rights Issue is within the Comparable Dilution Range; and (vi) the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, for Qualifying Shareholders who accept their respective entitlements under the Rights Issue in full, they would be able to maintain their respective existing shareholdings in the Company after completion of the Rights Issue, we are of the view that the Subscription Price is fair and reasonable.

Potential theoretical dilution

The Rights Issue allows the Qualifying Shareholders to maintain their proportionate interests in the Company and to participate in the future development of the Company should they wish to do so. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and their aggregate shareholding interests in the Company may be reduced by a maximum theoretical dilution of approximately 12.9%.

The theoretical dilution effect of the Rights Issue Comparables ranged from approximately 5.1% to approximately 24.8% (the "**Comparable Dilution Range**"), with an average theoretical dilution effect of approximately 18.5% (the "**Average Comparable Dilution**"). The theoretical dilution effect of the Rights Issue of approximately 12.9% is therefore within the Comparable Dilution Range and less than the Average Comparable Dilution.

No excess application

It is noted from the Letter from the Board that the Qualifying Shareholders will not be entitled to subscribe for any Rights Shares in excess of their respective entitlements. Based on our analysis on the Rights Issue Comparables, we noted that all of the Rights Issue Comparables did not offer excess application as part of the rights issue. On this basis, we considered the absence of excess application is in line with market practice.

We also noted that the Rights Issue is conducted on a non-underwritten basis, of which eleven out of twelve Rights Issue Comparables were also conducted on a non-underwritten basis. As such, we considered that the Rights Issue being conducted on a non-underwritten basis is not uncommon in the market.

Furthermore, the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, for Qualifying Shareholders who accept their respective entitlements under the Rights Issue in full, they would be able to maintain their respective existing shareholdings in the Company after completion of the Rights Issue. As such, we considered that the absence of excess application arrangement is acceptable so far as the Independent Shareholders are concerned.

Placing commission

The placing commission of the Rights Issue Comparables, where applicable, ranged from 1.0% to 3.0% (the "**Comparable Placing Commission Range**"). The average placing commission, which represents the average of the placing commission charged on the basis of a specified percentage point, excludes those with a fixed placing commission, in part or in whole, was approximately 2.3%. Pursuant to the terms of the Placing Agreement, the Placing Agent shall be entitled to a commitment fee equal to 1.0% of the actual gross proceeds from the successful subscription of the Placing Shares (the "**Placing Commission**"), which is within the Comparable Placing Commission Range.

Summary of findings

Having considered that (i) our analysis on the closing price per Share during the Share Price Review Period; (ii) the thin trading volume of the Shares during most of the Share Price Review Period; (iii) a discount to closing prices of the Shares as represented by the Subscription Price for a rights issue is a common market practice, as the discount could increase the attractiveness of the Rights Issue and encourage Qualifying Shareholders to participate; (iv) theoretical dilution effect of the Rights Issue is in compliance with the theoretical dilution limit as set out under the GEM Listing Rules; (v) the Rights Issue being conducted on a non-underwritten basis, is not uncommon in the market; and (vi) our analysis on the Placing Commission, which serves as an incentive for the Placing Agent to secure independent Placees in the event that the Rights Issue is under-subscribed, we are of the view that the Subscription Price is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned and the potential dilution effect of the Rights Issue is fair and reasonable so far as the Independent Shareholders are concerned.

5. Equity fundraising activities in the past 12 months

As set out in the Letter from the Board, the Company has conducted certain equity fund raising exercises over the past 12-month period immediately preceding the Latest Practicable Date, including (i) the issuance of new Shares under general mandate at HK$0.151 per Share for a net proceeds of approximately HK$1.5 million based on the announcement of the Company dated 24 June 2025 (the "**June Share Issue**"); and (ii) the subscription of new Shares under general mandate at HK$0.128 per Share for a net proceeds of approximately HK$1.2 million as set out in the announcements of the Company dated 29 and 30 December 2025 (the "**December Share Issue**"). For further details, please refer to the section headed "EQUITY FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS" in the Letter from the Board.

6. Possible financial effects of the Rights Issue

Net asset position

According to the unaudited pro forma financial information of the Group, the basis and assumptions thereto as set out in Appendix II to the Circular, the audited consolidated net tangible assets of the Group attributable to owners of the Company was approximately HK$65.2 million as at 31 December 2025. Upon completion of the Rights Issue, the Group will receive estimated net proceeds of approximately HK$37.2 million and the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company immediately upon completion of the Rights Issue will be approximately HK$102.4 million.

Liquidity

As part of the net proceeds of the Rights Issue of (i) approximately HK$29.3 million shall be applied towards the settlement of outstanding notes and the repayment of loans; and (ii) approximately HK$4.0 million shall be used as the general working capital of the Group, the liquidity position of the Group would be improved upon completion of the Rights Issue.

Total liabilities

As at 31 December 2025, the Company's total liabilities were approximately HK$509.7 million. As part of the proceeds of approximately HK$29.3 million from the Rights Issue will be used as the repayment of financial obligations, the total liabilities of the Group would be reduced upon completion of the Rights Issue.

Having taken into consideration the above factors, particularly the improvement in the Group's net assets position, enhanced liquidity, and reduction in total liabilities, we are of the view that the Rights Issue is in the interests of the Company and its Shareholders as a whole.

RECOMMENDATION

Having taken into consideration the principal factors and reasons as referred to the above, including

(i) the imminent need for capital by the Group to settle the financial obligations as discussed under section headed "2. Reasons for the Rights Issue and the use of proceeds" in this letter;

(ii) the Subscription Price, being at a discount to the prevailing market prices of the Share, should attract Shareholders to participate in the Rights Issue;

(iii) taking into account the benefits and costs of each of the alternative fundraising methods, the Rights Issue represents an appropriate means for fundraising to improve the Group's financial position as discussed under the section headed "2. Reasons for the Rights Issue and the use of proceeds" in this letter;

(iv) our work and analysis on the historical Share price performance, trading volume and liquidity, the Subscription Price and the dilution effects of the Rights Issue as set out under the section headed "4. Our analysis on the terms of the Rights Issue" in this letter;

(v) the Rights Issue is conducted on the basis that all the Qualifying Shareholders have been offered the equal opportunity to maintain their proportionate interests in the Company;

(vi) Shareholders who do not accept the Rights Shares provisionally allotted to them could dispose of their nil-paid Rights Shares in open market; and

(vii) the potential financial effects to the Group upon completion of the Rights Issue as discussed in the section headed "6. Possible financial effects of the Rights Issue",

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

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Lewis Lai
Managing Director

Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has over 19 years of experience in the corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 December 2025, 2024 and 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.hongweiasia.com/), respectively:

(i) the audited consolidated financial information of the Group for the year ended 31 December 2025 is disclosed in the annual report of the Company for the year ended 31 March 2025 published on 30 April 2026, from pages 44 to 49

(https://www1.hkexnews.hk/listedco/listconews/gem/2026/0430/2026043002737.pdf);

(ii) the audited consolidated financial information of the Group for the year ended 31 December 2024 is disclosed in the annual report of the Company for the year ended 31 March 2025 published on 30 April 2025, from pages 40 to 45

(https://www1.hkexnews.hk/listedco/listconews/gem/2025/0430/2025043004163.pdf); and

(iii) the audited consolidated financial information of the Group for the year ended 31 December 2023 is disclosed in the annual report of the Company published on 1 April 2024, from pages 42 to 47

(https://www1.hkexnews.hk/listedco/listconews/gem/2024/0401/2024040100928.pdf).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 28 February 2026, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Circular, the Group had the following indebtedness:

	Approximate *HK$'000*
Bank and other borrowings, secured and guaranteed	73,255
Bank and other borrowings, secured and unguaranteed	189,111
Bank and other borrowings, unsecured and unguaranteed	49,498
Notes payable, secured and guaranteed	65,973
Amount due to a related party,unsecured and unguaranteed	1,399
	379,236

Bank and other borrowings

As at 28 February 2026, the Group had secured and guaranteed, secured and unguaranteed and unsecured and unguaranteed bank and other borrowings of approximately HK$73,255,000, HK$189,111,000 and HK$49,498,000 respectively. The Group's bank and other borrowings of approximately HK$262,366,000 are secured by the Group's property, plant and equipment, right-of-use assets and inventories.

Notes payable

As at 28 February 2026, the Group had secured and guaranteed notes payable of approximately HK$65,973,000. The notes payable are secured by the fully paid-up capital of a subsidiary of the Company and personal guarantees executed by Mr. Wong Cheung Lok and Ms. Cheung Ngar Kwan.

Amount due to a related party

As at 28 February 2026, the Group had amounts due to a related party of approximately HK$1,399,000. The amount due to related parties are unsecured, unguaranteed, interest free and have no fixed terms of repayment.

Disclaimers

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables and contract liabilities, as at 28 February 2026, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Circular, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages and charges, hire purchase commitments, material contingent liabilities or guarantees outstanding.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstances, taking into account the present financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements for at least the next twelve (12) months following the date of this circular. The Company has obtained the relevant confirmation as required under Rule 12.26C of the GEM Listing Rules.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is an investment holding company and the principal activities of the Group, through its subsidiaries, are manufacturing and sales of particleboards, which were used primarily in the production of furniture, flooring panels, decoration and construction materials. The prospect of the macroeconomic conditions in 2024 remain grim and complicated. Due to the COVID-19 outbreak, major developed economies are expected to report weak economic growth. In China, the economy is still in its downward cycle, with an insufficient economic growth momentum, weak financing environment, and unfavorable corporate investment sentiment. Further, the ongoing trade war between China and the United States remains uncertain as to whether additional tariffs would be imposed on furniture products exported from the Mainland China to the United States. The Group's particleboard business will be adversely affected if tariffs were imposed. The Group will closely monitor changes in the domestic policies and continue its efforts in taking proactive production cost saving initiatives, strengthening the controls of the inventory level, negotiating with customers regarding product pricing and considering the feasibility of developing more variety of specifications of particleboards in sizes and thickness to meet the need in different market segments. We find that the domestic market demand is shifting from quality oriented to cost oriented, we are looking for opportunity to improve and modify our production line to meet this market shift. Since the grant of timber wood harvesting quotas have been materially curtailed in 2018 as part of the PRC government's policy to strengthen environmental protection, and such enhanced control is expected to last for a period which is unknown to the Group at the moment, the Group has commenced the feasibility study on new business strategy that seeks to better utilise its forestry resources. In this regard, the Company has noted that the PRC government is supportive of the development and promotion of a more diverse and ecologically friendly forestry economy, such as undergrowth planting, aquaculture, collection and forest tourism. The aim is to achieve ecological protection and economic development in a manner consistent with the State's strategy of developing a green economy, a low-carbon economy and a circular economy. The Group highly recognises global climate change's risks and opportunities, and actively supports the PRC government's efforts to achieve the goal of carbon neutrality before 2060. To support the PRC government's environmental protection supervision as the main line, the Group will improve the environmental management system and control with our forestry asset and is going to contribute to the realisation of "carbon neutrality". The Group will closely keep track of changes in the relevant policies and regulations that implement such governmental approach and will be taking proactive initiatives to maximize the value of its forestry assets.

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

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the **"Unaudited Pro Forma Financial Information**") which has been prepared by the directors of the Company in accordance with Appendix D1B.13 and paragraph 7.31 of the GEM Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circular" issued by the Hong Kong Institute of Certified Public Accountants, is for illustration only, and is set out in this appendix to illustrate the effects of the Rights Issue, on the consolidated net tangible assets of the Group as at 31 December 2025 attributable to owners of the Company, as if the Rights Issue had taken place on such date.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 or any future date following the Rights Issue.

The Unaudited Pro Forma Financial Information is based on the consolidated net tangible assets of the Group attributable to owners of the Company, as derived from the consolidated statement of financial position of the Group as at 31 December 2025, as extracted from the published annual report of the Group for the year ended 31 December 2025, adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 *HK$'000 (Note 1)*	**Unaudited estimated net proceeds from the Rights Issue** *HK$'000 (Note 2)*	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at 31 December 2025 immediately upon completion of the Rights Issue** *HK$'000*	**Unaudited consolidated net tangible assets attributable to owners of the Company per Share immediately before the completion of Rights Issue** *HK$ (Note 3)*	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share immediately after completion of Rights Issue** *HK$ (Note 4)*
Based on 294,873,692 Rights Shares to be issued at Subscription Price of HK$0.13 per Rights Share	65,193	37,194	102,387	1.03	0.29

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 is based on the consolidated net assets of the Group attributable to owners of the Company of approximately HK$65,758,000, after deducting consolidated intangible assets of approximately HK$565,000 as at 31 December 2025, as extracted from the published annual report of the Group for the year ended 31 December 2025.

2. The estimated net proceeds from the Rights Issue of approximately HK$37,194,000 is calculated based on 294,873,692 Rights Shares to be issued (on the basis of four rights share for every one existing share as at the record date of the Rights Issue which is 73,718,423 shares) at the subscription price of HK$0.13 per Rights Share, assuming full acceptance of the Rights Shares by all of the Qualifying Shareholders after deducting all directly attributable transaction costs (including advisory fees for the professional parties, printing, registration, translation, legal, accounting and documentation charges) which is estimated to be approximately HK$1,140,000.

3. The calculation of consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 December 2025 immediately before completion of the Rights Issue is based on the consolidated net tangible assets of the Group as at 31 December 2025 of approximately HK$65,193,000, divided by 63,187,186 existing Shares in issue as at 31 December 2025.

4. The calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 December 2025 immediately after the completion of the Rights Issue (assuming full acceptance of the Rights Shares by all of the Qualifying Shareholders) is based on unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2025 immediately after the completion of the Rights Issue of approximately HK$102,387,000, divided by 358,060,878 Shares comprising of 63,187,186 Shares in issue as at 31 December 2025 and 294,873,692 Rights Shares to be issued pursuant to the Rights Issue (on the basis of four rights share for every one existing share as at the record date of the Rights Issue) as if the Rights Issue had been completed.

5. On 29 December 2025, the Company entered into subscription agreements with the subscribers for the issuance of 10,531,237 Shares (the "**Shares Subscriptions**") at HK$0.12 per Share. On 30 December 2025, the Company and the subscribers entered into supplemental subscription agreements, under which the subscription price was amended from HK$0.12 per Share to HK$0.128 per Share. On 15 January 2026, the Shares Subscriptions were completed, and the Company's net tangible assets increased by net proceeds of approximately HK$1,248,000.

6. No pro forma adjustment has been made to the unaudited pro forma consolidated net tangible assets of the Group in connection with the issuance of 10,531,237 Shares, being the Shares Subscriptions described in note 5, with net proceeds of approximately HK$1,248,000. Should the issuance of 10,531,237 Shares and net proceeds of approximately HK$1,248,000 pursuant to the Shares Subscriptions were adjusted to the unaudited pro forma consolidated net tangible assets of the Group, the unaudited pro forma adjusted consolidated net tangible assets and the unaudited pro forma adjusted consolidated net tangible assets per Share would have been approximately HK$103,635,000 and HK$0.28 respectively.

7. Save as disclosed above, no adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2025.

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

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



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

5 May 2026

Independent Reporting Accountants' Report on the Unaudited Pro Forma Financial Information

The Board of Directors of
Hong Wei (Asia) Holdings Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hong Wei (Asia) Holdings Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 December 2025 and related notes (the "**Unaudited Pro Forma Financial Information**") as set out in Section A of Appendix II of the circular issued by the Company dated 5 May 2026 (the "**Circular**") in connection with the proposed rights issue on the basis of four (4) rights shares for every one (1) existing share held by the qualifying shareholders on the record date at the subscription price of HK$0.13 per rights share (the "**Rights Issue**"). The applicable criteria on the basis of which the directors of the Company have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix II of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the Rights Issue on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2025 as if the Rights Issue had taken place on 31 December 2025. As part of this process, information about the Group's net tangible assets attributable to owners of the Company as at 31 December 2025 has been extracted by the directors from the Group's consolidated statement of financial position as at 31 December 2025, on which an annual report of the Group for the year ended 31 December 2025 has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with Appendix D1B.13 and paragraph 7.31 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

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

Our Firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, and Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

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

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

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

The purpose of Unaudited Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 December 2025 would have been as presented.

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

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

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

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

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

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the director of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,
McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The Company has no authorised share capital and its Shares have no par value. The issued share capital of the Company as at the Latest Practicable Date were, and following completion of the Rights Issue, are expected to be as follows:

(a) As at the Latest Practicable Date

Issued and fully paid: 73,718,423 Shares

(b) Immediately following completion of the Rights Issue

Issued and fully paid: 368,592,115 Shares

The Rights Shares, when issued and fully-paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank *pari passu* in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment of the fully-paid Rights Shares.

As at the Latest Practicable Date, the Company did not have any outstanding derivatives, options, warrants and convertible securities or other similar rights which are convertible or exchangeable into Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option.

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

The Rights Shares to be issued will be listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests in the Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571. Laws of Hong Kong) (the "**SFO**") which will have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules required to be notified to the Company and the Stock Exchange, are as follows:

Name	Capacity/ Nature of interest	Aggregate number of Shares or underlying Shares *(Note 1)*	Approximate percentage of interest in our Company
Mr. Wong Kin Ching	Beneficial owner	18,600 (L)	0.04%

Note:

(1) The letter "L" denotes the person's long positions in the Shares.

As at the Latest Practicable Date, save as disclosed above, no Director or proposed Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial shareholders' interests in the Shares and underlying Shares

To the knowledge of the Directors of the Company, as at the Latest Practicable Date, the following persons (other than the Directors and chief executive of the Company) have the following interests and short positions in the shares and underlying shares of the Company which were required to be notified to the Company pursuant to 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 referred to therein.

Name	Capacity/ Nature of interest	Aggregate number of Shares or underlying Shares *(Note 1)*	Approximate percentage of interest in our Company
Mr. Wong Cheung Lok ("**Mr. Wong**")	Beneficial owner	21,500,000 (L)	40.83%
Ms. Cheung Ngar Kwan ("**Mrs. Wong**") *(Note 2)*	Interest of spouse	21,500,000 (L)	40.83%

Note:

(2) Mrs. Wong is the spouse of Mr. Wong. Under the SFO, Mrs. Wong is deemed to be interested in the same number of Shares in which Mr. Wong is interested.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Directors, no other person (other than the Directors and chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register referred to in section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

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

5. DIRECTOR'S INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have 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 member of the Group since 31 March 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

6. COMPETING INTERESTS

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

7. LITIGATIONS

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

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts or professional advisers who have given opinions or advice which are contained in this circular (the "**Experts**"):

Name	Qualification
Red Sun Capital Limited	a licenced corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
McMillan Woods (Hong Kong) CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, (i) each of the above Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letters or reports and references to its name and/or its advice in the form and context in which they respectively appear; (ii) each of the above Experts was not beneficially interested in any share of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (iii) each of the above Experts did not have any direct or indirect interest in any assets which have 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 since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by the members of the Group during two years preceding the Latest Practicable Date and are or may be material:

(a) the supplemental subscription agreements dated 30 December 2025 entered into between the Company and each of Mr. Chen Gang, Ms. Zuo Lijun, Mr. Xiao Yongjie and Ms. Huang Jiamin (as subscribers) in relation to the subscription agreements dated 29 December 2025 to amend the subscription price from HK$0.12 to HK$0.128 per subscription share;

(b) the subscription agreements dated 29 December 2025 entered into between the Company (as issuer) and (i) Mr. Chen Gang (as subscriber) for 2,083,333 Shares, (ii) Ms. Zuo Lijun (as subscriber) for 2,083,333 Shares, (iii) Mr. Xiao Yongjie (as subscriber) for 2,083,333 Shares, and (iv) Ms. Huang Jiamin (as subscriber) for 4,281,238 Shares, in relation to the subscription for a total of 10,531,237 new Shares at the subscription price of HK$0.12 per share;

(c) the subscription agreement dated 24 June 2025 entered into between the Company (as issuer) and Mr. Chu Hin Ming Alfonso (as subscriber) in relation to the subscription for a total of 10,531,000 new Shares (in two equal tranches of 5,265,500 new Shares) at the subscription price of HK$0.151 per share; and

(d) the Placing Agreement.

10. CORPORATE INFORMATION

Board of Directors	*Executive Directors* Mr. Wong Kin Ching Ms. Liu Yan *Non-executive Director* *Mr. Chen Gang* *Independent non-executive Directors* Mr. Cheung Wai Yin Wilson Mr. Guo Ensheng Ms. Zhao Jianhong *Audit Committee* Mr. Cheung Wai Yin Wilson *(Chairman)* Mr. Guo Ensheng Ms. Zhao Jianhong *Nomination Committee* Ms. Zhao Jianhong *(Chairman)* Mr. Cheung Wai Yin Wilson Mr. Guo Ensheng *Remuneration Committee* Mr. Guo Ensheng *(Chairman)* Mr. Cheung Wai Yin Wilson Ms. Zhao Jianhong
Registered office	Unit 603, 6/F., Tower 1, Admiralty Centre 18 Harcourt Road, Admiralty Hong Kong
Principal place of business in Hong Kong	Unit 603, 6/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty Hong Kong
Principal place of business in PRC	Industrial Park, Renhua County, Shaoguan City, Guangdong Province, the PRC

Branch share registrar and transfer office in Hong Kong	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Company secretary	Ms. Leung Tsz Man
Authorised representatives	Ms. Liu Yan Ms. Leung Tsz Man
Business address of Directors and authorised representatives	Unit 603, 6/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty Hong Kong
Principal banker	**Agricultural Bank of China Limited** 25/F, Agricultural Bank of China Tower, 50 Connaught Road Central, Hong Kong
	Industrial and Commercial Bank of China Limited 33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong

11. PARTIES INVOLVED IN THE RIGHTS ISSUE

The Company	**Hong Wei (Asia) Holdings Company Limited** Room 210, 2nd Floor, 18 Harcourt Road, Admiralty, Hong Kong
Legal advisers to the Company	*As to Hong Kong law* **TANG TSO & LAU** Solicitors Room 209, 2/F, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	**Red Sun Capital Limited** Room 310, 3/F., China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong
Reporting accountant of the Company	**McMillan Woods (Hong Kong) CPA Limited** 24/F., Siu On Centre, 188 Lockhart Road, Wan Chai, Hong Kong
Placing Agent	**DL Securities (HK) Limited** DL Tower, 92 Wellington Street, Central, Hong Kong

12. PARTICULARS OF THE DIRECTORS

Executive Directors

Mr. Wong Kin Ching ("**Mr. Wong**"), aged 38, was appointed as an Executive Director and the Compliance Officer on 16 August 2019. Mr. Wong KC is experienced in operational management and marketing management in certain businesses engaged in wooden board products manufacturing and online social media respectively. He will be responsible for assisting in formulating business development strategies for the Group. Prior to joining the Group, Mr. Wong KC served as Operations Manager in business engaging in wooden board manufacturing from 2012 to 2017. Besides, Mr. Wong KC serves as Marketing Director in business engaging online social media since 2017.

Ms. Liu Yan ("**Ms. Liu**"), aged 51, holds a master's degree from Chinese Academy of Forestry and has more than 25 years of experience in the forestry and wood and bamboo processing industries. Ms. Liu previously served as the general manager of Hongwei Wooden Products (Renhua) Co. Ltd., a principal operating subsidiary of the Group, where she was fully responsible for the overall operation of the company's particleboard production line with an annual production capacity of 500,000 cubic meters, and managing the industrialized operation of the Group's raw material forest bases of over 110,000 mu.

Ms. Liu possesses solid professional expertise in forest resource cultivation, advanced processing of timber and bamboo, under-forest economy and forestry mechanization, and in particular, has extensive experience in promoting industry-academia-research collaboration, research and development of bamboo-based new materials, and integration of the entire bamboo industry chain. She has led collaborative projects with numerous research institutions and universities, and has been responsible for the operation and management of relevant research centers and doctoral workstations.

Non-executive Directors

Mr. Chen Gang ("**Mr. Chen**"), aged 52, graduated from China West Normal University (formerly known as Nanchong Normal College) with a major in Trade Economics. He possesses over 25 years of cross-industry management, investment operations and corporate strategic planning experience, combining deep industrial operational expertise with professional capital operation capabilities. Since December 2018, Mr. Chen has served as vice president and director of Guangdong Micro Technology Co., Ltd.,(廣東微觀科技有限公司) where he expands cross-sector management practices in the technology industry and deepens his understanding of aligning technology enterprise operational models with capital markets.

Independent non-executive Directors

Mr. Cheung Wai Yin Wilson ("**Mr. Cheung**"), aged 52, has over 27 years of experience in the field of audit, business development, corporate finance and financial management. He is currently an independent non-executive director of Truly International Holdings Limited, a company listed on the Stock Exchange (stock code: 732). He was an executive director from August 2012 to March 2023 and the chairman and chief executive officer from August 2012 to August 2020 of Noiz Group Limited, a company listed on the Stock Exchange (stock code: 8163). Mr. Cheung is a member of The Institute of Chartered Accountants in England and Wales, Hong Kong Institute of Certified Public Accounts and Hong Kong Securities and Investment Institute. He holds a Master of Science degree in Financial Engineering from City University of Hong Kong and Bachelor degrees in Arts and Administrative Studies from York University, Canada.

Mr. Guo Ensheng ("**Mr. Guo**"), aged 49, holds a master's degree of marketing management and a bachelor's degree of philosophy from Xiamen University. He has over 17 years of experience in the field of operation and corporate management and has worked as a contracted lecturer in numerous corporate management- 2and consulting companies in the People's Republic of China. He worked as the marketing manager and an assistant to the chief executive officer in Vedan International (Holdings) Limited and an assistant to the chairman of the board of Fuxing China Group Limited.

Ms. Zhao Jianhong ("**Ms. Zhao**"), aged 58, obtained her Master of Economic Management degree from the Guangdong Academy of Social Sciences and has nearly over 30 years of experience in finance and corporate management, with strong leadership and management abilities. She worked in major financial institutions and renowned enterprises. She currently serves as the chairman of Haifeng Industrial Investment (Guangdong) Co., Ltd.,(海峰產業投資(廣東)有限公司) where she is deeply involved in capital operation activities related to Guangdong Zhongke Kechuang Venture Investment Management(廣東中科科創創業投資管理). Ms. Zhao also currently serves as the vice chairman of the Zhongshan Federation of Industry and Commerce (General Chamber of Commerce), the honorary president of the Zhongshan Science and Technology Finance Innovation Promotion Association and the executive vice president of the Zhongshan Women Entrepreneurs Association.

Company Secretary

Ms. Leung Tsz Man ("**Ms. Leung**") was appointed as the company secretary and an authorised representative with effect from 2 January 2026 pursuant to Rule 5.14 of the GEM Listing Rules. Ms. Leung possesses over 15 years of experience in the company secretarial field, with extensive experience in handling corporate secretarial and corporate governance affairs for both listed and private companies. She is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Leung holds a degree of Bachelor of Business Administration in Corporate Administration from the Open University of Hong Kong (currently known as the Hong Kong Metropolitan University).

13. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the "**Audit Committee**") comprised all of the independent non-executive Directors, namely Mr. Cheung Wai Yin Wilson (the Chairman of the Audit Committee), Mr. Guo Ensheng and Ms. Zhao Jianhong. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed "12. Particulars of the Directors" in this appendix. The Audit Committee is responsible for reviewing accounting policies and practices adopted by the Group. It also reviews and discusses matters related to the effectiveness of financial reporting, internal control and audit, and performs other duties as assigned by the Board, and reports its work, findings and recommendations to the Board after each meeting in respect of the above matters as well as the operating risks faced by the Group. The Audit Committee has to recommend the appointment, reappointment and removal, approve the remuneration and terms of engagement, review and monitor the independence, objectivity, resignation and dismissal of the external auditor, and maintain sufficient communication and discuss the nature and scope of the audit with the external auditor.

14. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and the placing of all Unsubscribed Rights Shares and the ES Unsold Rights by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK$1.1 million, which are payable by the Company.

15. DOCUMENTS ON DISPLAY

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

(a) the annual reports of the Company for each of the three financial years ended 31 December 2022, 2023 and 2024;

(b) the letter from the Board, the text of which is set out on pages 10 to 31 of this circular;

(c) the letter from the Independent Board Committee, the text of which is set out on page 32 of this circular;

(d) the letter from the Independent Financial Adviser, the text of which is set out on pages 33 to 33 of this circular;

(e) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group as set out in Appendix II to this circular;

(f) the material contracts referred to in the paragraph headed "9. Material contracts" of this appendix; and

(g) the written consents from the Experts referred to in the paragraph headed "8. Experts and Consents" of this appendix.

16. MISCELLANEOUS

(a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

(b) Since the Company's business activities are mainly operated in Hong Kong and PRC, and the relevant transactions are denominated in HK$ and RMB, the Directors consider that the Company's risk in foreign exchange is insignificant. As at the Latest Practicable Date, the Group did not engage in any derivatives agreements nor commit to any financial instrument to hedge its foreign exchange exposure. Therefore, the Group had no significant exposure to foreign exchange liabilities.

(c) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

HONG WEI (ASIA) HOLDINGS COMPANY LIMITED
鴻偉（亞洲）控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 8191)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Hong Wei (Asia) Holdings Company Limited (the "**Company**") will be held at 16/F, Tower 5, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong on Tuesday, 26 May 2026 at 11:00 a.m. to consider and, if thought fit, approve, with or without modifications, the following resolutions:

ORDINARY RESOLUTION

"**THAT** subject to and conditional upon the fulfilment of all the conditions as set out in the section headed "Letter from the Board – Proposed Rights Issue – Conditions of the Rights Issue" in the circular of the Company dated 5 May 2026:

(i) the issue of a maximum of 294,873,692 new Shares (assuming no further issue and repurchase of the shares of the Company up to the Record Date (as defined below)) (the "**Rights Shares**") pursuant to an offer by way of rights to the shareholders of the Company (the "**Shareholders**") at the subscription price of HK$0.13 per Rights Share (the "**Subscription Price**") on the basis of four (4) Rights Shares for every one (1) existing Share held by the Shareholders (the "**Qualifying Shareholders**") whose names appear on the register of members of the Company on Friday, 5 June 2026, or such other date as may be determined by the Company for determining entitlements of the Shareholders to participate in the Rights Issue (as defined below) (the "**Record Date**"), 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 "**Excluded Shareholders**"), and on and subject to such terms and conditions as may be determined by the Directors (the "**Rights Issue**"), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

(ii) the placing agreement dated 17 April 2026 (the "**Placing Agreement**") entered into between the Company and DL Securities (HK) Limited (a copy of which has been produced to the Meeting marked "A" and signed by the chairman of the Meeting for the purpose of identification), in relation to the placing of the Rights Shares not subscribed by the Qualifying Shareholders and/or the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company at the placing price of not less than the Subscription Price on a best effort basis, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(iii) 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 Rights Shares may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, any Directors be and is hereby authorised to make such exclusions or other arrangements in relation to any Excluded Shareholders, and to do all such acts and things or make such arrangements as he/she considers necessary, desirable or expedient having regard any restrictions under the Articles of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong to give effect to any or all other transactions contemplated in this resolution; and

(iv) any one of the Directors be and are hereby authorised to do all such acts and things and execute and deliver all such documents, which are ancillary to the Rights Issue and the Placing Agreement, on behalf of the Company, including under common seal where applicable, as they may consider necessary, desirable or expedient to implement or give effect to any matters in connection with the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder."

For and on behalf of the Board
Hong Wei (Asia) Holdings Company Limited
Liu Yan
Executive Director

Hong Kong, 5 May 2026

Registered Office:
Unit 603, 6/F., Tower 1, Admiralty Centre
18 Harcourt Road, Admiralty
Hong Kong

Head Office in Hong Kong:
Unit 603, 6/F., Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty
Hong Kong

Principal Place of Business in the People's Republic of China:
Industrial Park, Renhua County, Shaoguan City,
Guangdong Province, PRC

Notes:

(i) Any member of the Company (the "**Member**") entitled to attend and vote at the Meeting or its adjourned meeting (as the case may be) is entitled to appoint one or more proxies (if such member is the holder of two or more shares in the Company) to attend and, on a poll, vote on his/her/its behalf subject to the provisions of the bye-laws of the Company. A proxy need not be a Member but must be present in person at the Meeting to represent the Member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

(ii) Where there are joint holders of any share of the Company, any one of such joint holders may vote at the Meeting or its adjourned meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

(iii) A form of proxy for use at the Meeting or its adjourned meeting is enclosed.

(iv) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event, not later than 11:00 a.m. on Friday, 22 May 2026 or not less than 48 hours before the time appointed for holding any adjourned meeting. Completion and return of the form of proxy will not preclude a Member from attending and voting in person at the Meeting or its adjourned meeting and in such event, the form of proxy shall be deemed to be revoked.

For determining the Members' entitlement to attend and vote at the Meeting, the register of Members will be closed from Tuesday, 19 May 2026 to Tuesday, 26 May 2026 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for attending and voting at the forthcoming Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 18 May 2026.

(v) The voting at the Meeting or its adjourned Meeting will be taken by poll.

(vi) 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.hongweiasia.com/and on the website of the Stock Exchange at 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:
Wong Kin Ching
Liu Yan

Non-executive Directors:
Chen Gang

Independent non-executive Directors:
Cheung Wai Yin Wilson
Wilson Guo Ensheng
Zhao Jianhong