
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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中國信息科技發展有限公司

CHINA INFORMATION TECHNOLOGY DEVELOPMENT LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 08178)

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING
SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;
(2) PLACING OF PLACING SHARES IN CONNECTION WITH
THE RIGHTS ISSUE;
(3) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS
UNDER THE SHARE OPTION SCHEMES; AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Placing Agent to the Company

CheongLee
昌利證券

Independent Financial Adviser

百惠金控 PATRONS

A notice convening an EGM of the Company to be held at Unit 3308, 33/F., Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong on Thursday, 28 May 2026 at 3:30 p.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM of the Company is enclosed with this circular. Such form of proxy is also published on the Stock Exchange website at www.hkexnews.hk and the Company at www.citd.com.hk.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event by no less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof 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. If the Rights Issue is not fully subscribed, the number of Rights Shares that are not subscribed by the Qualifying Shareholders or renounees or transferees of the Nil-paid Rights under the PALs (i.e. the Unsubscribed Rights Shares) will be placed to independent Placees on a best effort basis through the Placing. The Unsubscribed Rights Shares that are not placed 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.

13 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“associate(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Announcement”	the announcement of the Company dated 21 April 2026 in relation to the Rights Issue and the Placing
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are open for normal banking business and excludes Saturdays, Sundays, public holidays in Hong Kong and any day on which a tropical cyclone warning number 8 or above is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. or on which a “black rainstorm” warning signal is issued or remains issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“close associate(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented and modified from time to time
“Company”	China Information Technology Development Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM (Stock Code: 8178)
“connected person(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“controlled corporation(s)”	has the meaning as ascribed thereto under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“controlling shareholder(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company

DEFINITIONS

“Extreme Conditions”	the extreme conditions the government of Hong Kong may announce in the event of, for example, serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage caused by super typhoons according to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department of Hong Kong
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning as ascribed thereto under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors to be established to advise the Independent Shareholders in respect of the Rights Issue and the Placing Agreement
“Independent Financial Adviser” or “Patrons Capital”	Patrons Capital Limited, a licensed corporation carrying out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Placing Agreement
“Independent Shareholder(s)”	any Shareholder(s) who is(are) not required to abstain from voting on the resolution(s) relating to the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM under the GEM Listing Rules
“Independent Third Party(ies)”	third party(ies) who are not connected persons of the Company and its subsidiaries and who are independent of the Company and connected persons of the Company

DEFINITIONS

“Last Trading Day”	21 April 2026, the last day on which the Shares were traded on the Stock Exchange immediately preceding the publication of the Announcement
“Latest Practicable Date”	6 May 2026, being the latest practicable date prior to printing of this circular for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Friday, 26 June 2026 or such other time as may be agreed by the Company, being the latest time for application for, acceptance and payment in respect of the provisional allotments under the Rights Issue
“Latest Time for Termination”	5:00 p.m. on Friday, 24 July 2026 or such later date/time as may be agreed between the Company and the Placing Agent in writing, being the latest time to terminate the Placing Agreement
“MGO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code
“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s) or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed;
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Non-Qualifying Shareholder(s)” or “NQS”	Overseas Shareholder(s) to whom the Board, after making enquiries, considers it necessary or expedient not to offer the Rights Issue 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
“Outstanding Share Options”	the outstanding share options to subscribe for an aggregate of up to 6,030,771 Shares granted under the Share Option Schemes which are exercisable on or before the Record Date
“Overseas Letter”	a letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) whose address on the register of members of the Company is outside Hong Kong

DEFINITIONS

“PAL(s)”	the provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders
“Placee(s)”	institutional, corporate or individual investor(s) who are professional investors as defined under the SFO, who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agents to subscribe for the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares on a best efforts basis by the Placing Agent and/or its sub-placing agent(s) to the Placees on the terms and conditions of the Placing Agreement
“Placing Agent”	Cheong Lee Securities Limited, a company incorporated in Hong Kong with limited liability, licensed by the SFC to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 21 April 2026 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Commission”	1% of the amount equal to the Placing Price multiplied by the number of Placing Shares successfully placed by the Placing Agent
“Placing Period”	the period commencing from Wednesday, 8 July 2026 and ending at 4:00 p.m. on Thursday, 23 July 2026, or such later date/time as may be agreed between the Company and the Placing Agent in writing
“Placing Price”	the placing price of the Placing Shares which shall not be less than the Subscription Price of HK\$0.18 per Placing Share
“Placing Shares”	the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to be placed to the Placee(s) by the Placing Agent
“PRC”	the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Rights Issue”	the previous issue by way of rights of the rights shares on the basis of three (3) rights shares for every eight (8) existing Shares held on 10 September 2025, which was completed on 6 October 2025

DEFINITIONS

“Prospectus”	the prospectus to be despatched to the Shareholders on the Prospectus Posting Date in connection with the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Thursday, 11 June 2026 or such later date the Company may determine for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Wednesday, 10 June 2026 or such other date the Company may determine for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue of one (1) Rights Share for every two (2) existing Shares in issue and held on the Record Date at the Subscription Price
“Rights Share(s)”	up to 57,369,850 new Shares proposed to be offered to the Qualifying Shareholders for subscription by way of the Rights Issue
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Share Option Schemes”	the share option schemes adopted by the Company on 2 August 2012 and 15 May 2023, respectively
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.18 per Rights Share
“substantial shareholder(s)”	has the meaning as ascribed thereto under the GEM Listing Rules

DEFINITIONS

“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong, as may be amended from time to time
“Unsubscribed Rights Share(s)”	the Rights Shares that are not subscribed by the Qualifying Shareholder(s) or renouncee(s) or transferee(s) of the nil-paid Rights Shares under the PAL(s)
“%”	per cent

EXPECTED TIMETABLE

The expected timetable for the Rights Issue and the Placing is set out below:

Event	Time and Date
Latest time for lodging transfer of the Shares to qualify for attendance and voting at the EGM.	4:30p.m., Wednesday, 20 May 2026
Closure of register of members for determination of the right to attend and vote at the EGM (both days inclusive)	Thursday, 21 May 2026 to Thursday, 28 May 2026
Latest time for lodging proxy forms for the EGM.	3:30 p.m., Tuesday, 26 May 2026
Record date for attendance and voting at the EGM.	Thursday, 28 May 2026
Expected time and date of the EGM	3:30 p.m., Thursday, 28 May 2026
Announcement of the poll results of the EGM	Thursday, 28 May 2026
Register of members re-opens.	Friday, 29 May 2026
Last day of dealings in the Shares on a cum-rights basis of the Rights Issue.	Friday, 29 May 2026
First day of dealings in the Shares on an ex-rights basis of the Rights Issue.	Monday, 1 June 2026
Latest time for lodging transfer documents of the Shares in order to qualify for the Rights Issue	4:30 p.m., Tuesday, 2 June 2026
Closure of register of members for the Rights Issue (both days inclusive)	Wednesday, 3 June 2026 to Wednesday, 10 June 2026
Record Date for determining entitlements under the Rights Issue	Wednesday, 10 June 2026
Register of members of the Company reopens	Thursday, 11 June 2026
Despatch of Prospectus Documents (including the PAL and the Prospectus) (in the case of the Excluded Shareholders, the Prospectus only)	Thursday, 11 June 2026

EXPECTED TIMETABLE

First day of dealing in nil-paid Rights Shares	Monday, 15 June 2026
Latest time for splitting the PALs	4:30 p.m., Wednesday, 17 June 2026
Last day of dealing in nil-paid Rights Shares	Tuesday, 23 June 2026
Latest time for Acceptance of and payment for the Rights Shares	4:00 p.m., Friday, 26 June 2026
Announcement of results of the Rights Issue including the number of Placing Shares subject to the Placing	Tuesday, 7 July 2026
Commencement of placing of Placing Shares (if any) by the Placing Agent	Wednesday, 8 July 2026
Latest time for the Placing Agent to place the Placing Shares	4:00 p.m., Thursday, 23 July 2026
Latest time for Termination of the Placing Agreement	5:00 p.m., Friday, 24 July 2026
Announcement of the results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and the NQS Unsold Rights Shares).	Thursday, 30 July 2026
Despatch of share certificates for fully-paid Rights Shares	Friday, 31 July 2026
Despatch of refund cheques if the Rights Issue does not proceed	Friday, 31 July 2026
Commencement of dealings in fully-paid Rights Shares	Monday, 3 August 2026
Expected payment date of the Net Gain to the No Action Shareholder	Friday, 7 August 2026

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

Dates or deadlines specified in the expected timetable above are indicative only and may be extended, amended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EXPECTED TIMETABLE

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

The Latest Time for Acceptance of and payment for the Rights Shares will not take place at 4:00 p.m. on Friday, 26 June 2026 if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning or Extreme Conditions, and if such circumstances are:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place at 4:00 p.m. on the date of the Latest Time for Acceptance, but will be extended to 5:00 p.m. on the same day instead; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place on the date of the Latest Time for Acceptance, but 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 of and payment for the Rights Shares does not take place on or before 4:00 p.m., Friday, 26 June 2026, the dates mentioned in the section headed “Expected Timetable” in this circular may be affected. An announcement will be made by the Company in such event.

LETTER FROM THE BOARD



中國信息科技發展有限公司

CHINA INFORMATION TECHNOLOGY DEVELOPMENT LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 08178)

Executive Directors:

Mr. Wong King Shiu, Daniel (*Chairman and Chief Executive Officer*)

Mr. Chu Joshua Allen Kiu Wah

Mr. So Han Meng Julian

Non-Executive Directors:

Mr. Li Sai Wing, *MH, JP*

Ms. Leung Kar Ming, *MH*

Independent non-executive Directors:

Mr. Wong Hoi Kuen

Mr. Chu Wun Chiu

Ms. Dodo Chan

Head Office and Principal place of business in Hong Kong:

Unit 3308, 33/F.

Millennium City 6

392 Kwun Tong Road

Kwun Tong

Hong Kong

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681 Grand Cayman KY1-1111

Cayman Islands

13 May 2026

To the Shareholders,

Dear Sir or Madam,

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;**
(2) PLACING OF PLACING SHARES IN CONNECTION WITH THE RIGHTS ISSUE;
(3) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEMES; AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Announcement.

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

PROPOSED RIGHTS ISSUE

On 21 April 2026, the Board resolved to propose the Rights Issue, details of which are summarised below:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.18 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	114,739,700 Shares
Maximum of Rights Shares to be issued under the Rights Issue (assuming the Rights Issue is fully subscribed)	:	57,369,850 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Maximum total number of issued Shares as enlarged by the Rights Issue (assuming the Rights Issue is fully subscribed)	:	Up to 172,109,550 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)
Maximum amount to be raised (assuming the Rights Issue is fully subscribed)	:	before expenses Up to approximately HK\$10.33 million (assuming no changes in the number of Shares in issue on or before the Record Date)

LETTER FROM THE BOARD

As at the Latest Practicable Date, there are 6,030,771 outstanding Share Options granted by the Company. Such outstanding Share Options are exercisable into 6,030,771 Shares. Save for the foregoing, the Company has no other outstanding debt securities, derivatives, options, warrants, conversion securities or other similar securities which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming 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 57,369,850 Rights Shares proposed to be provisionally allotted and issued pursuant to the Rights Issue represents approximately 50% of the entire issued share capital of the Company as at the Latest Practicable Date and will represent approximately 33.33% of the entire issued share capital of the Company as enlarged by the issue of the Rights Shares.

As at the Latest Practicable Date, save for the unexercised share options granted by the Company pursuant to the Share Option Schemes, the Company does not have any outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into the Shares.

Subscription Price

The Subscription Price is HK\$0.18 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a renouncee of any provisional allotment of the Rights Shares or a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 24.4% to the closing price of HK\$0.238 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of 25.6% to the average closing price of HK\$0.242 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 26.0% to the average closing price of HK\$0.243 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 8.1% to the theoretical ex-rights price of approximately HK\$0.219 per Share based on the closing price of HK\$0.238 per Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM THE BOARD

- (v) a discount of approximately 88.6% to the net asset value per Share of approximately HK\$1.585 per Share based on the latest published audited consolidated net asset value attributable to owners of the Company of approximately HK\$181.8 million as at 31 December 2025 as set out in the annual results announcement of the Company for the year ended 31 December 2025 and the total number of issued Shares of 114,739,700 Shares as at the Latest Practicable Date;
- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 8.52% of the theoretical diluted price (as defined under Rule 10.44A of the GEM Listing Rules) of approximately HK\$0.219 per Share to the benchmarked price of HK\$0.2418 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price of HK\$0.238 per Share on the Last Trading Day and the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the Last Trading Day of HK\$0.242 per Share); and
- (vii) a cumulative theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) in aggregate with the Previous Rights Issue represented by a discount of approximately 18.92%, represented by the cumulative theoretical diluted price of approximately HK\$2.34 per Share to the benchmarked price of approximately HK\$2.89 per Share (as defined under Rule 10.44A of the GEM Listing Rules) in respect of the Previous Rights Issue.

The cumulative theoretical diluted price, the benchmarked price and cumulative theoretical dilution effect (all defined under Rule 10.44A of the GEM Listing Rules) for the Rights Issue are approximately HK\$2.34 per Share, HK\$2.89 per Share and 18.92%, respectively. The Rights Issue will not result in a cumulative theoretical dilution effect of 25% or more on its own. As such, the cumulative theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

The Placing Shares, forming part of the Rights Issue, will be allotted and issued subject to the listing approval of the Stock Exchange.

The Subscription Price was determined with reference to (i) the prevailing market price and recent trading performance of the Shares which includes the daily closing price and daily trading volume of the Shares during the six months prior to the Last Trading Day, where the closing price of the Shares demonstrated an overall downward trend from HK\$0.485 per Share on 21 October 2025 to HK\$0.238 per Share on the Last Trading Day with an average daily trading volume amounting to approximately 10.6% of the total issued share capital of the Company as at the Last Trading Day, which indicated a lack of liquidity and demand for the Shares; (ii) the latest business performance and financial position of the Group. For the years ended 31 December 2024 and 2025, the Company recorded total comprehensive expense for the year of approximately HK\$33.10 million and HK\$111.4 million, respectively; (iii) the Directors' view that it is reasonable to set the Subscription Price at a discount to the closing price per Share on the Last Trading Day and the consolidated net asset value per Share attributable to the Shareholders as described above in order to enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders and investors to participate, given the unfavourable price trend and lack of liquidity of the Shares; (iv) the relatively large fundraising size when compared with the market

LETTER FROM THE BOARD

capitalisation of the Company as at the Last Trading Day; and (v) amount of funds the Company intends to raise for the purposes as discussed in the section headed “Reasons for and benefits of the Rights Issue and the use of proceeds” in this circular.

After thoroughly evaluating current market conditions and sentiment, relatively stagnant trading volume of the Shares and shareholder sentiment, the Board has determined that a relatively substantial discount to the current market price of the Shares, net asset value per Share as well as the benchmark price (as defined under Rule 10.44A of the GEM Listing Rules) of the Shares would be necessary to provide adequate incentive to encourage shareholder and potential institutional subscribers participation in the Rights Issue, while ensuring the fundraising objectives can be met. Despite the relatively substantial theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules), the Directors consider such effect is inevitable in order to achieve fundraising objectives and incentivise the Shareholders to participate in the Rights Issue considering the lack of liquidity and relatively stagnant trading volume of the Shares as demonstrated above. Accordingly, despite the Subscription Price is priced at a relatively substantial discount to the current market price of the Shares, net asset value per Share and the benchmark price of the Shares, the Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Further, the basis of the Rights Issue was determined and derived by the amount of funds the Company intends to raise for the Rights Issues, which is sufficient to meet the funding requirements as set out in the section headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE USE OF PROCEEDS” below in this circular.

The Directors consider that the Subscription Price at a discount to the current market price of the Shares would enhance the attractiveness of the Rights Issue, and in turn encourage the Shareholders to participate in the Rights Issue, and accordingly allow them to maintain their shareholdings in the Company and participate in the future growth and development of the Group.

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

The estimated net price per Rights Share after deducting the related expenses of the Rights Issue is approximately HK\$0.172 (whether (i) assuming no change in the number of Shares in issue on or before the Record Date; or (ii) assuming no change in the number of Shares in issue, other than as a result of the issue of Shares upon full exercise of the Outstanding Share Options, on or before the Record Date).

LETTER FROM THE BOARD

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. There is no minimum subscription level or minimum amount to be raised under the Rights Issue. In the event that the Rights Issue is not fully subscribed, any Rights Shares that are not subscribed by the Qualifying Shareholders or renounees or transferees of the Nil-paid Rights under the PALs (i.e. the Unsubscribed Rights Shares) together with the NQS Unsold Rights Shares (collectively, the Placing Shares) will be placed to independent Placees on a best efforts basis through the Placing. Any Placing Shares which are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The Company conducted an evaluation of potential underwriting arrangements for the Rights Issue, approaching a number of securities firms to assess their interest in acting as underwriter. However, only the Placing Agent expressed interest and willingness to participate as a placing agent, with no other underwriters prepared to commit to a full underwriting agreement.

Given the lack of underwriting interest, the Board determined that proceeding on a non-underwritten basis, combined with the Placing Agreement, represents the most viable and efficient approach to meet the Company's funding objectives.

Furthermore, as detailed in the section headed "Placing Agreement" below, the Unsubscribed Rights Shares, the NQS Unsold Rights Shares and a compensatory mechanism for No Action Shareholders and the Excluded Shareholders. After careful deliberation, the Board concluded that the terms of the Rights Issue, including the non-underwritten structure and the Placing, are fair, reasonable, and in the best interests of the Company and its Shareholders as a whole.

As the Rights Issue is not underwritten and has not set a minimum subscription amount, a Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. 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 for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (a) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules; and (b) does not cause the Company's public float to decrease to below 25%. Any subscription monies not utilized due to the scaled-down application of entitled Rights Shares will be refunded to the affected applicants.

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

Undertaking

The Company has not received any information or irrevocable undertaking from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue as at the date of this circular.

LETTER FROM THE BOARD

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment of the following conditions:

- (i) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong of the Prospectus Documents in compliance with the GEM Listing Rules and the Companies (WUMP) Ordinance not later than the Prospectus Posting Date;
- (ii) the posting to the Qualifying Shareholders and publication of the Prospectus Documents on the websites of the Stock Exchange and the Company on or before the Prospectus Posting Date;
- (iii) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares, in nil-paid and fully-paid forms; and
- (iv) the passing of the necessary resolution(s) by the Shareholders at the EGM to approve the Rights Issue.

None of the above conditions can be waived. If the conditions set out in paragraphs (i) to (iv) above are not fulfilled on or prior to the respective time stipulated therein, the Rights Issue will not proceed. No party thereto shall have any claim against the other party for costs, damages, compensation or otherwise save for any antecedent breaches.

The Rights Issue is subject to the fulfilment of the above conditions. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date. Acceptance of all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up his/her/its entitlement under the Rights Issue in full, his/her/its shareholding in the Company will be diluted.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* with the Shares then in issue in all respects. Holders of the 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 and issue of the Rights Shares in their fully-paid form.

LETTER FROM THE BOARD

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will make available the Prospectus Documents to the Qualifying Shareholders only. For the avoidance of doubt, unless Qualifying Shareholders submit their requests in writing to the Company for printed copies of the Prospectus, the Company will send the Prospectus to Qualifying Shareholders in electronic form, while the PAL, as actionable corporate communication, will be sent in printed copies. Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Prospectus Posting Date.

To qualify for the Rights Issue, a Shareholder must on the Record Date (i) be registered as a member of the Company; and (ii) not be a Non-Qualifying Shareholder.

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

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (together with the relevant share certificates and/or instruments of transfer) with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 2 June 2026.

The last day for dealing in the Shares on a cum-rights basis is Friday, 29 May 2026. The Shares will be dealt with on an ex-rights basis from Monday, 1 June 2026.

The latest time for acceptance of and payment for the Rights Shares is expected to be at 4:00 p.m. on Friday, 26 June 2026.

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 (the “**Registered Nominee**”). Beneficial owners who hold Shares through a Registered Nominee are advised to consider whether they would like to arrange for the registration of their Shares in their own names prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status and action to be taken.

Investors whose Shares are held by a Registered Nominee and who would like to have their names registered on the register of members of the Company must lodge all necessary documents with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for completion of the relevant registration by 4:30 p.m. on Tuesday, 2 June 2026 as the last day for transfer. The register of members of the Company will be closed from Wednesday, 3 June 2026 to Wednesday, 10 June 2026, both dates inclusive.

LETTER FROM THE BOARD

Non-Qualifying Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Based on the latest available register of members of the Company as at the Latest Practicable Date, there was one Shareholder with registered address situated in the PRC, who held 53 Shares in aggregate, representing approximately 0% of the issued share capital of the Company as at the Latest Practicable Date, and one Shareholder with registered address situated in the British Virgin Islands, who held 11,500,000 Shares, representing approximately 10.02% of the issued share capital of the Company as at the Latest Practicable Date.

The Company has complied with Rule 17.41(1) of the GEM Listing Rules and made enquiries regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholders. The Company has obtained advice from legal advisers in the PRC and the British Virgin Islands, and has been advised that there are no restrictions under securities law or other similar laws in the PRC and the British Virgin Islands or requirement of any regulatory body or stock exchange in the PRC and the British Virgin Islands which would prevent the Company from extending the Rights Issue to the Overseas Shareholders in the PRC and the British Virgin Islands. Based upon such advice, the Overseas Shareholders having registered address in the PRC and the British Virgin Islands will not be excluded from the Rights Issue and shall therefore be the Qualifying Shareholders. Accordingly, the Rights Issue will be extended to such Overseas Shareholders having registered address in the PRC and the British Virgin Islands.

The Company will not offer the Rights Shares to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be made to the Non-Qualifying Shareholders. The Company will, subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) where the Non-Qualifying Shareholders are located and to the extent reasonably practicable, send copies of the Prospectus with the Overseas Letter to the Non-Qualifying Shareholders, if any, for their information only but the Company will not send any PAL to them.

Any Rights Shares that are not subscribed by the Qualifying Shareholders or renounees or transferees of the Nil-paid Rights under the PALs together with the NQS Unsold Rights Shares (collectively, the Placing Shares) will, on a best efforts basis, be placed by the Placing Agent to independent Placees, who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies), at the Placing Price.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares and NQS Unsold Rights Shares to Placee(s) on a best efforts basis, and the aggregate of any premiums paid by the Placee(s) after deducting (i) the aggregate amount of the Subscription Price of the Placing Shares placed by the Placing Agent under this Agreement; and (ii) the aggregate amount of all reasonable expenses or fees incurred by the Company and the Placing Agent (the "**Net Gain**") will be paid to the No Action Shareholders.

It is proposed that if all or any of the Placing Shares are successfully placed, any Net Gain will be distributed to the relevant No Action Shareholders on a pro-rata basis in Hong Kong dollars, provided that any individual amount of less than HK\$100 to which a No Action Shareholder would otherwise be entitled shall be retained by the Company for its own benefit.

LETTER FROM THE BOARD

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue pursuant to section 140 of the Companies Ordinance and Rule 17.41(1) of the GEM Listing Rules subject to the results of the enquiries made by the Board. The Company reserves the right to treat as invalid any acceptance of or application for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Shareholders and beneficial owners of the Shares (including, without limitation, their respective agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Fractions of the Rights Shares

The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares and the entitlements of the Qualifying Shareholders will be rounded down to the nearest whole number. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). Any Rights Shares created from the aggregation of fractions of the Rights Shares will lapse and will not be made available for subscription.

Share certificates and refund cheques for the Rights Shares

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those who have accepted and applied for and paid for the Rights Shares on or before Friday, 31 July 2026 by ordinary post at their own risk. If the Rights Issue is terminated or for unsuccessful applications for the Rights Issue, refund cheques are expected to be posted on or before Friday, 31 July 2026 by ordinary post to the applicants at their own risk.

Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Placing

The Company will make arrangements to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering them as Placing Shares to independent Placers through the Placing.

LETTER FROM THE BOARD

Accordingly, on 21 April 2026 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (collectively, the “Placing Shares”) to independent Placees on a best efforts basis. Pursuant to the Placing Agreement, the Company has conditionally agreed to appoint and the Placing Agent has conditionally agreed to act as the Placing Agent for the Company to procure, on a best efforts basis, Placees to subscribe for the Placing Shares at the Placing Price during the Placing Period. The Placing Shares, forming part of the Rights Issue, will be allotted and issued subject to the listing approval of the Stock Exchange. The Placing Agent will, on a best efforts basis, procure subscribers for all (or as many as possible) of those Placing Shares by not later than 4:00 p.m. on Thursday, 23 July 2026. Under the terms of the Placing Agreement, if all the Rights Shares are already fully taken up in the Rights Issue through the PAL(s), the Placing will not proceed. Any Placing Shares which are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

THE PLACING AGREEMENT

On 21 April 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to appoint and the Placing Agent has conditionally agreed to act as the Placing Agent for the Company to procure Placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies), to subscribe for the Placing Shares at the Placing Price during the Placing Period on and subject to the terms and conditions set out in the Placing Agreement. The Placing Shares, forming part of the Rights Issue, will be allotted and issued subject to the listing approval of the Stock Exchange.

Under the terms of the Placing Agreement, if all the Rights Shares are already fully taken up in the Rights Issue, i.e. all the Rights Shares are fully subscribed by the Qualifying Shareholders or renounee(s) or transferee(s) under the PAL(s), the Placing will not proceed.

Principal terms of the Placing Agreement are summarised as follows:

Date : 21 April 2026 (after trading hours)

Issuer : the Company

Placing Agent : Cheong Lee Securities Limited

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

Placing Price : The placing price of each of the Placing Shares shall not be less than the Subscription Price (exclusive of any brokerage, SFC transaction levy, AFRC transaction levy, stamp duty (if any) and Stock Exchange trading fee as may be payable). The final Placing Price shall be determined by the Placing Agent with the agreement of the Company based on the demand for and the market conditions of the Placing Shares during the process of placement.

LETTER FROM THE BOARD

- Placing Period : The period from Wednesday, 8 July 2026 up to 4:00 p.m. on Thursday, 23 July 2026, or such other dates as the Company may announce, being the period during which the Placing Agent will carry out and/or effectuate the Placing.
- Placing Commission : The Company shall pay the Placing Agent a placing commission equivalent to 1% of the amount which is equal to the Placing Price multiplied by the total number of Unsubscribed Rights Shares and NQS Unsold Rights Shares which are successfully placed by the Placing Agent.
- Placees : The Placing Shares are expected to be placed to placees, who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).
- Ranking of the placed Placing Shares : The placed Placing Shares (when allotted, issued and fully paid, if any) shall rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of completion of the Placing.
- Conditions Precedent : The obligations of the Placing Agent under the Placing Agreement are conditional upon the following conditions being fulfilled:
- (i) the GEM Listing Committee 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 (subject to customary conditions);
 - (ii) 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 hereunder having been obtained; and
 - (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

None of the conditions of the Placing can be waived. The Company shall use its reasonable endeavours to procure fulfilment of the conditions precedent as set out in the Placing Agreement and for such purpose, the Company shall furnish such information, supply such documents, pay such fee, give such undertakings, and do all such acts and things as may reasonably be required in connection with the fulfilment of such conditions.

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If the conditions precedent set out in the Placing Agreement have not been fulfilled on or before 5:00 p.m. on Friday, 24 July 2026, or such later date/time as may be agreed between the Company and the Placing Agent in writing, all rights, obligations and liabilities of the Parties in relation to the Placing shall cease and determine and neither of the Parties shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination.

The Placing Agent undertakes to use its best endeavours to assist the Company in procuring that the conditions of the Placing are fulfilled on or before 5:00 p.m. on Friday, 24 July 2026 (or such later date/time as may be agreed between the Company and the Placing Agent in writing), including but not limited to the delivery by the Placing Agent to the Stock Exchange and/or the relevant regulatory authorities of written confirmations of the independence of the Placees and particulars of the Placees.

For the avoidance of doubt, if all the Rights Shares are already fully taken up in the Rights Issue, the Placing will not proceed.

Termination : Notwithstanding any other provisions of the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of any 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 the full placement of all of the Placing Shares, or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

LETTER FROM THE BOARD

- (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 of the Placing Agreement), including any 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 which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions, which in the Placing Agent's reasonable opinion would affect the success of the Placing;
- (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, which in the Placing Agent's reasonable opinion would affect the success of the Placing;
- (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, which in the Placing Agent's reasonable opinion may affect the business or financial prospects of the Group and/or the success of the Placing;
- (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;
- (e) any breach of any of the representations and warranties of the Company comes to the knowledge of the Placing Agent, or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Placing Completion Date which, if it had occurred or arisen before the date of the Placing Agreement, would have rendered any of such representations and warranties untrue or incorrect in a material respect, or there has been a material breach by the Company of any other provision of the Placing Agreement; or

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- (f) 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.

Upon the giving of such notice of termination, the Placing Agreement shall be terminated and be of no further effect, and all respective obligations of either party thereunder shall cease and determine. Neither party shall have any claim against the other in respect of any matter arising out of or in connection with the Placing Agreement, except for any antecedent breach of any obligation under the Placing Agreement and any liabilities in respect of the Company's warranties and the commissions and expenses provisions.

Application for listing : The Company will apply to the GEM Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Placing Shares.

Board lot size of Rights Shares : 2,000 Shares

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

As explained above, the Placing Shares will be placed by the Placing Agent to independent Placees on a best efforts basis. The net proceeds from the Placing will be utilised for the same purposes as described in the section headed "Reasons for and Benefits of the Rights Issue and the Use of Proceeds" in this circular.

Given that the Placing would provide (i) a distribution channel of the Placing Shares for the Company; and (ii) a channel of participation in the Rights Issue for independent investors, so that the Placing would allow the Company to raise the shortfall of funds required where possible after the Rights Issue, the Board considers that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Placing Agent shall use its best endeavours and make all reasonable enquiries to ensure that the Placing Shares are placed (i) to such persons or companies whose themselves and their respective ultimate beneficial owners (if applicable) are third parties independent of, and not connected with or acting in concert with, the Company, its connected persons (as defined under the GEM Listing Rules) and their respective associates (as defined under the GEM Listing Rules); (ii) such that no Placees, together with parties acting in concert with the respective Placees or any of the connected persons or associates of the respective Placees, shall hold in aggregate 30% or more of the voting rights of the Company immediately upon the completion of the Placing or otherwise trigger any MGO Obligation under the Takeovers Code immediately upon the completion of the Placing; and (iii) such that the Public Float Requirement be complied with by the Company immediately upon the completion of the Placing.

Application for listing of the Rights Shares

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

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 2,000 Shares per each board lot.

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

LETTER FROM THE BOARD

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

The Company is an investment holding company and the Group is principally engaged in provision of system integration and related support services, provision of IT infrastructure solutions and maintenance services, rental of properties and securities trading.

As stated in the annual results announcement of the Company for the year ended 31 December 2025, the Group recorded a net loss of approximately HK\$100.2 million for the year ended 31 December 2025 as compared to a net loss of approximately HK\$38.38 million for the year ended 31 December 2024. Besides, as at 31 December 2025, the net current assets were only approximately HK\$2,949,000. Based on the unaudited management accounts of the Group for the three months ended 31 March 2026, the Group had bank and cash balances of approximately HK\$11.98 million as at 31 March 2026.

As at 31 March 2026, the Group had cash and bank balances of approximately HK\$11,980,000. The Group's average monthly operating cash requirement is approximately HK\$3,000,000. Based on the current cash position, the Group has sufficient cash resources to sustain its operations for only approximately four months. The Company is therefore unable to service and repay its outstanding loan obligations from its existing cash resources, and the Rights Issue is necessary to raise funds for this purpose.

As it has become critical for the Company to be able to raise funds as soon as possible to meet its repayment obligations, after considering (i) the current financial position of the Group; (ii) the benefits and cost of alternative fundraising means; and (iii) the importance of the fundraising exercise to the Company to satisfy its pressing financial needs, the Directors consider that the Rights Issue will enable the Group to raise the necessary funds in a timely manner to repay outstanding indebtedness of the Group, which is in the interests of the Company and the Shareholders as a whole.

Assuming that there is no change in the number of issued Shares on or before the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full, the gross proceeds from the Rights Issue will be approximately HK\$10.33 million. The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be up to approximately HK\$9.73 million, which are intended to apply the entire net proceeds towards repayment of outstanding indebtedness of the Company. Prior to the full utilisation of the net proceeds of the Rights Issue, all unutilised proceeds will be deposited in licensed banks in Hong Kong.

LETTER FROM THE BOARD

The net price per Rights Share (after deducting the cost and expenses of the Rights Issue) is estimated to be approximately HK\$0.17. The Company intends to apply the net proceeds from the Rights Issue in the following manner:

Intended use	Approximate amount	Approximate % of net proceeds
Loan from an independent third party to be repaid on or before 1 January 2027.	HK\$8,796,000	90.40%
Settlement of professional fees and other administrative expenses.	HK\$934,000	9.60%

The loan to be repaid from the net proceeds of the Rights Issue was drawn down in August 2023 and has a maturity date of 1 January 2027. The lender is Guangzhou Dehuang Property Management Co., Ltd.* (廣州市德煌物業管理有限公司). Guangzhou Dehuang Property Management Co., Ltd.* (廣州市德煌物業管理有限公司) is wholly owned by Guangzhou Dehuang Investment Co., Ltd.* (廣州市德煌投資有限公司), which is in turn owned as to 20.25% by Zhang Rong (張榮), as to 20.25% by Wan Hung Piu (溫洪標), as to 20.25% by Yan Wai Ping (甄衛平), as to 19% by Guangzhou Deyong Technology Investment Co., Ltd.* (廣州市德永科技投資有限公司), as to 10.125% by Zhu Xiaowei (朱小蔚), and as to 10.125% by Tang Keung (鄧強). Save for Zhang Rong, all of the above shareholders are independent third parties to the Company.

Zhang Rong holds more than 10% of the issued share capital of the Company and is therefore a connected person of the Company under the GEM Listing Rules. However, since Zhang Rong holds only 20.25% of Guangzhou Dehuang Investment Co., Ltd.* (廣州市德煌投資有限公司), Guangzhou Dehuang Investment Co., Ltd.* (廣州市德煌投資有限公司) does not constitute an associate of Zhang Rong. Accordingly, the lender, Guangzhou Dehuang Property Management Co., Ltd.* (廣州市德煌物業管理有限公司), is not a connected person of the Company under the GEM Listing Rules.

Notwithstanding the above, since part of the net proceeds of the Rights Issue will be applied towards the repayment of the loan owed to Guangzhou Dehuang Property Management Co., Ltd.* (廣州市德煌物業管理有限公司), in which Zhang Rong holds an indirect interest of 20.25% through his shareholding in Guangzhou Dehuang Investment Co., Ltd.* (廣州市德煌投資有限公司), Zhang Rong has a material interest in the relevant resolution to be proposed at the EGM. Accordingly, he and his associates will abstain from voting on such resolution at the EGM.

The professional fees and other administrative expenses of approximately HK\$934,000 to be applied from the net proceeds of the Rights Issue comprise outstanding legal fees of approximately HK\$800,000 and the remaining balance of approximately HK\$134,000 representing outstanding valuation and internal control fees.

The Company further confirms that none of the above professional fees and other administrative expenses will be paid to any connected person (as defined under the GEM Listing Rules) of the Company. All such fees and expenses are payable to independent third parties only.

LETTER FROM THE BOARD

The Board has considered and determined that applying the entire net proceeds towards repayment of outstanding indebtedness is in the best interests of the Company and the Shareholders as a whole, as it will reduce the Group's debt burden, lower its finance costs and improve its gearing ratio and overall financial position.

Despite the inherent dilutive nature of the Rights Issue in general if the Qualifying Shareholders do not take up their entitlements under the Rights Issue in full, it is the intention of the Company to set the Subscription Price at a discount to the current market price of the Shares so as to encourage the Shareholders to participate in the Rights Issue and reduce the possible dilution of approximately 33.3% to the shareholding of the existing Shareholders in case they decide not to take up their entitlements under the Rights Issue. Furthermore, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective shareholdings in the Company and participate in the stabilisation and recovery of the Group's financial position through the repayment of its outstanding indebtedness. Accordingly, the Directors are of the view that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue.**

The Board considers that the repayment of the Group's outstanding indebtedness through equity fundraising, rather than further debt financing, is prudent as it will reduce the Group's finance costs, alleviate its debt repayment pressure and improve its overall financial position and gearing ratio. The Board has considered other fund-raising alternatives before resolving to the Rights Issue, including but not limited to, debt financing, placing and open offer. As at the Latest Practicable Date, the Company had approached two banks on the feasibility of obtaining bank loans and both banks has reverted that it is difficult for the Company to obtain loans from their banks given that the Company is loss making and has no assets which can be accepted as security. The Board is of the view that debt financing is not desirable as it will result in additional interest burden and higher gearing ratio of the Group, which will have a negative impact on the profitability of the Group in the future. Besides, the Company may not be able to achieve debt financing on favourable terms in a timely manner, the Directors consider that this is the case in view of the Group's loss making position for the latest financial year and the decrease in net current asset as at the latest financial year end as compared with that of the last financial year end, as these are typical financial metrics on which key terms of debt financing would depend. As for placing of new Shares, it is relatively smaller in scale as compared to fund raising through a rights issue. Also, it would inevitably lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them an opportunity to participate in the enlarged capital base of the Company. As for open offer, while it is similar to a rights issue in that Qualifying Shareholders are offered an opportunity to participate, unlike a rights issue, it does not allow free trading of rights entitlements in the open market, which would allow the Shareholders to have more flexibility in dealing with the Shares and the nil-paid rights attaching thereto. The Placing arrangement, which involves the placement of the Placing Shares at the Placing Price (which shall not be less than the Subscription Price), serves to maximise the funds to be raised.

LETTER FROM THE BOARD

The current Rights Issue is primarily for the repayment of the Company's outstanding loan which matures on 1 January 2027. The purpose of the current Rights Issue is therefore materially different from that of the Previous Rights Issue, which was conducted primarily to replenish the general working capital of the Group for the payment of salaries, rental and building management fees, and outstanding professional fees and administrative expenses.

The Board has carefully considered the available fundraising alternatives. Regarding debt financing, the Company has previously approached at least two banks, both of which declined to provide financing due to insufficient security or collateral. Regarding underwriting, the Board considers that it would be difficult to procure underwriting on terms that are favourable to the Company and its Shareholders given the Company's current financial position.

Having regard to the foregoing, and notwithstanding the short interval between the current Rights Issue and the Previous Rights Issue, the Board is of the view that the Rights Issue is the most suitable fundraising option available to the Company and is in the best interests of the Company and its Shareholders as a whole.

The Board considers that the Rights Issue would allow all Qualifying Shareholders to participate in the financial recovery and stabilisation of the Company through the repayment of its outstanding indebtedness, and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective shareholdings in the Company by taking up only their respective rights entitlements, acquiring additional rights entitlements or disposing of their rights entitlements in the open market, subject to availability.

In view of the above, the Board considers that raising funds by way of the Rights Issue is beneficial to the Company and the Shareholders as a whole.

The Company confirms that, as at the Latest Practicable Date, the Company had no ongoing discussions with any party in relation to any further fundraising exercise, and no agreement or arrangement in respect of further fundraising had been entered into.

Given the Company's current financial position, the Board will keep an open mind and will consider further fundraising opportunities if and when appropriate, provided that the terms of such fundraising are favourable to the Company and in the interests of the Company and its Shareholders as a whole.

In the event that the Rights Issue is undersubscribed and insufficient proceeds are raised to fully repay the loan, the Company will consider all available options at that time to address the shortfall, which may include further fundraising activities if the terms are in the interests of the Company and its Shareholders as a whole. The Company will make appropriate disclosure in accordance with the GEM Listing Rules should any definitive fundraising plan be determined.

LETTER FROM THE BOARD

POSSIBLE ADJUSTMENT TO THE OUTSTANDING SHARE OPTIONS UNDER THE SHARE OPTION SCHEMES

Adjustments for Rights Issue as follows:

New number of Options = Existing Options x F

$$\text{New Exercise Price} = \text{Existing Exercise price} \times \frac{1}{F}$$

Where

$$F = \frac{\text{CUM}}{\text{TEEP}}$$

CUM = Closing price as shown in the Daily Quotation Sheet of the Exchange on the last day of trading before going Ex-Entitlement

$$\text{TEEP (Theoretical Ex Entitlement Price)} = \frac{\text{CUM} + [\text{M} \times \text{R}]}{1 + \text{M}}$$

M = Entitlement per existing Share

R = Subscription Price

The Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the unexercised share options under the Share Option Schemes. The Company will notify the holders of such unexercised share options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made, if any, pursuant to the terms of the Share Option Schemes and such adjustments will be certified by an independent financial adviser or auditors of the Company (as the case may be). The Company expects that such announcement will be made on or around 7 July 2026, being the same date on which the Company intends to announce the results of the Rights Issue, including the number of Placing Shares subject to Placing. As at the Latest Practicable Date, there are 6,030,771 unexercised share options granted by the Company pursuant to the Share Option Schemes, all of which are exercisable on or before the Record Date (the “**Outstanding Share Options**”). The Outstanding Share Options are exercisable into 6,030,771 Shares. Details of the Outstanding Share Options as at the Latest Practicable Date granted under the Share Option Schemes are set out below:

LETTER FROM THE BOARD

2012 Share Option Scheme

Name	Title	Exercise price (HK\$)	Date of Grant	Vesting period	Exercise Period	Number of Outstanding Share Options as at the date of this Circular
SUBSTANTIAL SHAREHOLDER						
Mr. Zhang	Substantial shareholder	1.902	13 May 2021	N/A	13 May 2021 to 12 May 2031	29,626
	Sub-total:					<u>29,626</u>
DIRECTORS						
Mr. Wong	Executive Director ("ED"), chairman and chief executive officer	1.216	16 June 2022	N/A	16 June 2022 to 15 June 2032	394,901
WONG Hoi Kuen	Independent non-executive Director	1.216	16 June 2022	N/A	16 June 2022 to 15 June 2032	39,145
FORMER DIRECTOR						
CHANG Ki Sum Clark <i>(Retired on 28 June 2024)</i>	Executive Director	1.902	13 May 2021	N/A	13 May 2021 to 12 May 2031	307,860
		1.216	16 June 2022	N/A	16 June 2022 to 15 June 2032	84,046
	Sub-total:					<u>825,952</u>

LETTER FROM THE BOARD

Name	Title	Exercise price (HK\$)	Date of Grant	Vesting period	Exercise Period	Number of Outstanding Share Options as at the date of this Circular
EMPLOYEES						
Batch A		1.902	13 May 2021	N/A	13 May 2021 to 12 May 2031	270,497
Batch B		1.902	13 May 2021	N/A	13 May 2021 to 12 May 2031	141,694
Batch C		1.902	13 May 2021	N/A	13 May 2021 to 12 May 2031	1,434,963
Batch D		1.216	16 June 2022	N/A	16 June 2022 to 15 June 2032	132,401
Batch E		1.216	16 June 2022	N/A	16 June 2022 to 15 June 2032	414,474
Batch F		1.216	16 June 2022	N/A	16 June 2022 to 15 June 2032	394,901
Sub-total:						2,788,930
CONSULTANTS						
WEI Qi	AI consultant	1.902	13 May 2021	N/A	13 May 2021 to 12 May 2031	273,081
WEI Guokang	Data center construction consultant	1.902	13 May 2021	N/A	13 May 2021 to 12 May 2031	273,081
HUANG Jiehuan	Consultant (algorithm)	1.216	16 June 2022	N/A	16 June 2022 to 15 June 2032	115,132
Sub-total:						661,294
TOTAL:						4,305,802

LETTER FROM THE BOARD

2023 Share Option Scheme

Name	Title	Exercise price (HK\$)	Date of Grant	Vesting period	Exercise Period	Number of Outstanding Share Options as at the date of this Circular
DIRECTORS						
Mr. Wong	Executive Director, chairman and chief executive officer	2.970	10 August 2023	10 August 2024	10 August 2024 – 9 August 2033	313,212
Hon. LI Sai Wing, <i>MH, JP</i>	Non-executive Director	2.970	10 August 2023	10 August 2024	10 August 2024 – 9 August 2033	230,303
FORMER DIRECTOR						
CHANG Ki Sum Clark <i>(Retired on 28 June 2024)</i>	Executive Director	2.970	10 August 2023	10 August 2024	10 August 2024 – 9 August 2033	315,515
Sub-total:						859,030
EMPLOYEES						
Batch A		2.970	10 August 2023	10 August 2024	10 August 2024 – 9 August 2033	161,212
Batch B		2.970	10 August 2023	10 August 2024	10 August 2024 – 9 August 2033	704,727
Sub-total:						865,939
TOTAL:						1,724,969

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any fund-raising activities in the past twelve months immediately prior to the date of the circular:

Date of announcement	Event	Net proceeds raised (approximately)	Proposed use of proceeds	Actual use of proceeds as at the Latest Practicable Date
6 October 2025	Rights issue on the basis of three rights shares for every eight existing shares held on the record date on a fully underwritten basis	HK\$32.05 million	Approximately HK\$3,600,000 for rental and building management fees; approximately HK\$27,000,000 for salaries; and approximately HK\$1,450,000 for settlement of professional fees and other administrative expenses.	(i) approximately HK\$1,678,000 for rental and building management fees; (ii) approximately HK\$11,058,000 for salaries; and (iii) approximately HK\$1,450,000 for settlement of professional fees and other administrative expenses, all as intended.
19 November 2025 and 5 December 2025	Placing of 14,000,000 New Shares Under General Mandate	HK\$3,881,000	(i) the repayment of maturing indebtedness; and (ii) general working capital of the Group.	Used as intended

The purpose of the current Rights Issue is materially different from that of the Previous Rights Issue. Whereas the Previous Rights Issue was conducted primarily for the payment of salaries, rental and building management fees, and outstanding professional fees and administrative expenses, including approximately HK\$1,400,000 per month for the payment of salaries and approximately HK\$240,000 per month for rental and building management fees, the primary purpose of the current Rights Issue is the repayment of the Company's outstanding loan obligations. The Group expects that the remaining net proceeds of the Previous Rights Issue allocated for the payment of salaries will be fully utilised in the first quarter of 2027, and those allocated for rental and building management fees will be fully utilised in December 2026. Save for approximately HK\$934,000 to be applied towards the settlement of professional fees and other administrative expenses, substantially all of the net proceeds of the current Rights Issue will be applied towards loan repayment. Accordingly, the purposes of the two fundraising exercises are distinct in nature.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The tables below set out the shareholding structures of the Company (i) as at the date of the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming all Rights Shares are subscribed for by the Qualifying Shareholders; (iii) immediately after completion of the Rights Issue assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders and all the remaining Placing Shares having been placed by the Placing Agent; and (iv) immediately after completion of the Rights Issue assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders and none of the Placing Shares are placed by the Placing Agent.

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows (assuming no change in the number of Shares in issue on or before the Record Date) for illustrative purposes only:

	As at the date of the Latest Practicable Date		Assuming all Rights Shares are subscribed for by the Qualifying Shareholders		Immediately upon 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 upon 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	%
Mr. ZHANG Rong (“Mr. Zhang”) (Note 1)	20,200,299	17.61	30,300,449	17.61	20,200,299	11.74	20,200,299	17.61
Mr. WONG King Shiu, Daniel (“Mr. Wong”) (Note 2)	669,550	0.58	1,004,325	0.58	669,550	0.39	669,550	0.58
JStage Technology Limited (“JStage Technology”) (Note 3)	11,500,000	10.02	17,250,000	10.02	11,500,000	6.68	11,500,000	10.02
Public Shareholders								
– Independent Placees	–	–	–	–	57,369,850	33.33	–	–
– Other public Shareholders	82,369,851	71.79	123,554,776	71.79	82,369,851	47.86	82,369,851	71.79
Total	114,739,700	100.00	172,109,550	100.00	172,109,550	100.00	114,739,700	100.00

LETTER FROM THE BOARD

Notes:

1. These 20,200,299 Shares comprise 16,981,499 Shares beneficially owned by Mr. Zhang and 3,218,800 Shares held by Corporate Advisory Limited, which is wholly owned by Mr. Zhang. Pursuant to the Division 7 and 8 of Part XV of the Securities and Futures Ordinance, Mr. Zhang is deemed to have an interest in all shares in which Corporate Advisory Limited has, or deemed to have an interest.
2. Mr. Wong is an executive Director, chairman and chief executive officer of the Company.
3. JStage Technology is held by Mr. Ngan Chiu Fai and Ms. Shih Mei Ling as to 30% and 70%, respectively. Pursuant to Part XV of the Securities and Futures Ordinance, Mr. Ngan Chiu Fai and Ms. Shih Mei Ling are deemed to be interested in all Shares in which JStage Technology has, or is deemed to have, an interest under the Securities and Futures Ordinance.
4. Certain percentage figures included in the table above have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

The public float requirements under the GEM Listing Rules shall be fulfilled by the Company at all times. The Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 11.23(7) of the GEM Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 21 May 2026 to Thursday, 28 May 2026 (both dates inclusive) for determining the Shareholders' entitlements for attending and voting at the EGM.

The register of members of the Company will be closed from Wednesday, 3 June 2026 to Wednesday, 10 June 2026 (both dates inclusive) for determining the entitlements to the Rights Issue.

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

IMPLICATIONS UNDER THE GEM LISTING RULES

As at the Latest Practicable Date, Mr. Zhang (and also through Corporate Advisory Limited as his controlled corporation), Mr. Wong and JStage Technology, directly and indirectly, owns 20,200,299, 669,550 and 11,500,000 Shares, representing approximately 17.61%, 0.58% and 10.02% of the issued share capital of the Company, respectively. As such, each of Mr. Zhang, Mr. Wong and JStage Technology is a connected person of the Company pursuant to Chapter 20 of the GEM Listing Rules. According to Rule 20.90(2)(a) of the GEM Listing Rules, the issue of the Rights Shares to each of Mr. Zhang, Mr. Wong and JStage Technology according to their pro-rata entitlement under the Rights Issue constitutes an exempt connected transaction of the Company.

As at the Latest Practicable Date, the Company has in issue 114,739,700 Shares. The maximum number of Rights Shares to be issued under the Rights Issue is 57,369,850 Rights Shares, representing approximately 50% of the issued share capital of the Company as at the Latest Practicable Date. The Previous Rights Issue, which was completed on 6 October 2025, resulted in the allotment and issue of 27,474,463 rights shares, representing approximately 37.50% of the issued share capital of the Company at the time of the Previous Rights Issue.

LETTER FROM THE BOARD

When aggregated with the Previous Rights Issue, the number of new Shares to be issued under both the Previous Rights Issue and the Rights Issue represents an increase of more than 50% in the number of issued Shares of the Company. Accordingly, the Rights Issue is subject to the approval of the Shareholders at a general meeting pursuant to Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on, amongst other things, the approval by the Independent Shareholders at the EGM. As the Company does not have a controlling Shareholder (as defined under the GEM Listing Rules), the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM. Zhang Rong has a material interest in the relevant resolution to be proposed at the EGM. Accordingly, he and his associates will abstain from voting on such resolution 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.

An EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. The Rights Issue is conditional upon, among other things, the passing of the necessary resolution(s) by the Shareholders at the EGM. If such resolution(s) are not passed at the EGM, the Rights Issue will not proceed.

EXTRAORDINARY GENERAL MEETING

The EGM will be convened and held at Unit 3308, 33/F., Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong on Thursday, 28 May 2026 at 3:30 p.m. for the Shareholders to consider and, if thought fit, to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. The proposed resolutions will be conducted by way of a poll at the EGM pursuant to Rule 17.47(4) of the GEM Listing Rules and an announcement on the results of the EGM will be made by the Company after the EGM.

The record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be Thursday, 28 May 2026. In order to be eligible to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 20 May 2026.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time fixed for the EGM or any adjournment thereof. 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 should you so wish. In such event, the form of proxy shall be deemed to be revoked.

A notice of EGM is set out on pages EGM-1 to EGM-3 of this circular.

LETTER FROM THE BOARD

DESPATCH OF PROSPECTUS DOCUMENTS

Subject to the fulfilment of the conditions of the Rights Issue, the Prospectus Documents containing, among other matters, details of the Rights Issue is expected to be made available and/or despatched to the Qualifying Shareholders on the Prospectus Posting Date (i.e. Thursday, 11 June 2026). The Company will despatch the Prospectus (without the PAL) to the Non-Qualifying Shareholders (if any) for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the EGM. The Prospectus Documents will also be made available on the websites of the Company (www.citd.com.hk) and the Stock Exchange (www.hkexnews.hk).

RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Wong Hoi Kuen, Mr. Chu Wun Chiu and Ms. Dodo Chan, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders as to the voting at the EGM, taking into account the recommendations of the Independent Financial Adviser. Patrons Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 40 to 41 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, the Placing Agreement and the transactions contemplated thereunder and the letter from the Independent Financial Adviser set out on pages IFA-1 to IFA-31 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors (including the members of the Independent Board Committee whose opinion is expressed in the letter from the Independent Board Committee after considering the advice of the Independent Financial Adviser) are of the opinion that the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and, accordingly, recommend the Independent Shareholders 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.

ADDITIONAL INFORMATION

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

LETTER FROM THE BOARD

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

The Rights Issue is subject to, amongst other things, the passing of the necessary resolution(s) by the Shareholders at the EGM. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholders or other persons dealing in the Shares and/or the Rights Shares in nil-paid form up to the date on which all the conditions to which the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Monday, 1 June 2026. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 15 June 2026 to Tuesday, 23 June 2026 (both dates inclusive).

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Any Unsubscribed Rights Shares together with the NQS Unsold Rights Shares will be placed to independent Placers on a best efforts basis through the Placing. Accordingly, if the Rights Issue is not fully subscribed and there remain Placing Shares which are not placed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their provisional entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares in nil-paid form. Any Shareholders or other persons contemplating any dealings in the Shares or the Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

Yours faithfully,
For and on behalf of the Board of
China Information Technology Development Limited
Mr. Wong King Shiu, Daniel
Chairman and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



中國信息科技發展有限公司

CHINA INFORMATION TECHNOLOGY DEVELOPMENT LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 08178)

13 May 2026

To the Independent Shareholders

Dear Sir or Madam,

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;
(2) PLACING OF PLACING SHARES IN CONNECTION WITH THE RIGHTS ISSUE;
(3) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEMES; AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

We refer to the circular of the Company dated 13 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 member of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole. Details of the Rights Issue and the Placing are set out in the “**LETTER FROM THE BOARD**” on pages 10 to 39 of the Circular.

Patrons Capital has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of its advice, together with the principal factors taken into consideration in arriving thereat, are set out in its letter on pages IFA-1 to IFA-31 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Rights Issue and the Placing Agreement, the information contained in the Circular and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, in the interests of the Company and the Independent 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 of
China Information Technology Development Limited

Mr. Wong Hoi Kuen

Independent non-executive

Director

Mr. Chu Wun Chiu

Independent non-executive

Director

Ms. Dodo Chan

Independent non-executive

Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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



Unit 3214,
183 Queen's Road Central,
Sheung Wan, Hong Kong

13 May 2026

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sir/Madam,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE
FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE ON
A NON-UNDERWRITTEN BASIS; AND
(2) PLACING OF PLACING SHARES IN CONNECTION WITH THE
RIGHTS ISSUE**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 13 May 2026 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

The Company proposes to raise up to approximately HK\$10.33 million before expenses by way of issuing to the Qualifying Shareholders of a maximum of 57,369,850 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.18 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue is available only to the Qualifying Shareholders. The Rights Issue is not underwritten and is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

Assuming that there is no change in the number of issued Shares on or before the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full, the net proceeds from the Rights Issue after deducting the estimated expenses are estimated to be up to approximately HK\$9.7 million, which are intended to apply (i) approximately HK\$8.8 million, 90.4% towards repayment of outstanding indebtedness; and (ii) approximately HK\$0.9 million for the general working capital for settlement of professional fees and other administrative expenses.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

The Rights Shares, when allotted, issued and fully paid, will rank pari passu with the Shares then in issue in all respects. 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 and issue of the Rights Shares in their fully-paid form.

The Company has not received any information, nor any irrevocable undertaking by, any Shareholders as to their intention to take up the Rights Shares provisionally allotted to them under the Rights Issue as at the Latest Practicable Date.

According to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make the Compensatory Arrangements to dispose of the Placing Shares by offering these Shares to independent Placees for the benefit of the Shareholders to whom they are offered by way of the Rights Issue. Accordingly, on Tuesday, 21 April 2026 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the independent Placees on a best effort basis.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company has in issue 114,739,700 Shares. The maximum number of Rights Shares to be issued under the Rights Issue is 57,369,850 Rights Shares, representing approximately 50% of the issued share capital of the Company as at the date of this announcement. The Previous Rights Issue, which was completed on 6 October 2025, resulted in the allotment and issue of 27,474,463 rights shares, representing approximately 37.50% of the issued share capital of the Company at the time of the Previous Rights Issue.

When aggregated with the Previous Rights Issue, the number of new Shares to be issued under both the Previous Rights Issue and the Rights Issue represents an increase of more than 50% in the number of issued Shares of the Company. Accordingly, the Rights Issue is subject to the approval by the Independent Shareholders at the EGM, and any controlling Shareholder(s) (as defined under the GEM Listing Rules) and their respective associates, or where there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM pursuant to Rule 10.29(1) of the GEM Listing Rules.

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 complies with Rule 10.44A of the GEM Listing Rules.

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As at the Latest Practicable Date, Mr. Zhang (and also through Corporate Advisory Limited as his controlled corporation), Mr. Wong and JStage Technology, directly and indirectly, owns 20,200,299, 669,550 and 11,500,000 Shares, representing approximately 17.61%, 0.58% and 10.02% of the issued share capital of the Company, respectively. As such, each of Mr. Zhang, Mr. Wong and JStage Technology is a connected person of the Company pursuant to Chapter 20 of the GEM Listing Rules. According to Rule 20.90(2)(a) of the GEM Listing Rules, the issue of the Rights Shares to each of Mr. Zhang, Mr. Wong and JStage Technology according to their pro-rata entitlement under the Rights Issue constitutes an exempt connected transaction of the Company.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising the independent non-executive Directors, namely, Mr. Wong Hoi Kuen, Mr. Chu Wun Chiu and Ms. Dodo Chan, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders as to the voting at the EGM, taking into account the recommendations of the Independent Financial Adviser.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to (i) give an independent opinion to the Independent Board Committee and the Independent Shareholders on whether the terms of the Rights Issue are fair and reasonable as far as the Independent Shareholders are concerned; (ii) give our recommendation as to whether the Rights Issue is in the interest of the Company and the Shareholders as a whole; and (iii) advise the Independent Shareholders on how to vote at the EGM.

As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We are not aware of any relationships or interests between us and the Company or any other parties that could be reasonably regarded as hindrance to our independence as defined under Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed Rights Issue. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fee or benefit from the Group and its associates. We have not acted as an independent financial adviser and has not provided any other services to the Company during the past two years.

Accordingly, we consider that we are eligible to give independent advice on the Rights Issue and the transactions contemplated thereunder of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, among other things, (i) the annual report of the Company for the year ended 31 December 2025 (the “**Annual Report**”) and (ii) other information contained or referred to in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Group (the “**Management**”). We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management were reasonably made after due and careful enquiry and are true, accurate and complete at the time they were made and continue to be so as at the date of the Circular.

We have no reason to believe that any such statements, information, opinions or representations are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render any of them untrue, inaccurate or misleading.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 17.92 of the GEM Listing Rules. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter. We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made, or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates. We have assumed that the Rights Issue will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Rights Issue, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Rights Issue. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date. We will notify the Shareholders of any material change of information in the Circular up to the date of EGM.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Group

The Company is an investment holding company and the Group is principally engaged in provision of system integration and related support services, provision of IT infrastructure solutions and maintenance services, rental of properties and securities trading.

1.1 Historical financial information of the Group

Set out below is a summary of financial information of the Group extracted from the Annual Report:

Extract of the Group's consolidated statement of profit or loss

	For the year ended 31 December 2025 ("FY2025") (audited) HK\$'000	For the year ended 31 December 2024 ("FY2024") (audited) HK\$'000
Revenue	34,464	41,485
Cost of services	(15,998)	(19,087)
Gross Profit	<u>18,466</u>	<u>22,398</u>
Other income and gains	40	1,031
Impairment losses under expected credit losses model	(20,330)	(987)
Change in fair value of investment properties	(54,225)	(20,617)
Finance costs	(2,246)	(2,578)
Loss for the year	(100,238)	(38,383)

Source: Annual Report

FY2025 compared to FY2024

As disclosed in the Annual Report, the Group's revenue, which comprises (1) sale of computer hardware and software; (2) provision of technical support and maintenance service; and (3) rental income from investment properties, amounted to approximately HK\$34.5 million in FY2025, representing a decrease of 16.9% from approximately HK\$41.4 million in FY2024. The decrease in revenue is mainly due to the dispute between the Group and the tenant regarding the investment properties in the PRC and resulting in revenue from the investment properties decreased by approximately HK\$5.4 million. Finance costs of the Group for FY2025 were approximately HK\$2.2 million, a slight decrement of approximately HK\$0.4 million, comparing to approximately HK\$2.6 million in FY2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Overall, the Group recorded a loss for the year of approximately HK\$100.2 million for FY2025, as compared to approximately HK\$38.4 million in FY2024. The substantial increase in loss is mainly due to (i) increase in fair value loss on the investment properties from approximately HK\$20.6 million in FY2024 to approximately HK\$54.2 million in FY2025; (ii) the increase in impairment loss under expected credit losses model from approximately HK\$1.0 million in FY2024 to approximately HK\$20.3 million in FY2025 regarding the dispute between the Group and the tenant for the investment properties; and (iii) the decrease in revenue generated from the investment properties of approximately HK\$5.4 million.

Extract of the Group's consolidated statement of financial position

	As at 31 December 2025 (audited) HK\$'000	As at 31 December 2024 (audited) HK\$'000
Non-current assets	200,058	267,142
Investment properties	169,661	216,035
Property, plant and equipment	413	565
Right-of-use assets	3,005	1,500
Equity investments at fair value through other comprehensive income	–	21,590
Deferred tax assets	6,038	5,620
Current assets	52,154	60,762
Trade and other receivables	3,180	18,938
Prepayments, deposits and other receivables	33,641	35,882
Bank and cash balances	14,933	5,371
Current liabilities	49,205	57,313
Bank and other loans	30,495	35,651
Lease liabilities	1,938	1,365
Net current assets	2,949	3,449
Non-current liabilities	32,547	25,591
Bonds	5,101	4,816
Lease liabilities	1,102	185
Bank and other loans	25,310	20,273
Net assets	170,460	245,000

Source: Annual Report

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2025 vs FY2024

As illustrated above, non-current assets of the Group decreased from HK\$267.1 million as at 31 December 2024 to approximately HK\$200.1 million as at 31 December 2025, which was primarily due to the decrease in investment properties from approximately HK\$216.0 million as at 31 December 2024 to approximately HK\$170.0 million as at 31 December 2025, representing a decrease of approximately 21.3%. The Group's net assets decreased from approximately HK\$245.0 million as at 31 December 2024 to approximately HK\$170.5 million as at 31 December 2025. As at 31 December 2025, cash and bank balances held by the Group increased from approximately HK\$5.4 million as of 31 December 2024 to approximately HK\$14.9 million, which was attributable to the capital replenished from the Previous Rights Issue.

The Group's total liabilities remains relatively stable of approximately HK\$82.9 million as at 31 December 2024 and approximately HK\$81.8 million as at 31 December 2025, which was mainly comprised of bank and other loans of approximately HK\$55.9 million as at 31 December 2024 and approximately HK\$55.8 million as at 31 December 2025. The gearing ratio (calculated as total borrowings over total equity) of the Group increased from approximately 0.25 as at 31 December 2024 to approximately 0.36 as at 31 December 2025.

2. Our view on the reasons for the Rights Issue and the intended use of proceeds

2.1 *The funding needs*

As stated in the "Letter from the Board" the Circular and the Annual Report of the Company for the year ended 31 December 2025, the Group recorded a net loss of approximately HK\$100.2 million for the year ended 31 December 2025 as compared to a net loss of approximately HK\$38.4 million for the year ended 31 December 2024. Besides, as at 31 December 2025, the net current assets were only approximately HK\$3.0 million. Based on the unaudited management accounts of the Group for the three months ended 31 March 2026, the Group had bank and cash balances of approximately HK\$11.98 million as at 31 March 2026. In light of the cash position and loss-making performance of the Group, the Company intends to raise funds through the Rights Issue to improve the financial condition of the Group and also reducing its gearing and interest burden. The gearing ratio (calculated as total borrowings over total equity) of the Group is expected to decreased from approximately 0.36 as at 31 December 2025 to approximately 0.306.

As at 31 March 2026, the Group had cash and bank balances of approximately HK\$11,980,000. The Group's average monthly operating cash requirement is approximately HK\$3,000,000. Based on the current cash position, the Group has sufficient cash resources to sustain its operations for only approximately four months. The Company is therefore unable to service and repay its outstanding loan obligations from its existing cash resources, and the Rights Issue is necessary to raise funds for this purpose. In view of the Company requires funds for (i) maintaining its monthly operating expenses as well as (ii) repayment of loans in the next six months period, the unutilised proceeds from the Previous Rights Issue is not sufficient to cover. The Company considered that reallocation of unutilised proceeds would not be feasible as by the

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end of December 2026, all the proceeds from the Previous Rights Issue should have been fully utilised. To prevent any delay of repayment of loans, we concur with the Company that the Rights Issue is in the interests of the Company and its shareholders.

It is estimated that the Company will raise up to approximately HK\$10.33 million from the Rights Issue and the relevant expenses would be approximately HK\$0.6 million, which includes placing commission and professional fees payable to legal advisors, financial printer and other parties involved in the Rights Issue. The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be up to approximately HK\$9.73 million, the Directors intended to utilize (i) approximately 90.4% or HK\$8.8 million of the net proceeds from the Rights Issue for the repayment of the loan from an independent third party due on or before 1 January 2027; and (ii) the remaining approximately 9.6% or HK\$0.9 million of the net proceeds from the Rights Issue for general working capital of the Group for settlement of professional fees and other administrative expenses for the next 12 months. For our due diligence purpose, we have obtained and reviewed the schedule of bank and other loans and loan agreement between the independent third party and the Company and ascertained the disclosure as set out above.

The Board has considered and determined that applying the entire net proceeds towards repayment of outstanding indebtedness is in the best interests of the Company and the Shareholders as a whole, as it will reduce the Group's debt burden, lower its finance costs and improve its gearing ratio and overall financial position. Prior to the full utilisation of the net proceeds of the Rights Issue, all unutilised proceeds will be deposited in licensed banks in Hong Kong.

The current Rights Issue is primarily for the repayment of the Company's outstanding loan which matures on 1 January 2027. The purpose of the current Rights Issue is therefore materially different from that of the Previous Rights Issue, which was conducted primarily to replenish the general working capital of the Group for the payment of salaries, rental and building management fees, and outstanding professional fees and administrative expenses.

The Board has carefully considered the available fundraising alternatives. Regarding debt financing, the Company has previously approached at least two banks, both of which declined to provide financing due to insufficient security or collateral. Regarding underwriting, the Board considers that it would be difficult to procure underwriting on terms that are favourable to the Company and its Shareholders given the Company's current financial position.

Having regard to the foregoing, and notwithstanding the short interval between the current Rights Issue and the Previous Rights Issue, we concur with the Board's view that the Rights Issue is the most suitable fundraising option available to the Company and is in the best interests of the Company and its Shareholders as a whole.

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2.2 *Fund-raising alternatives*

As advised by the Directors, apart from the Rights Issue, the Directors have considered other debt or equity fundraising alternatives such as bank borrowings, placing or an open offer. The Directors note that bank borrowings, if available, carry additional interest costs and create pressure to the liquidity of the Company. The restrictive covenants in the loan transaction documents as may be imposed by the bank will also restrict the business activities of the Group. Hence, the Board does not consider it to be beneficial to the Company. As for placing new Shares, it would lead to immediate dilution in the shareholding interest of Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company and it is relatively smaller in scale as compared to fund raising through rights issue. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group.

The Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that the Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth, while at the same time allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. In addition, the Company had preliminarily consulted brokerage companies (including the Placing Agent) for underwriting the Rights Issue but has not received any favourable feedback due to the current capital market situation apart from the Placing Agent who expressed its interest in acting as a placing agent on best effort basis. The Company considers that the placing obligation of the Placing Agent is more or less similar to an underwriter of the Rights Issue (except that the Placing Agent is on best effort basis). As such, the Company subsequently decided to conduct the Rights Issue on non-underwritten basis and to adopt the Placing Arrangement simultaneously in order to ensure sufficient funds could be raised.

Taking into account the benefits and potential cost of each of the alternatives, we are of the view and concur with the view of the Directors that placing of new Shares would only be available to certain places who are not necessarily the existing Shareholders which would dilute the shareholding of the existing Shareholders. We are of the view and concur with the view of the management of the Company that the Rights Issue allows the Group to reduce its gearing level and interest burden at a more cost effective and beneficial method and is in the interests of the Company and the Shareholders as a whole.

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3. Principal terms of the Rights Issue and the Placing

3.1 *Terms of the Rights Issue*

Set out below is the summary of the principal terms of the Rights Issue, further details of which are set out in the “Letter from the Board” in the Circular:

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.18 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	114,739,700 Shares
Maximum of Rights Shares to be issued under the Rights Issue (assuming the Rights Issue is fully subscribed)	:	57,369,850 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Maximum total number of issued Shares as enlarged by the Rights Issue (assuming the Rights Issue is fully subscribed)	:	Up to 172,109,550 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)
Maximum amount to be raised before expenses (assuming the Rights Issue is fully subscribed)	:	Up to approximately HK\$10.33 million (assuming no changes in the number of Shares in issue on or before the Record Date)

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As at the Latest Practicable Date, there are 6,030,771 Outstanding Share Options granted by the Company. Such Outstanding Share Options are exercisable into 6,030,771 Shares. Save for the foregoing, the Company has no other outstanding debt securities, derivatives, options, warrants, conversion securities or other similar securities which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date. For further information of the Rights Issue and the Placing, please refer to the “Letter from the Board” in the Circular.

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 57,369,850 Rights Shares proposed to be provisionally allotted and issued pursuant to the Rights Issue represents approximately 50% of the entire issued share capital of the Company as at the Latest Practicable Date and will represent approximately 33.33% of the entire issued share capital of the Company as enlarged by the issue of the Rights Shares.

As at the Latest Practicable Date, save for the unexercised share options granted by the Company pursuant to the Share Option Schemes, the Company does not have any outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into the Shares.

3.2 Terms of the Placing Agreement

On 21 April 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to appoint and the Placing Agent has conditionally agreed to act as the Placing Agent for the Company to procure Placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies), to subscribe for the Placing Shares at the Placing Price during the Placing Period on and subject to the terms and conditions set out in the Placing Agreement. The Placing Shares, forming part of the Rights Issue, will be allotted and issued subject to the listing approval of the Stock Exchange.

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Under the terms of the Placing Agreement, if all the Rights Shares are already fully taken up in the Rights Issue, i.e. all the Rights Shares are fully subscribed by the Qualifying Shareholders or renouncee(s) or transferee(s) under the PAL(s), the Placing will not proceed.

Set out below is the summary of the principal terms of the Placing Arrangement, further details of which are set out in the “Letter from the Board” in the Circular:

Date: 21 April 2026 (after trading hours)

Issuer: the Company

Placing Agent: Cheong Lee Securities Limited

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

Placing Price: The placing price of each of the Placing Shares shall not be less than the Subscription Price (exclusive of any brokerage, SFC transaction levy, AFRC transaction levy, stamp duty (if any) and Stock Exchange trading fee as may be payable). The final Placing Price shall be determined by the Placing Agent with the agreement of the Company based on the demand for and the market conditions of the Placing Shares during the process of placement.

Placing Period: The period from Wednesday, 8 July 2026 up to 4:00 p.m. on Thursday, 23 July 2026, or such other dates as the Company may announce, being the period during which the Placing Agent will carry out and/or effectuate the Placing.

Placing Commission: The Company shall pay the Placing Agent a placing commission equivalent to 1% of the amount which is equal to the Placing Price multiplied by the total number of Unsubscribed Rights Shares and NQS Unsold Rights Shares which are successfully placed by the Placing Agent.

Placees: The Placing Shares are expected to be placed to Placees, who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).

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

Condition Precedent: 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 (subject to customary conditions);
- (ii) 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 hereunder having been obtained; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

None of the conditions of the Placing can be waived. The Company shall use its reasonable endeavours to procure fulfilment of the conditions precedent as set out in the Placing Agreement and for such purpose, the Company shall furnish such information, supply such documents, pay such fee, give such undertakings, and do all such acts and things as may reasonably be required in connection with the fulfilment of such conditions.

If the conditions precedent set out in the Placing Agreement have not been fulfilled on or before 5:00 p.m. on Friday, 24 July 2026, or such later date/time as may be agreed between the Company and the Placing Agent in writing, all rights, obligations and liabilities of the Parties in relation to the Placing shall cease and determine and neither of the Parties shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination.

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The Placing Agent undertakes to use its best endeavours to assist the Company in procuring that the conditions of the Placing are fulfilled on or before 5:00 p.m. on Friday, 24 July 2026 (or such later date/time as may be agreed between the Company and the Placing Agent in writing), including but not limited to the delivery by the Placing Agent to the Stock Exchange and/or the relevant regulatory authorities of written confirmations of the independence of the Placees and particulars of the Placees.

For the avoidance of doubt, if all the Rights Shares are already fully taken up in the Rights Issue, the Placing will not proceed.

Termination:

Notwithstanding any other provisions of the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of any 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 the full placement of all of the Placing Shares, or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (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 of the Placing Agreement), including any 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 which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions, which in the Placing Agent's reasonable opinion would affect the success of the Placing;

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- (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, which in the Placing Agent's reasonable opinion would affect the success of the Placing;
- (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, which in the Placing Agent's reasonable opinion may affect the business or financial prospects of the Group and/or the success of the Placing;
- (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;
- (e) any breach of any of the representations and warranties of the Company comes to the knowledge of the Placing Agent, or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Placing Completion Date which, if it had occurred or arisen before the date of the Placing Agreement, would have rendered any of such representations and warranties untrue or incorrect in a material respect, or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (f) 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.

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Upon the giving of such notice of termination, the Placing Agreement shall be terminated and be of no further effect, and all respective obligations of either party thereunder shall cease and determine. Neither party shall have any claim against the other in respect of any matter arising out of or in connection with the Placing Agreement, except for any antecedent breach of any obligation under the Placing Agreement and any liabilities in respect of the Company's warranties and the commissions and expenses provisions.

Application for listing: The Company will apply to the GEM Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Placing Shares.

Board lot size of
Rights Shares: 2,000 Shares

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

Considering the funding needs of the Company and the difficulties in conducting alternative fund-raising methods as discussed under the sub-section headed "2.1 The funding needs" and "2.2 Fund-raising alternatives" in this letter, and as the Placing offers additional means to facilitate the subscription of the untaken portion of the Rights Issue to the maximum extent, we consider that adopting the Placing is in the interests of the Company and the Shareholders.

The Placing Price

The Placing Price of each of the Unsubscribed Rights Shares and/or NQS Unsold Rights Shares shall not be less than the Subscription Price, and the final Placing Price will be determined based on the demand for and the prevailing market conditions of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares during the placing process. As we consider that the Subscription Price is fair and reasonable as discussed in the sub-section headed "3.3 Subscription Price" below in this letter, we also consider the arrangement of setting the Placing Price at or above the Subscription Price to be fair and reasonable.

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The Placing Commission

According to the Placing Agreement, the Company will pay the Placing Agent the Placing Commission equivalent to 1.0% of the amount equal to the Placing Price multiplied by the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares successfully placed by the Placing Agent and/or its sub-placing agent(s). To assess the fairness and reasonableness of the Placing Commission, we have considered the placing commissions charged by placing agents of the Comparables (as defined below), where applicable. We noted that the placing commissions paid by these companies ranged from 0% to 4.0%, and the Placing Commission of 1.0% falls within the range of the Comparables. Hence, we consider that the Placing Commission pursuant to the Placing Agreement is fair and reasonable.

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

3.3 Subscription Price

As stated in the “Letter from the Board” in the Circular, the Subscription Price was determined by the Company with reference to, among other things, (i) the recent market price of the Shares under the prevailing market conditions; (ii) the prevailing market conditions of the capital market in Hong Kong; (iii) the financial position of the Group; and (iv) the amount of funds the Company intends to raise under the Rights Issue. For details of the Directors’ rationale for determining the Subscription Price, please refer to the section headed “Reasons for and benefits of the Rights Issue and the use of proceeds” under the “Letter from the Board” in the Circular.

The Subscription Price of HK\$0.18 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 22.7% to the closing price of HK\$0.233 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 24.4% to the closing price of HK\$0.238 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of 25.6% to the average closing price of HK\$0.242 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

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- (iv) a discount of approximately 26.0% to the average closing price of HK\$0.243 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 8.1% to the theoretical ex-rights price of approximately HK\$0.219 per Share based on the closing price of HK\$0.238 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 88.6% to the net asset value per Share of approximately HK\$1.585 per Share based on the latest published audited consolidated net asset value attributable to owners of the Company of approximately HK\$181.8 million as at 31 December 2025 as set out in the annual results announcement of the Company for the year ended 31 December 2025 and the total number of issued Shares of 114,739,700 Shares as at the Latest Practicable Date;
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 8.52% of the theoretical diluted price (as defined under Rule 10.44A of the GEM Listing Rules) of approximately HK\$0.219 per Share to the benchmarked price of HK\$0.2418 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price of HK\$0.238 per Share on the Last Trading Day and the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the Last Trading Day of HK\$0.2418 per Share); and
- (viii) a cumulative theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) in aggregate with the Previous Rights Issue represented by a discount of approximately 18.92%, represented by the cumulative theoretical diluted price of approximately HK\$2.34 per Share to the benchmarked price of approximately HK\$2.89 per Share (as defined under Rule 10.44A of the GEM Listing Rules) in respect of the Previous Rights Issue.

The cumulative theoretical diluted price, the benchmarked price and cumulative theoretical dilution effect (all defined under Rule 10.44A of the GEM Listing Rules) for the Rights Issue are approximately HK\$2.34 per Share, HK\$2.89 per Share and 18.92%, respectively. The Rights Issue will not result in a cumulative theoretical dilution effect of 25% or more on its own. As such, the cumulative theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

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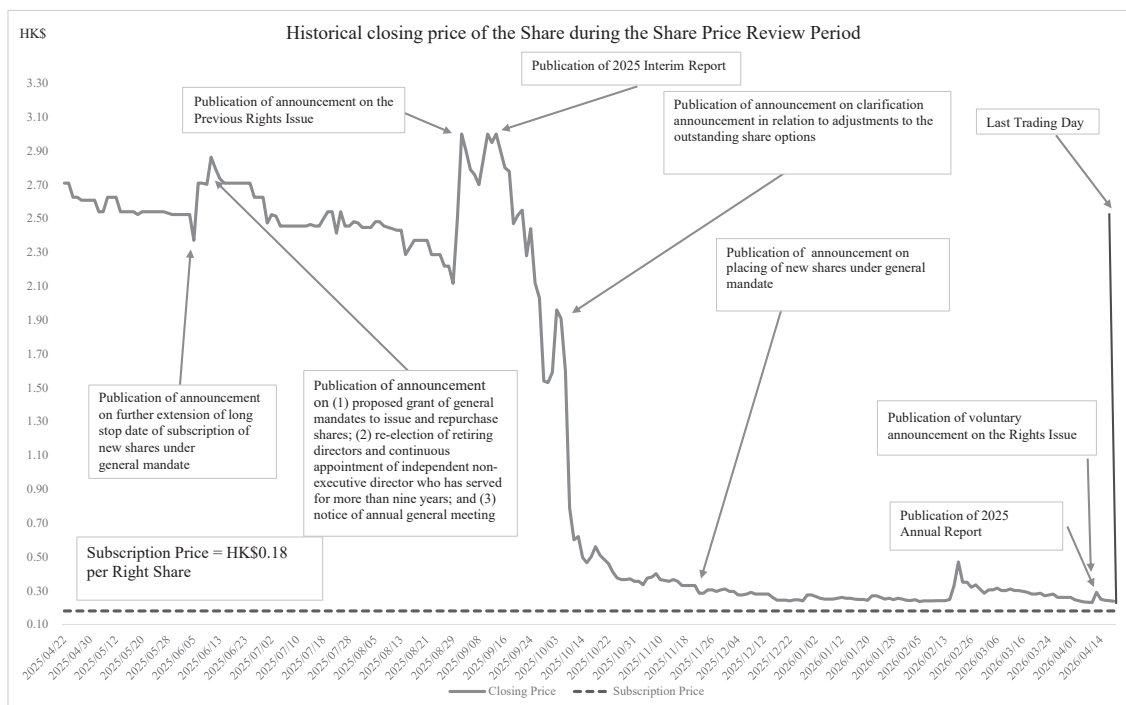
The Subscription Price was determined with reference to, among other things, (i) the prevailing market price and recent trading performance of the Shares which includes the daily closing price and daily trading volume of the Shares during the six months prior to the Last Trading Day, where the closing price of the Shares demonstrated an overall downward trend from HK\$0.485 per Share on 21 October 2025 to HK\$0.238 per Share on the Last Trading Day with an average daily trading volume amounting to approximately 10.6% of the total issued share capital of the Company as at the Last Trading Day, which indicated a lack of liquidity and demand for the Shares; (ii) the latest business performance and financial position of the Group. For the years ended 31 December 2024 and 2025, the Company recorded total comprehensive expense for the year of approximately HK\$33.10 million and HK\$111.4 million, respectively; (iii) the Directors' view that it is reasonable to set the Subscription Price at a discount to the closing price per Share on the Last Trading Day and the consolidated net asset value per Share attributable to the Shareholders as described above in order to enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders and investors to participate, given the unfavourable price trend and lack of liquidity of the Shares; (iv) the relatively large fundraising size when compared with the market capitalisation of the Company as at the Last Trading Day; and (v) amount of funds the Company intends to raise for the purposes.

The Directors consider that the discount of the Subscription Price would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth and development of the Group. After taking into consideration the reasons for the Rights Issue as discussed under the section headed "2. Our view on reasons for the Rights Issue and the intended use of proceeds" in this letter, we consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review of the daily closing prices and trading volume of the Shares from 22 April 2025 to and including the Last Trading Day (the "**Share Price Review Period**") (being a period of 6 months prior to and including the Last Trading Day) and compared with the Subscription Price. We consider that the Share Price Review Period is adequate and representative to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices prior to the Announcement and such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price, as the share price before the Announcement represents a fair market value of the Company and the Shareholders had expected, whereas the price after the Announcement, the value may have taken into account the potential

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effect of the Rights Issue which may distort the analysis. The chart below illustrates the daily closing price per Share (“Closing Price”) versus the Subscription Price of HK\$0.18 per Rights Share during the Share Price Review Period:



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

During the Share Price Review Period, the closing prices of the Shares fluctuated between the lowest of HK\$0.23 per Share and the highest of HK\$3.00 per Share, with an average closing price of approximately HK\$1.351 per Share. As shown in the above chart, the closing price of the Share generally showed a decreasing trend from the highest closing price of HK\$3.00 per Share on 2, 10 and 12 September 2025 to the lowest closing price of HK\$0.23 per Share on 14 April 2026, representing a decrease of approximately 92.3%. Overall, we did not notice any specific reasons for the aforementioned movements of the closing prices during the Share Price Review Period, save for (i) the publication of an announcement regarding the further extension of the long stop date of the subscription of new shares under the general mandate on 6 May 2025; (ii) the publication of an announcement regarding (1) the proposed grant of general mandates to issue and repurchase shares; (2) the re-election of retiring directors; (3) the continued appointment of an independent non-executive director who has served for more than nine years; and (4) notice of annual general meeting on 21 May 2025; (iii) the publication of an announcement regarding the proposed rights issue on the basis of three rights shares for every eight existing shares held on the record date on a fully underwritten basis on 13 August 2025; (iv) the publication of the interim reports for the six months ended 30 June 2025 (the “2025 Interim Report”) on 29 August 2025; (v) the publication of a clarification announcement in relation to adjustments to the outstanding share options on 8 October 2025; (vi) the publication of announcements regarding placing of new shares under the general mandate on 19 November 2025 and 5 December 2025; (vii) the publication of the Annual Report on 14 April 2026 and (viii) voluntary announcement on the

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Rights Issue on 13 April 2026. As advised by the Management, the Company is not aware of any reasons for the aforementioned Share price fluctuations. The reasons for these fluctuations remain unclear, aside from possible market reactions to announcements made by the Company during that period. Despite the upward movements in September 2025, the overall trend indicates a general decline in the closing prices throughout the Share Price Review Period.

The Subscription Price of HK\$0.18 represents (i) a discount of approximately 94.0% to the highest closing price of HK\$3.00 per Share; (ii) a discount of approximately 21.7% to the lowest closing price of HK\$0.23 per Share; and (iii) a discount of approximately 86.7% to the average closing price of HK\$1.351 per Share over the Share Price Review Period. Although the Subscription Price falls outside the range of the closing prices of the Shares during the Share Price Review Period as mentioned above, after considering that (i) the closing price of the Shares has been decreasing during the Share Price Review Period, indicating that market sentiment towards the Shares is relatively negative; (ii) the low liquidity of the Shares as discussed in the sub-section headed “3.4 Historical trading liquidity of the Shares” below in this letter, indicates that the Shares were generally illiquid in the open market and, therefore, the Company is unlikely to be able to raise equity funds from third parties without a discount to the prevailing market price of the Shares; (iii) the funding needs as discussed in the section headed “2. Our view on the reasons for the Rights Issue and the intended use of proceeds” above in this letter; and (iv) the common market practice of setting the subscription price at a discount to the prevailing market prices of the relevant shares in order to enhance attractiveness and encourage shareholder participation in the rights issue, and the fact that the Subscription Price represents a discount of approximately 24.4% to the closing price of HK\$0.238 per Share on the Last Trading Day, we consider that the discount of the Subscription Price is fair and reasonable and that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

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3.4 Historical trading liquidity of the Shares

The table below sets out the average daily trading volume of the Shares for each month during the Share Price Review Period.

Month	Trading days	Trading volume	Average daily trading volume of Shares	Average daily trading volume as a percentage to the total number of issue Shares as at the end of each month/period <i>(Note 1)</i>
2025				
April (from 22 April 2025)	7	–	–	0.000%
May	20	132,563	6,628	0.009%
June	21	247,437	11,783	0.016%
July	22	331,075	15,049	0.021%
August	21	347,535	16,549	0.023%
September	22	4,780,017	217,274	0.297%
October	20	7,042,778	352,139	0.350%
November	20	20,810,588	1,040,529	1.033%
December	21	6,422,743	305,845	0.304%
2026				
January	21	7,262,777	345,847	0.301%
February	17	71,879,219	4,228,189	3.685%
March	22	7,981,649	362,802	0.316%
April (Up to 21 April 2026)	12	10,966,310	913,859	0.796%
Max			4,228,189	3.685%
Min			–	0.000%
Average			601,269	0.550%

Source: Website of the Stock Exchange

Note 1: Calculated based on the total number of the Shares at the end of each month.

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We have also reviewed the trading volume of the Shares during the Share Price Review Period. We noted from the above table that the liquidity of the Shares was generally thin during the Share Price Review Period, with an average daily trading volume of 601,269 Shares, representing approximately 0.55% of the total issued Shares. We noted that November 2025 and February 2026 both had high average daily trading volume as a percentage to the total number of issue Shares over 1.0% while the trading volume in other periods remains relatively thin. As advised by the Management, the Company reckon that the higher trading volume may related to the Previous Rights Issue, which was completed in October 2025 and the trading period was relatively short due to Chinese Lunar New Year holidays in February 2026, apart from that, the Management is not aware of any reasons for the aforementioned trading volume fluctuations. The reasons for these fluctuations remain unclear, aside from possible market reactions to announcements made by the Company during that period.

Upon our review of the “HKEX Monthly Market Highlights” from April 2025 to March 2026 (the “**Relevant Period**”) available on the website of the Stock Exchange, we note that the average daily trading turnover to total market capitalisation of listed securities (including Main Board and GEM listed issuers) (the “**Market Trading Turnover Ratio**”) during such period ranged from approximately 0.39% to approximately 0.71% with the mean of approximately 0.56%. Apart from November 2025 and February 2026, the average daily trading volume as a percentage to the total number of issue Shares was only 0.22%, which demonstrates that the Shares lacked liquidity in the open market. Investors were not actively trading the Shares.

In view of this, we considered the trading liquidity of the Shares were very thin during the Share Price Review Period, with 9 out of 11 full months less than 0.4% to the then total number of issued Shares as at the end of their respective month/period. We anticipate that the Qualifying Shareholders may have difficulties in acquiring or selling a significant number of Shares in the open market if the same trading pattern of the Shares persists during and after the completion of the Rights Issue without exerting impact on the market price of the Shares. We are therefore of the view that it is reasonable to set the Subscription Price at a discount to the average Closing Price and it would encourage the Qualifying Shareholders to participate in the Rights Issue and to maintain their respective shareholding interests in the Company.

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3.5 Comparison with recent rights issues exercise

In order to further assess the fairness and reasonableness of the terms of the Rights Issue, we intended to search rights issue transactions conducted by other listed companies in the Stock Exchange with similar business, i.e. engaged in provision of system integration and related support services, provision of IT infrastructure solutions and maintenance services, rental of properties and securities trading with market capitalisation not more than HK\$30 million (as the market capitalisation of the Company is approximately HK\$26.4 million as at date of the Announcement during the Comparable Review Period. Based on the aforesaid selection criteria, there is no company identified. If we relax the selection criteria to the nature of business, only one listed company is identified, which we are of view that the size of comparable is not enough. Based on the above situation, we relax our selection criteria to rights issue transactions conducted by other listed companies in the Stock Exchange during the Comparable Review Period and we have identified an exhaustive list of 27 rights issue transactions announced by other companies listed on the Stock Exchange during the period from 21 November 2025 up to the Last Trading Day (the “**Comparable Review Period**”) and up to the Latest Practicable Date (the “**Comparables**”), without taking into consideration market capitalisation, fundraising size and the type of issuance (e.g. excess application or compensatory arrangement) in determining the selection criteria of the Comparables. In line with market practice, we consider it is appropriate to include such assumptions in the comparable analysis below for Shareholders’ reference. We believe that those rights issue transactions for which listing documents have been issued imply that they have been approved by the relevant shareholders or are exempt from shareholders’ approval and thus the terms and structure of these rights issue transactions are more meaningful for comparison. Shareholders should note that the subject companies in the Comparables may have different principal business activities, market capitalisations, profitability and financial positions as compared with those of the Company. Although the circumstances surrounding the Comparables may be different from those relating to the Company, we consider that the Comparable Review Period is adequate and fair and reasonable to capture the prevailing market conditions in relation to rights issue transactions and that the Comparables, for illustrative purposes only, serve as a general reference for prevailing market practices in relation to rights issue transactions conducted by companies listed on the Stock Exchange.

The Comparables listed below have been identified through our research using public information. We believe that this is an exhaustive list based on our selection criteria. The major terms of the rights issues conducted by the Comparables are summarised below:

Announcement date	Company name	Stock code	Basis for entitlement	Premium/(Discount) of the subscription price over/to			Theoretical dilution effect	Excess application or compensatory arrangements	Placing commission	Underwritten
				the theoretical ex-right Closing price (%)	the latest net asset value per entitlement price (%)	share				
17-Apr-26	Hong Wei (Asia) Holdings Company Limited	8191	4 for 1	(16.13)	(3.70)	(85.43)	12.9	Compensatory arrangement	1.0%	No
16-Apr-26	Pa Shun International Holdings Limited	574	1 for 2	(72.88)	(64.18)	N/A	24.29	Compensatory arrangement	1.0%	No
14-Apr-26	FEG Holdings Corporation Limited	1413	1 for 2	(28.67)	(21.13)	(67.97)	11.25	Compensatory arrangement	1.0%	No

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Announcement date	Company name	Stock code	Basis for entitlement	Premium/(Discount) of the subscription price over/to			Theoretical dilution effect	Excess application or compensatory arrangements	Placing commission	Underwritten
				the theoretical ex-right Closing price (%)	the latest net asset value per entitlement price (%)	share				
27-Mar-26	China Health Technology Group Holding Company Limited	1069	2 for 1	(20.63)	(7.98)	(54.79)	13.76	Compensatory arrangement	4.0%	No
25-Mar-26	Alco Holdings Limited	328	4 for 1	(20.30)	(4.80)	N/A	21.00	Compensatory arrangement	1.5%	No
19-Mar-26	Hang Pin Living Technology Company Limited	1682	1 for 1	(27.97)	(16.26)	(22.73)	13.98	Compensatory arrangement	1.0%	No
6-Mar-26	Kingland Group Holdings Limited	1751	1 for 3	0.00	(3.10)	1875.00	1.00	Compensatory arrangement	3.0%	No
5-Mar-26	Madison Holdings Group Limited	8057	3 for 2	(40.00)	(21.10)	(79.83)	24.00	Compensatory arrangement	2.0%	No
16-Feb-26	Xinming China Holdings Limited	2699	6 for 1	(20.00)	N/A	N/A	17.14	Compensatory arrangement	2.0%	No
16-Feb-26	Mindtell Technology Limited	8611	1 for 1	(40.60)	(25.50)	3.90	21.70	Compensatory arrangement	2.0%	No
11-Feb-26	NIU Holdings Limited	8619	2 for 1	(35.50)	(21.10)	(92.70)	24.00	Compensatory arrangement	1.0%	Yes
6-Feb-26	WLS Holdings Limited	8021	1 for 1	(40.00)	(25.00)	(77.10)	21.60	Compensatory arrangement	2.5%	No
4-Feb-26	Ta Yang Group Holdings Limited	1991	2 for 1	(2.44)	(0.83)	352.66	4.80	Excess application	N/A – No placing	No
29-Jan-26	Add New Energy Investment Holdings Group Limited	2623	1 for 2	(37.66)	N/A	65.57	12.55	Excess application	N/A – No placing	No
27-Jan-26	Pacific Legend Group Limited	8547	1 for 2	26.58	16.28	4.09	4.60	Compensatory arrangement	2.0%	No
26-Jan-26	Kwan On Holdings Limited	1559	1 for 2	(17.65)	(12.50)	79.09	5.88	Excess application	N/A – No placing	No
15-Jan-26	Shanghai International Shanghai Growth Investment Limited	770	3 for 8	(60.00)	(52.19)	47.44	16.33	Compensatory arrangement	1.0%	No
14-Jan-26	Anchorstone Holdings Limited	1592	4 for 1	(42.86)	(8.57)	N/A	24.00	Compensatory arrangement	1.3%	No
14-Jan-26	Jutal Offshore Oil Services Limited	3303	1 for 6	(69.23)	(66.10)	(85.13)	9.92	Compensatory arrangement	1.0%	No
13-Jan-26	EPI (Holdings) Limited	689	2 for 1	(17.10)	(8.57)	(76.88)	14.38	Excess application	N/A – No placing	Yes
2-Jan-26	HKC International Holdings Limited	248	1 for 2	(25.50)	(18.60)	(79.10)	8.50	Excess application	N/A – No placing	No
30-Dec-25	Wanjia Group Holdings Limited	401	1 for 1	(31.62)	(18.78)	(33.33)	15.81	Compensatory arrangement	2.0%	No
23-Dec-25	Mindtell Technology Limited	8611	1 for 2	(32.40)	(24.20)	3.90	10.80	Compensatory arrangement	2.0%	No
19-Dec-25	China Castson 81 Finance Company Limited	810	5 for 2	(26.62)	(9.41)	(27.14)	22.73	Compensatory arrangement	3%	Yes
12-Dec-25	Shun Wo Group Holdings Limited	1591	1 for 3	(6.70)	N/A	(54.80)	1.67	Excess application	N/A – No placing	No
11-Dec-25	Hang Yick Holdings Company Limited	1894	4 for 1	(28.13)	(7.26)	(84.67)	22.50	Compensatory arrangement	1.0%	No
21-Nov-25	Crown International Corporation Limited	727	3 for 1	(19.75)	(5.80)	(44.85)	19.53	Excess application	N/A – No placing	No
	Maximum			26.58	16.28	1875.00	24.29		4.0%	
	Minimum			(72.88)	(66.10)	(92.70)	1.00		0%	
	Average			(27.92)	(17.93)	63.70	14.84		2.0%	
	Median			(27.97)	(14.38)	(44.85)	14.38		2.0%	
	The Company	8178	1 for 2	(24.40)	(8.10)	(88.6)	9.57	Compensatory arrangement	1.0%	No

Source: website of the Stock Exchange

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Notes:

1. Information has been extracted from the relevant announcements (including supplemental announcements) of the rights issue of the respective Comparables.
2. “N/A” denotes that the announcement did not disclose such information.
3. The theoretical dilution effect is calculated according to Rule10.44A of the GEM Listing Rules or Rule7.27B of the Listing Rules.

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

- (a) the discount/premium of subscription price to the closing price on the Last Trading Day of the Comparables ranged from a discount of approximately 72.9% to premium of approximately 26.6%, with an average discount of approximately 27.9%. The Subscription Price represents a discount of approximately 24.4% to the closing price on the Last Trading Day, which falls within the range and is slightly lower than the average discount of the Comparables;
- (b) the discount/premium of the subscription price to the theoretical ex-rights price of the Comparables ranged from a discount of approximately 66.1% to a premium of approximately 16.3%, with an average discount of approximately 17.9%. The Subscription Price represents a discount of approximately 8.1% to the theoretical ex-rights price per Share on the Last Trading Day which falls within the range and is lower than the average discount of the Comparables;
- (c) the theoretical dilution effect of the rights issues of the Comparables ranged from approximately 1.0% to approximately 24.3%, with an average of approximately 14.8%. The theoretical dilution effect and the cumulative theoretical dilution effect of the Rights Issue of approximately 9.5% and 19.2% respectively, are within the range of the Comparables. Notwithstanding the cumulative theoretical dilution effect of 19.16% is substantially higher than the average and median of the Comparables, we consider the subscription price and the basis of entitlement are fair and reasonable and in the best interests of the Company and its shareholders given the imminent funding needs to meet its repayment obligations. After considering (i) the current financial position of the Group; (ii) the benefits and cost of alternative fundraising means; and (iii) the importance of the fundraising exercise to the Company to satisfy its pressing financial needs, the Directors consider, and we concur, that the Rights Issue will enable the Group to raise the necessary funds in a timely manner to repay outstanding indebtedness of the Group, which is in the interests of the Company and the Shareholders as a whole;
- (d) the Rights Issue is on a non-underwritten basis, which is in line with market practice, given that 25 out of 27 Comparables were also conducted on a non-underwritten basis; and
- (e) the Placing Commission of 1.0% under the Placing Agreement is within the range of placing commission rates charged by the placing agents of the Comparables, which ranged from nil to 4.0% of funds raised.

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As mentioned in the “Letter from the Board” in the Circular, there will be no excess application arrangements in relation to the Rights Issue. Among the Comparables, 19 out of 27 did not offer excess application arrangements for their shareholders. As such, we consider the absence of excess application arrangements in rights issues is not an uncommon market practice.

It is a common market practice to set the subscription price of a rights issue at a discount to the closing share prices on the last trading day and the theoretical ex-entitlement prices in order to enhance the attractiveness of the rights issue and encourage qualifying shareholders to participate.

In view of (i) the recent general downward trend of the closing price of the Shares and the generally thin trading volume of the Shares during the Share Price Review Period, as discussed in the sub-section headed “3.4 Historical trading liquidity of the Shares” above in this letter; (ii) the discounts represented by the Subscription Price all fall within the range of the Comparables; and (iii) the fact that the Rights Issue is available to all Qualifying Shareholders, we consider that the principal terms of the Rights Issue, including the Subscription Price, to be fair and reasonable to the Shareholders and in the interests of the Company and the Shareholders as a whole.

3.6 *Non-underwritten Basis*

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. There is no minimum subscription level or minimum amount to be raised under the Rights Issue. In the event that the Rights Issue is not fully subscribed, any Rights Shares that are not subscribed by the Qualifying Shareholders or renounees or transferees of the nil-paid Rights under the PALs (i.e. the Unsubscribed Rights Shares) together with the NQS Unsold Rights Shares (collectively, the Placing Shares) will be placed to independent Placees on a best-effort basis through the Placing. Any Placing Shares that are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The Company conducted an evaluation of potential underwriting arrangements for the Rights Issue, approaching a number of securities firms to assess their interest in acting as underwriter. However, only the Placing Agent expressed interest and willingness to participate as a placing agent, with no other underwriters prepared to commit to a full underwriting agreement.

Given the lack of underwriting interest, the Board determined that proceeding on a non-underwritten basis, combined with the Placing Agreement, represents the most viable and efficient approach to meet the Company’s funding objectives.

Furthermore, as detailed in the section headed “Placing Agreement” in this Circular, the Unsubscribed Rights Shares, the NQS Unsold Rights Shares and a compensatory mechanism for No Action Shareholders and the Excluded Shareholders. After careful deliberation, the Board concluded that the terms of the Rights Issue, including the non-underwritten structure and the Placing, are fair, reasonable, and in the best interests of the Company and its Shareholders as a whole.

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As the Rights Issue is not underwritten and has not set a minimum subscription amount, a Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. 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 for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (a) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules; and (b) does not cause the Company's public float to decrease to below 25%. Any subscription monies not utilized due to the scaled-down application of entitled Rights Shares will be refunded to the affected applicants.

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

The Board considers that it to be in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis taking into consideration that: (i) there are no statutory requirements regarding the minimum subscription levels for the Rights Issue and there is no minimum amount to be raised under the Rights Issue; (ii) in light of (a) the recent market performance of the Shares, in particular the Company's average daily trading volume during the six months prior to and including the Last Trading Day, which indicated a lack of liquidity and demand for the Shares; and (b) the latest business performance and financial position of the Group, particularly the fact that the Group experienced a decrease in revenue and recorded net loss in FY2025, the Directors consider that there would be a lack of interest from underwriters to underwrite the Rights Shares; and (iii) the Subscription Price, being set at a discount to the prevailing market prices of the Shares, should encourage the Qualifying Shareholders and investors to participate in the Rights Issue, thereby raising the necessary funding for the Company. We note that the proposed Rights Issue will be conducted on a non-underwritten basis. According to the "Letter from the Board" in the Circular, if the Rights Issue is not fully subscribed, the net proceeds will be allocated and utilised in the same proportion as set out in the intended uses above. We consider that such consistency in the application of the net proceeds is fair and reasonable together with our assessment on the fairness and reasonableness of the proposed proportions under the sub-section headed "2.1 The funding needs".

It is noted that 25 out of the 27 Comparables were conducted on a non-underwritten basis, which suggests that it is common practice in the recent period for rights issues to be conducted on a non-underwritten basis.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Fund raising activities of the company in the past twelve months

Save as disclosed below, the Company has not conducted any fund-raising activities in the past twelve months immediately prior to the date of the Latest Practicable Date:

Date of announcement	Event	Net proceeds raised (approximately)	Proposed use of proceeds	Actual use of proceeds as at the Latest Practicable Date
6 October 2025	Rights issue on the basis of three rights shares for every eight existing shares held on the record date on a fully underwritten basis	HK\$32.05 million	Approximately HK\$3,600,000 for rental and building management fees; approximately HK\$27,000,000 for salaries; and approximately HK\$1,450,000 for settlement of professional fees and other administrative expenses	(i) approximately HK\$1,678,000 for rental and building management fees; (ii) approximately HK\$11,058,000 for salaries; and (iii) approximately HK\$1,450,000 for settlement of professional fees and other administrative expenses, all as intended.
19 November 2025 and 5 December 2025	Placing of 14,000,000 New Shares Under General Mandate	HK\$3,881,000	(i) the repayment of maturing indebtedness; and (ii) general working capital of the Group	Used as intended

5. Possible financial effects of the Rights Issue

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

5.1 *Net tangible assets*

With reference to “Unaudited pro forma financial information of the Group” as set out in Appendix II to the Circular, the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2025 amounted to approximately HK\$161.4 million. Upon completion of the Rights Issue, the Group will have unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company being approximately HK\$171.8 million.

5.2 *Liquidity*

The estimated net proceeds from the Rights Issue are expected to enhance the Group’s current assets by approximately HK\$10.33 million, assuming full acceptance by the Qualifying Shareholders. After deducting the estimated expenses in relation to the Rights Issue, the net proceeds are estimated to be up to approximately HK\$9.73 million, which are intended to be applied in full towards the repayment of outstanding indebtedness of the Company. The Rights Issue is expected to improve the Group’s liquidity position immediately after completion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Considering that (i) the financial position of the Group would be improved; and (ii) the Group's bargaining power in future fundraising opportunities with third party financial institutions would be strengthened, together with improved financial performance, we are of the view that the overall financial impact on the Group upon completion of the Rights Issue is in the interests of the Company and the Shareholders.

6. Possible dilution effect on the interests of the Independent Shareholders

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. A Qualifying Shareholder who takes up its full provisional allotment under the Rights Issue will retain the same shareholding interest in the Company after completion of the Rights Issue. Qualifying Shareholders who do not take up the Rights Shares may, subject to prevailing market conditions, consider selling their nil-paid rights to subscribe for the Rights Shares in the market. However, they should note that their shareholding interests in the Company will be diluted upon completion of the Rights Issue.

With reference to the shareholding tables in the section headed "SHAREHOLDING STRUCTURE OF THE COMPANY" of the "Letter from the Board" in the Circular, the shareholding interests of the existing public Shareholders would be diluted by a maximum of approximately 33.3% immediately after completion of the Rights Issue, assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and that all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent.

With reference to the Letter from the Board, there will be a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 9.5%, representing a theoretical dilution price of approximately HK\$0.219 per Share compared with a benchmarked price of approximately HK\$0.242 per Share.

Having considered that: (i) the dilution effect is not prejudicial as all Qualifying Shareholders are offered an equal opportunity to participate in the enlargement of the capital base of the Company and Shareholders' interests in the Company will not be diluted if they elect to exercise their full provisional allotments under the Rights Issue; (ii) the Qualifying Shareholders have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market, subject to availability; and (iii) the Independent Shareholders are offered a chance to express their views on the terms of the Rights Issue through their votes at the EGM, we are of the view that the potential dilution effect on shareholding, which may only affect Qualifying Shareholders who decide not to subscribe for their pro-rata Rights Shares, is acceptable and justifiable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into consideration the above principal factors and reasons regarding the major terms of the Rights Issue, we are of the opinion that the terms of the Rights Issue, including the Subscription Price and the potential dilution effect, are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and that the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
Patrons Capital Limited
Kenny How
Managing Director

Mr. Kenny How is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Patrons Capital Limited to carry out type 1 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 20 years of experience in accounting and corporate finance in Hong Kong.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

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

- Annual report for the year ended 31 December 2025 (pages 63 to 162)
<https://www1.hkexnews.hk/listedco/listconews/gem/2026/0414/2026041400488.pdf>
- Annual report for the year ended 31 December 2024 (pages 64 to 166)
<https://www1.hkexnews.hk/listedco/listconews/gem/2025/0407/2025040701865.pdf>
- Annual report for the year ended 31 December 2023 (pages 65 to 142)
<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0429/2024042902390.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business of 31 March 2026, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following indebtedness:

	HK\$'000
Current liabilities	
Lease liabilities – unsecured and unguaranteed	1,155
Other Loans – unsecured and unguaranteed (note ii)	23,157
Bank Loans – secured and guaranteed (note i)	29,478
	<u>53,790</u>
Non-current liabilities	
Lease liabilities – unsecured and unguaranteed	1,768
Other Loans – unsecured and unguaranteed (note ii)	5,328
Bonds – unsecured and unguaranteed (note iii)	5,174
	<u>12,270</u>
	<u><u>66,060</u></u>

Notes:

- (i) The bank loans of the Group were secured by the Group's investment properties and guaranteed by China Information Technology Development Limited and an independent third party.
- (ii) Other Loans of approximately HK\$23,157,000 were unsecured, interest free and repayable within twelve months.

The remaining of other loans amounted to approximately HK\$5,328,000 were unsecured, interest-bearing at ranging from 13.8% to 15% per annum and repayable in 2028.

- (iii) The Company issued the zero coupon bonds at an aggregate principal amount of HK\$100 million with interest rate of 3.73% per annum on 12 July 2023 for a term of 30 years. Such bonds were unsecured. As the market response was modest after such bonds had been issued, such bonds were under-subscribed. Such bonds with a principal amount of HK\$24.75 million offered at a discount to face value of approximately 66.66% were subscribed by an independent third party. For further details, please refer to the inside information announcement of the Company dated 23 June 2023 in relation to proposed issue of bonds. The Group received approximately HK\$8,252,000 from such third party in respect of the aforesaid bond subscription. The initial fair value of the bonds was approximately HK\$4,426,000 as at 12 July 2023, which is amortised over 30 years. As at 31 March 2026, the fair value of the bonds was approximately HK\$5,174,000 which is determined with the bond yield of 5.91%.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal payables and accruals in the ordinary course of business, the Group did not have any outstanding debt securities, liabilities under acceptance, acceptance credit, hire purchase, mortgages or charges, bank overdrafts or loans, or other similar indebtedness, guarantees, material capital commitment or other material contingent liabilities outstanding as at the close of business on 31 March 2026.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the estimated net proceeds from the Right Issue, the Placing and the present financial resources, including internally generated funds and existing banking facilities, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular in the absence of unforeseeable circumstances.

As at the Latest Practicable Date, the Company has obtained a working capital sufficiency conformation letter from its auditor.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position 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.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in provision of system integration and related support services, provision of IT infrastructure solutions and maintenance services, rental of properties and securities trading.

For the year ended 31 December 2025, the Group recorded a revenue of approximately HK\$34,464,000, representing a decrease of approximately 16.9% from approximately HK\$41,485,000 for the last corresponding year. The decrease in revenue is mainly due to the dispute between the Group and the tenant regarding the investment properties in the PRC and revenue from the investment properties decreased of approximately HK\$5,364,000 (for further details, please refer to page III-12 of this circular).

The Group's loss attributable to owners of the Company was approximately HK\$99,459,000 for the calendar year of 2025. For the year ended 31 December 2025, the Group had total assets of approximately HK\$252,212,000 with cash and bank balances of approximately HK\$14,933,000. For the year ended 31 December 2025, the Group had total liabilities of approximately HK\$81,752,000 with total borrowings amounted to approximately HK\$60,906,000. The gearing ratio (calculated as total borrowings over total equity) of the Group was 0.36.

Shadowed by the increasing geopolitical complexity and the rapid technological advancement, the business environment remains challenging. Against this backdrop, the governments of Hong Kong and Mainland China continue to demonstrate strong commitment to fostering innovation, accelerating digital transformation, and supporting sustainable growth across the information technology sector.

Building on this momentum, the Group will continue to strengthen its technological capabilities and product offerings, ensuring that our services and products remain competitive and relevant to market needs. We will actively explore the integration of AI to enhance operational efficiency, optimize customer experiences, and deliver innovative applications that connect technology with everyday life.

To support these initiatives, the Group is constantly seeking ways to enhance its operational efficiency and the profitability of its business. The Group will also proactively explore new opportunities in Hong Kong and the PRC as well as new markets like UAE to expand its customer base and market share which will boost value to its shareholders. Meanwhile, the Group shall strive to resolve the dispute in relation to the property in PRC. The Group remains dedicated to preserving a healthy liquidity position while pursuing high-potential investments that reinforce its long-term goal for sustainable business growth.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE LIABILITIES

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Rules**”) to illustrate the effect of the Rights Issue on the audited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had been completed on 31 December 2025 and taking into account certain assumptions.

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

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025, as extracted from the Group’s audited consolidated statement of financial position as at 31 December 2025 included in the published annual report of the Company for the year ended 31 December 2025, and is adjusted for the effect of the Rights Issue described below.

Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 <i>HK\$’000</i> <i>(Note 1)</i>	Unaudited estimated net proceeds from the Rights Issue <i>HK\$’000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 immediately after completion of the Rights Issue <i>HK\$’000</i>	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 per share <i>HK\$</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 per share immediately after completion of the Rights Issue <i>HK\$</i> <i>(Note 4)</i>
Based on 57,369,580 Rights Shares to be issued at the Subscription Price of HK\$0.18 per Rights Share				
161,445	9,731	171,176	1.4071	0.9946

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2025 is extracted from the unaudited condensed consolidated statement of financial position of the Group as at 31 December 2025 set out in the published annual report of the Company, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company of approximately HK\$181,825,000, after deducting the goodwill and other intangible assets of approximately HK\$19,556,000 and HK\$824,000 respectively, as at 31 December 2025.
- (2) The estimated net proceeds from the Rights Issue of approximately HK\$9,731,000 are based on 57,369,850 Rights Shares to be issued at the subscription price of HK\$0.18 per Rights Share after deducting all necessary estimated expenses of approximately HK\$596,000 which are directly attributable to the Rights Issue, pursuant to the Rights Issue, assuming that the Rights Issue has been completed on 31 December 2025.
- (3) The calculation of audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 per share is determined based on the audited consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$161,445,000 divided by 114,739,700 Shares in issue as at 31 December 2025.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 per share immediately after the completion of the Rights Issue is arrived at based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 immediately after completion of the Rights Issue of approximately HK\$171,176,000 divided by 172,109,550 Shares which comprise of 114,739,700 Shares in issue as at 31 December 2025 and 57,369,850 Rights Shares to be issued assuming that the Rights Issue has been completed on 31 December 2025.
- (5) No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2025.

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

The following is the text of the independent reporting accountants' assurance report received from Prism Hong Kong Limited, Certified Public Accountants, Hong Kong, the 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.



We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Information Technology Development Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 December 2025 and related notes as set out in Part A of Appendix II of the circular issued by the Company dated 13 March 2026 (the “**Circular**”) in connection with the proposed rights issue of the Company (the “Unaudited Pro Forma Financial Information”) on the basis of one rights share for every two existing shares held on the record date on a non-underwritten basis (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 Part 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 Group's financial position as at 31 December 2025 as if the Rights Issue had taken place at 31 December 2025. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's consolidated financial statement for the year ended 31 December 2025, on which an auditor's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG7**”) 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.

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

Reporting Accountants' Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the GEM Rules and with reference to AG7 issued by the HKICPA.

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

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 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 in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

Opinion

In our opinion:

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

Prism Hong Kong Limited
Certified Public Accountants
Dai Tin Yau
Practising certificate number: P06318

Hong Kong, 13 May 2026

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The following sets out the authorised and issued share capital of the Company (i) as at the Latest Practicable Date and (ii) immediately following completion of the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under Rights Issue) are as follows:

(i) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>12,000,000,000</u>	Shares	<u>1,200,000,000</u>
<i>Issued and full-paid:</i>		
<u>114,739,700</u>	Shares in issue	<u>11,473,970.0</u>

(ii) Immediately following completion of the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under Rights Issue)

<i>Authorised:</i>		<i>HK\$</i>
<u>12,000,000,000</u>	Shares	<u>1,200,000,000</u>
<i>Issued and full-paid:</i>		<i>HK\$</i>
114,739,700	Shares in issue as at the Record Date	11,473,970.0
<u>57,369,850</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>5,736,985.0</u>
<u>172,109,550</u>	Shares in issue	<u>17,210,955.0</u>

As at the Latest Practicable Date, save for the Outstanding Share Options granted under the Share Option Schemes with details set out below, the Company had no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares. Details of the Outstanding Share Options are set out below:

2012 Share Option Scheme:

Name	Title	Exercise price (HK\$)	Date of Grant	Vesting period	Exercise Period	Number of Outstanding Share Options as at the date of this Circular
SUBSTANTIAL SHAREHOLDER						
Mr. Zhang	Substantial Shareholder	1.902	13 May 2021	N/A	13 May 2021 to 12 May 2031	29,626
	Sub-total:					29,626
DIRECTORS						
Mr. Wong	Executive Director, Chairman and Chief Executive Officer	1.216	16 June 2022	N/A	16 June 2022 to 15 June 2032	394,901
WONG Hoi Kuen	Independent non-executive Director	1.216	16 June 2022	N/A	16 June 2022 to 15 June 2032	39,145
FORMER DIRECTORS						
CHANG Ki Sum Clark (Retired on 28 June 2024)	Executive Director	1.902		N/A		307,860
		1.216	16 June 2022	N/A	13 May 2021 to 12 May 2031	84,046
CHEN Shengrong (Resigned on 17 November 2025)	Independent non-executive Director	1.216	16 June 2022	N/A	16 June 2022 to 15 June 2032	—
	Sub-total:					825,952

Name	Title	Exercise price (HK\$)	Date of Grant	Vesting period	Exercise Period	Number of Outstanding Share Options as at the date of this Circular
EMPLOYEES						
Batch A		1.902	13 May 2021	N/A	13 May 2021 to 12 May 2031	270,497
Batch B		1.902	13 May 2021	N/A	13 May 2021 to 12 May 2031	141,694
Batch C		1.902	13 May 2021	N/A	13 May 2021 to 12 May 2031	1,434,963
Batch D		1.216	16 June 2022	N/A	16 June 2022 to 15 June 2032	132,401
Batch E		1.216	16 June 2022	N/A	16 June 2022 to 15 June 2032	414,474
Batch F		1.216	16 June 2022	N/A	16 June 2022 to 15 June 2032	394,901
	Sub-total:					2,788,930
CONSULTANTS						
WEI Qi	AI consultant	1.902	13 May 2021	N/A	13 May 2021 to 12 May 2031	273,081
WEI Guokang	Data center construction consultant	1.902	13 May 2021	N/A	13 May 2021 to 12 May 2031	273,081
HUANG Jiehuan	Consultant (Algorithm)	1.216	16 June 2022	N/A	16 June 2022 to 15 June 2032	115,132
	Sub-total:					661,294
	TOTAL:					4,305,802

2023 Share Option Scheme

Name	Title	Exercise price (HK\$)	Date of Grant	Vesting period	Exercise Period	Number of Outstanding Share Options as at the date of this Circular
DIRECTORS						
Mr. Wong	Executive Director, Chairman and Chief Executive Officer	2.970	10 August 2023	10 August 2024	10 August 2024 – 9 August 2033	313,212
Mr. LI Sai Wing, MH, JP	Non-executive Director	2.970	10 August 2023	10 August 2024	10 August 2024 – 9 August 2033	230,303
FORMER DIRECTOR CHANG Ki Sum Clark (Retired on 28 June 2024)	Executive Director	2.970	10 August 2023	10 August 2024	10 August 2024 – 9 August 2033	315,515
EMPLOYEES						
Batch A		2.970	10 August 2023	10 August 2024	10 August 2024 – 9 August 2033	161,212
Batch B		2.970	10 August 2023	10 August 2024	10 August 2024 – 9 August 2033	704,727
	Sub-total:					865,939
	TOTAL:					1,724,969

Save as disclosed above, as at the Latest Practicable Date, no share or loan capital of the Company or any members of the Group had been put under option or agreed conditionally or unconditionally to be put under option.

All the issued Shares rank pari passu with each other in all respects, including the rights as to voting, dividends and return of capital. The Rights Shares, when allotted, issued and fully paid, will rank pari passu with the Shares then in issue in all respects. Holders of the 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 and issue of the Rights Shares in their fully-paid form. As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, the Company did not have any treasury shares.

The issued Shares are listed on the Stock Exchange. No part of the equity and debt securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any stock exchanges 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. Accordingly, there are no dealing and settlement arrangements for the securities of the Company between the Stock Exchange and any other stock exchange.

3. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and the Company's associated corporations

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 SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to sections 324 and 347 of the SFO or the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares and the underlying Shares

Name of Director	Capacity	Nature of Interest		Percentage of the Company's issued share capital (approximately) (Note a)
		Registered Shareholder	Underlying Interest	
Executive Director				
WONG King Shiu, Daniel	Beneficial owner	669,550	–	0.58%
		–	708,113 (Note b)	0.62%
Non-Executive Director				
LI Sai Wing, MH, JP	Beneficial owner	–	230,303 (Note c)	0.20%
Independent Non-Executive Director				
WONG Hoi Kuen	Beneficial owner	–	39,145 (Note d)	0.03%

Notes:

- (a) The percentage is calculated based on the total number of ordinary shares of the Company in issue as at the date of this circular, which was 114,739,700 Shares.
- (b) Mr. Wong King Shiu, Daniel was granted a total of 3,430,000 share options (prior to consolidation of the shares of the Company on the basis of 10 existing shares into 1 consolidated share and completion of rights issue on the basis of three rights shares for every eight existing shares on 8 October 2025).
- (c) Mr. Li Sai Wing, MH, JP was granted 200,000 share options (prior to completion of rights issue on the basis of three rights shares for every eight existing shares on 8 October 2025).
- (d) Mr. Wong Hoi Kuen was granted 340,000 share options (prior to consolidation of the shares of the Company on the basis of 10 existing shares into 1 consolidated share and completion of rights issue on the basis of three rights shares for every eight existing shares on 8 October 2025)

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to sections 324 and 347 of the SFO or the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders' interests and short positions in the Shares, underlying Shares and debentures of the Company

So far as known to the Directors, as at the Latest Practicable Date, the following persons (other than the Directors and chief executive of the Company) had or were taken or deemed to have interests or short positions in the Shares, underlying Shares or debentures of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in the Shares and the underlying Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares/ underlying Shares held	Approximate percentage of shareholding (Note a)
Mr. Zhang	Beneficial owner	16,981,499 <i>(Registered shareholder)</i>	14.80%
		29,629 <i>(underlying interest) (Note b)</i>	0.03%
	Through controlled corporation	3,218,800 <i>(Registered shareholder) (Note c)</i>	2.81%
JStage Technology Limited	Beneficial owner	11,500,000 <i>(Registered shareholder) (Note d)</i>	10.02%

Notes:

- (a) The percentage is calculated based on the total number of ordinary shares of the Company in issue as at the date of this circular, which was 114,739,700.
- (b) Mr. Zhang was granted 230,000 share options (prior to consolidation of the shares of the Company on the basis of 10 existing shares into 1 consolidated share and completion of rights issue on the basis of three rights shares for every eight existing shares on 8 October 2025).
- (c) The 3,218,800 Shares are held by Corporate Advisory Limited ("Corporate Advisory"), which is wholly-owned by Mr. Zhang. Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Zhang is deemed to have an interest in all shares in which Corporate Advisory has, or deemed to have an interest.
- (d) The 11,500,000 Shares are held by JStage Technology, which is owned by Mr. Ngan Chiu Fai and Ms. Shih Mei Ling as to 30% and 70% (as at the date of this circular) respectively. Pursuant to Part XV of the SFO, Mr. Ngan Chiu Fai and Ms. Shih Mei Ling are deemed to be interested in all Shares in which JStage Technology has, or is deemed to have, an interest under the SFO.

Save as disclosed above and so far as is known to the Directors, as at the Latest Practicable Date, no person (other than the Directors or chief executive of the Company) had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DISCLOSURE OF OTHER INTERESTS

(a) Directors' service contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

(b) Competing interests

The Director had an interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business that need to be disclosed pursuant to the GEM Listing Rules were as follows:

Name of Director	Name of Company	Nature of Business	Nature of interest
So Han Meng Julian	China e-Wallet Payment Group Limited (delisted on 16 March 2026)	IT Business	Executive director

As the Board is independent to the board of the above mentioned company, the Group is capable of carrying on its business independently of and at arm's length, from the business of this company.

Save as disclosed above, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

(c) Directors' interests in contracts and assets

As at the Latest Practicable Date, (1) there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group; and (2) none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2025 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

5. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Cricket Square Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business	Unit 3308, 33/F. Millennium City 392 Kwun Tong Road Kwun Tong, Hong Kong
Legal advisers to the Company in relation to the Rights Issue	<i>As to Hong Kong law:</i> Bird & Bird 6/F, The Annex, Central Plaza 18 Harbour Road Wanchai, Hong Kong <i>As to PRC law:</i> AllBright Law Offices (Fuzhou) 37/F, International Financial Center No.1 Wanglong 2nd Avenue Taijiang District Fuzhou, 350005 PRC <i>As to BVI law:</i> Ogier Floor 11 Central Tower 28 Queen's Road Central Central, Hong Kong
Auditor and reporting accountants	Prism Hong Kong Limited Certified Public Accountants Registered Public Interest Entity Auditor Units 1903-1905, 19/F 8 Observatory Road Tsim Sha Tsui Hong Kong

Principal bankers	The Hongkong and Shanghai Banking Corporation Limited China Insurance Group Building, 141 Des Voeux Road Central, Sheung Wan, Hong Kong
	Public Bank (Hong Kong) Limited Public Bank Centre, 120 Des Voeux Road Central, Central, Hong Kong
	DBS Bank (Hong Kong) Limited G/F, The Center 99 Queen's Road Central Central, Hong Kong
Principal share registrar and transfer office in the Cayman Islands	Suntera (Cayman) Limited Suite 3204, Unit 2A Block 3, Building D P.O. Box 1586 Gardenia Court Camana Bay Grand Cayman KY1-1100 Cayman Islands
Branch share registrar and transfer office in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Authorised representatives	Mr. Wong King Shiu, Daniel Unit 3308, 33/F., Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong
	Ms. Lam Mei Wai Michelle Unit 3308, 33/F., Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong
Company secretary	Ms. Lam Mei Wai Michelle
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Patrons Capital Limited Unit 3214, 32/F, Cosco Tower, 183 Queen's road Central, Sheung Wan, Hong Kong

6. MATERIAL CONTRACTS

Save for the following, there was no material contract (not being contracts entered into in the ordinary course of business) which had been entered into by the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the Placing Agreement;
- (ii) the sale and purchase agreement dated 29 December 2025 entered into between Ms. Sin Ka Ka and the Company, pursuant to which the Company has agreed to sell, and Ms. Sin Ka Ka has agreed to purchase, 1 share with a par value of US\$1.00 (representing 100% of the issued share capital) in Rosy Depot Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company, together with the inter-company loans advanced by the Company to Rosy Depot Limited (the “**Disposal**”). For further details, please refer to the announcement of the Company dated 29 December 2025 in relation to the Disposal;
- (iii) the placing agreement dated 19 November 2025 entered into between the Company and Glory Sun Securities Limited in respect of the placing, on a best efforts basis, of up to 14,000,000 new Shares. For further details, please refer to the announcement of the Company dated 19 November 2025;
- (iv) the sale and purchase agreement dated 19 June 2025 entered into between Guangzhou Xinfeng Investment Consultancy Company Limited* (廣州信豐投資諮詢有限公司) and Guangdong Xinjingsheng Industrial Investment Co., Ltd.* (廣東新景晟產業投資有限公司) (the “**Vendor**”) in relation to the disposal of all buildings erected on the piece of land known as No. 123, Lu Jing Road, Tianhe District, Guangzhou City (廣州市天河區麓景路123號) (the “**Property**”) by the Vendor at the consideration of RMB150,000,000, such agreement was terminated on 30 July 2025, for details, please refer to the announcement of the Company dated 30 July 2025 in relation to the termination of major transaction in respect of the disposal of the Property;
- (v) the underwriting agreement dated 13 August 2025 entered into between the Company and the RaffAello Securities (HK) Limited in relation to the underwriting arrangement of the Previous Rights Issue; and
- (vi) the subscription agreement dated 7 November 2024 entered into between the Company and A M K M INVESTMENTS L.L.C. in relation to the subscription of 12,353,000 new shares of the Company by A M K M INVESTMENTS L.L.C. under the general mandate pursuant to the subscription agreement (the “**Subscription**”) at the subscription price of HK\$6.31 per subscription share, the Subscription contemplated under such agreement was not proceeded, for details, please refer to the announcement of the Company dated 12 August 2025 in relation to the update on subscription of new shares under general mandate.

7. EXPERTS AND CONSENTS

The following is the qualification of the expert who has given opinions or advice which are contained in this circular.

Name	Qualification
Prism Hong Kong Limited	Certified Public Accountants Registered Public Interest Entity Auditor
Patrons Capital Limited	a licensed corporation carrying out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, each of the above expert have given, and has not withdrawn, its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the above expert did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above expert did not have any direct or indirect interest in any asset which had been, since 31 December 2025 (being the date on which the latest published audited financial statements of the Group were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any members of the Group.

8. CLAIMS AND LITIGATION

Guangzhou Xinfeng Investment Consultancy Company Limited* (廣州信豐投資諮詢有限公司) (“**Xinfeng**”), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company holds the property situated at Zhuangshi Building, No. 123, Lu Jing Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC (the “**Property**”).

The Property is currently leased by the Vendor to Guangzhou City Jiayi Seniors Care Co. Ltd.* (廣州市嘉怡頤養院有限公司) (“**Guangzhou Jiayi**”), a company established under PRC laws with limited liability and an Independent Third Party, for a lease term from 5 March 2021 to 4 March 2041. Guangzhou Jiayi started to default on the lease payment since August 2024. Xinfeng has filed a lawsuit against Guangzhou Jiayi with the Guangzhou Yuexiu District People’s Court* (廣州市越秀區人民法院) on 22 January 2025 to terminate the tenancy agreement and reclaim the outstanding rent of approximately RMB8.34 million and the leased premises. The date for the hearing of the lawsuit is to be confirmed and the leased premises is still occupied by Guangzhou Jiayi as at the date of this circular.

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

9. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Executive Directors:

Mr. WONG King Shiu, Daniel (“Mr. Daniel Wong”), aged 66, has been appointed as the chairman of the Board and chief executive officer of the Company with effect from 25 November 2019. He was the authorised representative and the process agent of the Company from 12 November 2020 to 31 March 2021. He has been appointed as the authorized representative of the Company again on 28 June 2024. He has over 13 years of experience in natural resources industry and served as an executive director in a various natural resources company which is listed in Hong Kong. He also has extensive experience in the management and development of natural resources projects in China. Mr. Daniel Wong joined the Group on 16 August 2017.

Mr. CHU Joshua Allen Kiu Wah (“Mr. Joshua Chu”), aged 39, has been appointed as executive Director with effective from 28 June 2024, He is a qualified lawyer and law lecturer in Hong Kong. In addition to his legal role, Mr. Joshua Chu is currently serving as Senior Consultant with Prosynergy. He is also serving as Senior Consultant, Legal Affairs and Strategic Growth of NewGenIVF Group (Nasdaq: NIVF) from 26 December 2025. Aside from his professional roles, Mr. Joshua Chu also serves as the current Co-Chair of the Hong Kong Web3 Association, legal advisor for Women in Web3 Hong Kong and director at Corporate Counsel Hong Kong Association. Mr. Joshua Chu graduated from the University of Texas at Dallas, USA, with a Bachelor of Science degree in Business Administration and Management in May 2009 and a Master of Science degree in Healthcare Management, Business Administration and Management in May 2010. Subsequently, Mr. Joshua Chu obtained his Juris Doctor degree (Distinction) and Postgraduate Certificate in Laws from the City University of Hong Kong in October 2014 and July 2015, respectively. Mr. Joshua Chu was officially admitted as a qualified solicitor in Hong Kong since March 2018 and is a member of the Law Society of Hong Kong.

Mr. SO Han Meng Julian, aged 54, has been appointed as executive Director with effective from 1 November 2024. Mr. So obtained his degree of Bachelor of Laws from The National University of Singapore. Mr. So is qualified as a solicitor in Singapore, England and Wales and Hong Kong. He possesses ample experiences in the financial industry, specialising in banking, structured finance, securitisation and derivatives. He is currently Regulatory Consultant of Prosynergy Consulting Limited, a Hong Kong boutique consulting firm that acts as the trusted advisor of financial institutions, fintechs and other companies. He is also Group Chief Executive Officer of Invezz Inc., a decentralized financial institution with a vision to build an investment bank, an asset management company and an exchange using decentralisation technologies. He is an executive director of China e-Wallet Payment Group Limited, (a company delisted on the Stock Exchange (Stock Code: 0802) on 16 March 2026) since 28 October 2025. Mr. So was the Chief Advisor to the Board of the Company from October 2023 to October 2024. He was also the Non Executive Vice Chairman of Marvion Inc, the issued shares of which are traded over the counter (OTC) (Ticker: MVNC) from August 2021 to September 2024. He was the Group Chief Executive Officer of XBE from July 2021 to September 2024. He had also worked in various prestigious international law firms in Singapore and Hong Kong.

Non-executive Directors:

Mr. LI Sai Wing, MH, JP, aged 42, has been appointed as non-executive Director with effect from 26 October 2022. Mr. Li has obtained his bachelor degree of administrative management from Jinan University and master degree of public administration from Sun Yat-Sen University. Currently, he is the Vice Chairman of Qingyuan Overseas Association and Federation of New Territories Youth respectively, an executive committee member of Democratic Alliance for the Betterment and Progress of Hong Kong and Hong Kong Volunteers Federation. Mr. Li is a Hong Kong Committee Member of Guangzhou Panyu District CPPCC Committee. He is also the Vice Chairman of New Territories Association of Societies. He was a district council member of Shatin District from 2012 to 2019. He was a member of the Legislative Council (New Territories South East) of Hong Kong from 2021 to 2025. He was the PR Project Supervisor of A-World Consulting Limited.

Ms. LEUNG Kar Ming, MH, aged 47, has been appointed as non-executive Director with effect from 1 August 2024. She had studied for Bachelor of Business Administration (service operation management) in City University of Hong Kong. Currently, Ms. Leung is a District Council member (Kwai Tsing District) and member of the Sixth Election Committee of the Hong Kong Special Administrative Region. She is also a Hong Kong and Macau member of the 13th Zhongshan Municipal Committee of the Chinese People's Political Consultative Conference. She is also a deputy officer of Administration and Human Resources Department of Hong Kong Ming Wah Shipping Co., Ltd..

Independent Non-executive Directors:

Mr. WONG Hoi Kuen (“Mr. Edmund Wong”), aged 65, is the chairman of the audit committee (“**Audit Committee**”), the remuneration committee (“**Remuneration Committee**”) and nomination committee (“**Nomination Committee**”) of the Company. He is a practising certified public accountant in Hong Kong and a chartered accountant in the United Kingdom. He is a fellow member of The Hong Kong Institute of Certified Public Accountants, The Association of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales. Mr. Edmund Wong joined the Group on 16 August 2017. Mr. Edmund Wong was an independent non-executive director, members of audit committee and nomination committee of Elife Holdings Limited (Stock Code: 223) from 9 May 2011 to 30 September 2024. Mr. Edmund Wong was also the company secretary of China Infrastructure Investment Limited since 1 August 2023, the listing of securities of which were cancelled on the Main Board of the Stock Exchange on 15 November 2024.

Mr. CHU Wun Chiu, aged 31, has been appointed as independent non-executive Director with effect from 1 August 2024. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. Mr. Chu has obtained his Bachelor degree in International Politics from Jinan University. He has been a District Council member (Sha Tin East) of Hong Kong and a Hong Kong and Macau member of Shantou City, Haojiang District of CPPCC since January 2024. He has also been a project approval group member of Environment and Conservation Fund in Hong Kong since January 2023 and a member of Young Democratic Alliance for the Betterment and Progress of Hong Kong since July 2021.

Ms. Do Do CHAN, aged 49, has been appointed as independent non-executive Director with effect from 17 November 2025. She is a member of the Audit Committee, Nomination Committee and Remuneration Committee. She is a solicitor in Hong Kong and Barrister and Solicitor in Australia. She is also a Chartered Engineer in United Kingdom and Hong Kong. Ms. Chan graduated from the University of Hong Kong with a Bachelor of Bachelor of Engineering. She obtained the Postgraduate Certificate in Laws from University of Hong Kong and Graduate Diploma in Legal Practice in The Australian National University. She also obtained Juris Doctor in The Australian National University. She is currently the Associate Legal Director, Head of the Legal & Compliance Department at Emperor International Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 163) and also serves in Environment, Social and Governance Committee for Legal & Compliance Department in Emperor Group, where she leverages her expertise as an experienced lawyer and director level professional.

Senior Management:

Ms. LAM Mei Wai Michelle, is the company secretary and one of the authorised representatives of the Company with effect from 31 March 2021. She holds a Bachelor of Arts from The University of Hong Kong and a Master of Science in Professional Accounting and Corporate Governance from City University of Hong Kong. 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. Lam is currently the President of Oakwood Services Limited and has more than 10 years of experience in company secretarial field. She also serves as the company secretary of Success Dragon International Holdings Limited (stock code: 1182), a company listed on the Main Board of the Stock Exchange.

Audit Committee

As at the Latest Practicable Date, the Audit Committee comprised all the independent non-executive Directors, namely Mr. Edmund Wong, Mr. Chu Wun Chiu and Ms. Do Do Chan.

The role and functions of the Audit Committee include but not limited to supervising the financial reporting procedure and reviewing the consolidated financial statements of the Group, overseeing the Company's financial reporting system risk management and internal control systems adopted by the Group and reviewing the relevant work of the Group's external auditor.

10. RESTRICTION AFFECTING REMITTANCE OF PROFIT AND CAPITAL

The Group generates and receives revenue from the PRC businesses in RMB, which is currently not a freely convertible currency. The PRC government imposes control on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Under the existing PRC foreign exchange regulations, the foreign exchange disbursements under current accounts (including payment of dividends, trade and service-related foreign exchange) can be paid with self-owned foreign exchange or foreign exchange bought from designated financial institutions for foreign exchange operations without prior approval from PRC foreign exchange administrative department by complying with certain procedural requirements. However, for the foreign exchange disbursements under capital account (such as the repayment of foreign debts and foreign investments), which are required to be registered with or approved by the competent bank or governmental authority according to applicable PRC laws and regulations, such registration or approval shall be obtained before paying the foreign exchange disbursements with self-owned foreign exchange or foreign exchange bought from designated financial institutions for foreign exchange operations.

Save as disclosed above, the Directors are not aware of any other restriction affecting the remittance of profits or repatriation of capital of the Group into Hong Kong from outside Hong Kong.

11. EXPENSES

The expenses in connection with the Rights Issue, including the placing commission, printing, registration, translation, legal, financial advisory, accounting and other professional fees and related expenses, are estimated to be approximately HK\$0.93 million, subject to final subscription.

12. MISCELLANEOUS

- (a) There are no contracts for the hire or hire purchase of plant to or by the Group for a period of over one year which are substantial in relation to the Group's business.
- (b) As the Group carried out a major portion of its operations in the PRC and Hong Kong and substantially all of its business transactions, assets and liabilities are denominated in either Renminbi or HK\$, the foreign exchange risk of the Group was considered minimal.
- (c) The principal place of business in Hong Kong is Unit 3308, 33/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong.

13. DOCUMENTS ON DISPLAY

The following documents are available on the website of Stock Exchange at www.hkexnews.hk and the website of the Company at www.citd.com.hk for a period of 14 days from the date of this circular:

- (i) the annual reports of the Company for the year ended 31 December 2023, 31 December 2024 and 31 December 2025;

- (ii) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 40 to 41 of this circular;
- (iii) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-31 of this circular;
- (iv) the accountants' report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;
- (v) the material contracts referred to in the section headed "**6. Material Contracts**" of this Appendix; and
- (vi) the written consent referred to in the section headed "**7. Experts and Consents**" of this Appendix.

14. LANGUAGE

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

* *For identification purpose only.*

NOTICE OF EXTRAORDINARY GENERAL MEETING



中國信息科技發展有限公司

CHINA INFORMATION TECHNOLOGY DEVELOPMENT LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 08178)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of China Information Technology Development Limited (the “**Company**”) will be held at Unit 3308, 33/F., Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong on Thursday, 28 May 2026 at 3:30 p.m. for the purpose of considering, and if thought fit, with or without amendments or modifications, passing the following resolutions as ordinary resolutions of the Company. Words and expressions that are not expressly defined in this notice of EGM shall bear the same meaning as those defined in the circular of the Company dated 13 May 2026 (the “**Circular**”).

ORDINARY RESOLUTIONS

“THAT

1. subject to the satisfaction of the conditions set out in the Letter from the Board under the heading “Conditions of the Rights Issue” in the Circular:
 - (a) the allotment and issue of up to 57,369,850 rights shares (the “**Rights Shares**”) in the share capital of the Company pursuant to an offer by way of rights issue (the “**Rights Issue**”) to the Shareholders of the Company (the “**Shareholders**”) at the subscription price of HK\$0.18 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held by the Shareholders whose names appeared on the register of members of the Company on Wednesday, 10 June 2026 (the “**Record Date**”) as described in further details in the Circular (a copy of which marked “A” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification) and on and subject to such terms and conditions as may be determined by the directors (the “**Director(s)**”) of the Company, be and is hereby approved, confirmed and ratified;
 - (b) to the extent that the Rights Issue is not fully subscribed, the allotment and issue of any Unsubscribed Rights Shares and NQS Unsold Rights Shares (being part of the Rights Shares authorised under paragraph (a) above) to independent Placees through the Placing on a best effort basis pursuant to the Placing Agreement, be and is hereby also approved, confirmed and ratified; and
 - (c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents as he/she/they consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Rights Issue and the transactions contemplated thereunder;

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. subject to the passing of resolution 1 as set out above and the satisfaction of the conditions set out in the Letter from the Board under the heading “The Placing Agreement” in the Circular:
 - (a) the placing agreement dated 21 April 2026 entered into between the Company and Cheong Lee Securities Limited (the “**Placing Agreement**”) (a copy of the Placing Agreement marked “B” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification), in relation to the placing of the Rights Shares not subscribed by the Shareholder(s) or renouncee(s) or transferee(s) of Nil-paid Rights under the PAL(s) at the placing price of HK\$0.18 per Placing Share on a best effort basis, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
 - (b) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents as he/she/they consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Placing Agreement and the transactions contemplated thereunder.”

By Order of the Board of
China Information Technology Development Limited
Wong King Shiu, Daniel
Chairman and Chief Executive Officer

Hong Kong, 13 May 2026

Registered office:

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:

Unit 3308, 33/F.
Millennium City 6
392 Kwun Tong Road
Kwun Tong, Hong Kong

Notes:

1. The register of members of the Company will be closed from Thursday, 21 May 2026 to Thursday, 28 May 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 20 May 2026.
2. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM 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.
3. A form of proxy for use of the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish, and, in such event, the form of proxy shall be deemed to be revoked.

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. In order to be valid, the form of proxy, together with a 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 Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
5. In the case of joint holders of Shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such Shares as if he was solely entitled thereto, but if more than one such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
6. Pursuant to Rule 17.47(4) of the GEM Listing Rules, voting for the resolution set out in this notice will be taken by poll at the above meeting.

As at the date of this notice, the Board comprises Mr. Wong King Shiu, Daniel (Chairman and Chief Executive Officer), Mr. Chu Joshua Allen Kiu Wah and Mr. So Han Meng Julian as executive Directors; Mr. Li Sai Wing, MH, JP and Ms. Leung Kar Ming, MH, as non-executive Directors and Mr. Wong Hoi Kuen, Mr. Chu Wun Chiu and Ms. Dodo Chan as independent non-executive Directors.