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If you have sold or transferred all your shares in Sinofortune Financial Holdings Limited, you should immediately hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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



華億金控集團有限公司

SINOFORTUNE FINANCIAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 08123)

**CONNECTED TRANSACTION IN RELATION TO
ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE
FOR DEBT CAPITALISATION;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



Ignite Capital

Ignite Capital (Asia Pacific) Limited

Capitalised terms used on this cover page shall have the same meanings as defined in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 5 to 18 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 19 to 20 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 48 of this circular. A notice convening the EGM to be held at 16/F, CMA Building, 64-66 Connaught Road Central, Hong Kong on Monday, 10 August 2026 at 11:00 a.m. or any adjournment thereof is set out on pages 55 to 57 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are advised to read the notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, being not less than 48 hours (i.e. Saturday, 8 August 2026 at 11:00 a.m.) before the time appointed for holding 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 should you so wish.

20 July 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, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associates”	has the meaning ascribed to it under the Takeovers Code or the GEM Listing Rules (as the case may be)
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday, public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Capitalisation Issue Price”	HK\$0.1 per Capitalisation Share
“Capitalisation Share(s)”	an aggregate of 215,499,000 Shares to be issued and allotted by the Company to Mr. Wang pursuant to the Subscription Agreement
“Company”	Sinofortune Financial Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM of the Stock Exchange (Stock Code: 8123)
“Composite Document”	subject to completion of the Subscription Agreement, the composite offer and response document to be jointly despatched by Mr. Wang and the Company in accordance with the Takeovers Code, containing, among other things, details of the offer, the form of acceptance and transfer of Shares in respect of the offer and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser in respect of the offer
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules

DEFINITIONS

“Debt Capitalisation”	the capitalisation of all of the outstanding shareholder’s loans owing by the Company to Mr. Wang pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 16/F, CMA Building, 64-66 Connaught Road Central, Hong Kong on Monday, 10 August 2026 at 11:00 a.m., or any adjournment thereof, to consider and, if thought fit, approve the Subscription Agreement and the respective transactions contemplated thereunder including the Specific Mandate
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any of delegate of such Executive Director
“Existing Businesses”	trading of motor vehicles, provision of agency services and accessories sourcing, and provision of digital marketing services
“Extreme Conditions”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM issued by the Stock Exchange, as amended or supplemented from time to time
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the Independent Board Committee established by the Board comprising all the independent non-executive Directors, for the purpose of making recommendation to the Independent Shareholders in respect of the Subscription Agreement, the Specific Mandate and the respective transactions contemplated thereunder
“Independent Financial Adviser”	Ignite Capital (Asia Pacific) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Debt Capitalisation
“Independent Shareholder(s)”	for the purpose of the Debt Capitalisation, the Shareholders other than Mr. Wang and his concert parties and those who are involved in, and/or interested in, the Subscription Agreement and the Specific Mandate and the respective transactions contemplated thereunder
“Independent Third Party(ies)”	a third party(ies) independent of the Company and its connected persons
“Joint Announcement”	the announcement jointly published by the Company and Mr. Wang dated 23 June 2026
“Last Trading Day”	15 June 2026, being the last trading day of the Shares on the Stock Exchange before the entering into of the Subscription Agreement
“Latest Practicable Date”	14 July 2026, being the latest practicable date before the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	has the same meaning ascribed to GEM Listing Committee under the GEM Listing Rules
“Mr. Wang”	Mr. Wang Jiawei, an executive Director and a Substantial Shareholder who is interested in approximately 27.4% of the issued share capital of the Company as at the Latest Practicable Date. Mr. Wang is the subscriber under the Subscription Agreement

DEFINITIONS

“Ms. Lai”	Ms. Lai Yuk Mui, an executive Director who is interested in approximately 0.04% of the issued share capital of the Company as at the Latest Practicable Date. Ms. Lai is presumed to be acting in concert with Mr. Wang under class (6) of the presumptions of acting in concert
“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
“Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM for the allotment and issue of the Capitalisation Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the agreement dated 15 June 2026 entered into between the Company and Mr. Wang in respect of the Debt Capitalisation
“Substantial Shareholder(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended or supplemented from time to time
“%”	per cent

LETTER FROM THE BOARD



華億金控集團有限公司
SINOFORTUNE FINANCIAL HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 08123)

Executive Directors:

Mr. Wang Jiawei

(Chairman and Chief Executive Officer)

Ms. Lai Yuk Mui

Independent Non-executive Directors:

Professor Zhang Benzhen

Mr. Li Jianxing

Professor Chen Shu Wen

Mr. Lee Kwun Kwan

Registered Office:

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Head Office and Principal Place
of Business:*

16th Floor

CMA Building

64-66 Connaught Road Central

Hong Kong

20 July 2026

To the Shareholders,

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO
ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE
FOR DEBT CAPITALISATION;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Joint Announcement of the Company dated 23 June 2026 in relation to, among others, the proposed issue of new Shares under Specific Mandate for the Debt Capitalisation.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information regarding, among other things, (i) details of the Debt Capitalisation and the Specific Mandate; (ii) a letter of recommendations from the Independent Board Committee in respect of the Debt Capitalisation and the Specific Mandate; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Debt Capitalisation and the Specific Mandate; (iv) other information required under the GEM Listing Rules; and (v) a notice convening the EGM.

THE DEBT CAPITALISATION

On 15 June 2026 (after trading hours), the Company and Mr. Wang entered into the Subscription Agreement, pursuant to which, the Company has conditionally agreed to allot and issue, and Mr. Wang has conditionally agreed to subscribe for, 215,499,000 Capitalisation Shares at the Capitalisation Issue Price of HK\$0.1 per Capitalisation Share.

The subscription price in the amount of HK\$21,549,900 payable by Mr. Wang under the Subscription Agreement shall be satisfied by setting off against all of the shareholder's loan owing by the Company to Mr. Wang on a dollar-to-dollar basis.

The Subscription Agreement

Date

15 June 2026

Parties

- (i) The Company, as issuer; and
- (ii) Mr. Wang, as subscriber.

As at the Latest Practicable Date, Mr. Wang is interested in 35,389,932 Shares, representing approximately 27.40% of the total issued share capital of the Company. Ms. Chen Dongjin, the mother of Mr. Wang, is interested in 2,418,610 Shares, representing approximately 1.87% of the total issued share capital of the Company.

Ms. Lai, an executive Director who is presumed to be acting in concert with Mr. Wang under class (6) of the presumptions of acting in concert, is interested in 46,335 Shares, representing approximately 0.04% of the total issued share capital of the Company. In aggregate, Mr. Wang and parties acting in concert with him are interested in 37,854,877 Shares, representing approximately 29.31% of the total issued share capital of the Company. Mr. Wang is a Substantial Shareholder and an executive Director. As such, Mr. Wang is a connected person of the Company.

LETTER FROM THE BOARD

Subject matter

As at the Latest Practicable Date, the aggregate amount owing by the Company to Mr. Wang was approximately HK\$21.5 million, comprising (i) interest-free loans of HK\$4.5 million in aggregate under several loan agreements which are repayable on demand and (ii) interest-free loans of approximately RMB14.8 million in aggregate (equivalent to approximately HK\$17.0 million) under several loan agreements with a term of one year each, details of which are set out below.

Loan	Grant date	Principal amount	Maturity date	Interest rate	Security	Intended use of proceeds	Status of utilization	Expected timeline for the utilization of such proceeds
1	31 October 2025	HK\$2,000,000	Repayable on demand	Interest-free	N/A	Staff costs and rental expenses	Fully utilized	N/A
2	30 December 2025	HK\$1,000,000	Repayable on demand	Interest-free	N/A	Staff costs and rental expenses	Fully utilized	N/A
3	30 January 2026	HK\$1,000,000	Repayable on demand	Interest-free	N/A	Staff costs and rental expenses	Fully utilized	N/A
4	2 March 2026	HK\$500,000	Repayable on demand	Interest-free	N/A	Staff costs and rental expenses	Not yet utilized	July 2026
Sub-total		HK\$4,500,000						
5	16 January 2026	RMB10,000,000	Repayable within one year	Interest-free	N/A	General corporate purposes and working capital needs	Fully utilized	N/A
6	16 March 2026	RMB500,000	Repayable within one year	Interest-free	N/A	General corporate purposes and working capital needs	Fully utilized	N/A
7	1 June 2026	RMB4,326,000	Repayable within one year	Interest-free	N/A	General corporate purposes and working capital needs	Not yet utilized	September 2026
Sub-total		RMB14,826,000 (equivalent to approximately HK\$17,049,000)						
Total		HK\$21,549,000						

As at the Latest Practicable Date, the principal amount of loan 4 and loan 7 remained unutilized. The Company decided to include these unutilized loans in the Debt Capitalisation as the proceeds were intended to meet the Group's urgent working capital needs, including general administrative and operating expenses such as rent and staff salaries of the Hong Kong head office, as well as potential settlement of balance payments to suppliers for the vehicle trading business in the PRC. By capitalising these unutilized balances, the Company eliminates the overhang of potential future repayment obligations and preserves the existing cash on hand for operational flexibility.

LETTER FROM THE BOARD

Pursuant to the Subscription Agreement, the Company will allot and issue, and Mr. Wang will subscribe for, 215,499,000 Capitalisation Shares at the Capitalisation Issue Price, which will be set-off against the entire amount of the outstanding shareholder's loans owing by the Company to Mr. Wang of approximately HK\$21.5 million in aggregate on a dollar-to-dollar basis by execution of a deed of set-off upon completion of the Subscription Agreement. Following completion of the Subscription Agreement, there will be no outstanding loan owing by the Company to Mr. Wang.

Capitalisation Shares

An aggregate of 215,499,000 Capitalisation Shares will be allotted and issued, credited as fully paid, by the Company to Mr. Wang under the Debt Capitalisation. Assuming there will be no issue of other new Shares from the Latest Practicable Date and up to the date of completion of the Subscription Agreement, the Capitalisation Shares represent (i) approximately 166.9 % of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 62.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalisation Shares.

Capitalisation Issue Price

The Capitalisation Issue Price of HK\$0.1 per Capitalisation Share represents:

- (i) a discount of approximately 29.1% to the closing price of HK\$0.141 per Share as quoted on the Stock Exchange on 15 June 2026, being the Last Trading Day;
- (ii) a discount of approximately 32.9% to the average closing price of approximately HK\$0.149 per Share based on the daily closing prices as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 18.7% to the average closing price of approximately HK\$0.123 per Share based on the daily closing prices as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 39.4% to the average closing price of approximately HK\$0.165 per Share based on the daily closing prices as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (v) a premium of approximately 1150% over the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.008 per Share as at 31 December 2025, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$1.0 million as at 31 December 2025 by 129,149,302 Shares in issue as at the Latest Practicable Date;
- (vi) a discount of approximately 32.7% to the benchmarked price of HK\$0.1486 per Share (as defined under Rule 10.44A of the GEM Listing Rules), taking into account the higher of (i) the closing price of HK\$0.141 per Share on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.1486 per Share;
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 20.5% of the theoretical diluted price of approximately HK\$0.1182 per Share to the benchmarked price of approximately HK\$0.1486 per Share (as defined under Rule 10.44A of the GEM Listing Rules), taking into account the higher of (i) the closing price of HK\$0.141 per Share on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.1486 per Share; and
- (viii) a discount of approximately 63.6% to the closing price of HK\$0.275 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

The Capitalisation Issue Price was arrived at after arm's length negotiation between the Company and Mr. Wang taking into account audited consolidated net asset value of the Company as at 31 December 2025, the prevailing market prices, the thin trading volume of the Shares in the past year, as well as the current market conditions. The Board acknowledges that the Capitalisation Issue Price represents a discount of approximately 32.7% to the benchmarked price and will result in a theoretical dilution effect of approximately 20.5% as calculated under Rule 10.44A of the GEM Listing Rules. Notwithstanding such discount and dilution, the Board considers the Debt Capitalisation necessary and commercially pragmatic given the Group's current financial position.

The Group has been incurring consecutive losses over the past five financial years, generating weak operating cash flows, with a net current liabilities position as at 31 December 2025. The Debt Capitalisation as a viable and immediately available solution to materially reduce the Group's outstanding liabilities and preserve its limited working capital notwithstanding the discount and theoretical dilution effect.

LETTER FROM THE BOARD

In assessing the fairness and reasonableness of the Capitalisation Issue Price, the Board has taken into account: (i) the Group's deteriorating business performance and weak operating cash flow; (ii) its financial position and limited repayment capacity; (iii) the challenging operating environment of its vehicle trading business; (iv) the generally low liquidity of the Shares; (v) the significant size of the Capitalisation Shares to be issued which represents approximately 166.9% of the existing issued share capital, which justifies a discount given the difficulty of disposing of a sizeable block in the market; and (vi) the Capitalisation Issue Price represents a substantial premium of approximately 1,150% over the audited consolidated net asset value per Share as at 31 December 2025.

The Board has also carefully evaluated alternative means to settle the outstanding shareholder's loans. However, repayment from internal cash resources is not considered feasible, as the Group's cash resources are largely committed to supplier payments for existing vehicle orders and general operating expenses. In respect of external debt financing, the Board considers that it is not commercially viable given the Group's limited equity base, its loss-making track record and the absence of substantial unencumbered assets available for security following the disposal of the Group's property in October 2025. Even if such financing were available, the Board considers that it would likely involve higher financing costs and additional interest expenses, which would further exacerbate the Group's financial burden and cash flow pressures. As regards equity fund-raising alternatives such as placing, rights issue or open offer, the Board notes that such options are subject to significant execution uncertainty, the low trading liquidity of the Shares and high professional costs, and may not be completed on terms more favourable than those of the Debt Capitalisation.

Having considered the above and taking into account the reasons for the Debt Capitalisation as disclosed in the section headed "Reasons for and benefits of the Debt Capitalisation" below, the Directors (including members of the Independent Board Committee having taken into account the advice of the Independent Financial Adviser) consider that the terms of the Subscription Agreement (including the Capitalisation Issue Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Subscription Agreement is subject to and conditional upon:

- (i) the approval of the Subscription Agreement and the transactions contemplated thereunder by the Board;
- (ii) the approval of the Subscription Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for the allotment and issue of the Capitalisation Shares to Mr. Wang, by the Independent Shareholders at the EGM;

LETTER FROM THE BOARD

- (iii) all other necessary consents and approvals required to be obtained from the relevant governmental authorities and regulatory bodies on the part of the Company and/or Mr. Wang, if any, for the Subscription Agreement and the transactions contemplated thereunder, having been obtained and remain in full force and effect;
- (iv) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Capitalisation Shares; and
- (v) there has been no material breach of any warranties or agreements by any party prior to the completion of the Subscription Agreement.

None of the above conditions can be waived by the parties to the Subscription Agreement. As at the Latest Practicable Date, each of the Company and Mr. Wang is not aware of any other approval and consent which is required in respect of condition (iii). As at the Latest Practicable Date, other than condition (i) that the Board has approved the Subscription Agreement and executed the same, none of the above conditions has been fulfilled. Mr. Wang has abstained from voting at the meeting of the Board convened to consider the Subscription Agreement.

If the above conditions are not fulfilled on or before 30 September 2026 (or such later date as may be agreed between the parties to the Subscription Agreement in writing), the Subscription Agreement shall cease and terminate and neither parties shall have any claim against the other for compensation save for any antecedent breach of the Subscription Agreement.

Completion of the Subscription Agreement

Completion of the Subscription Agreement shall take place within three (3) Business Days after the date upon which all the aforesaid conditions have been fulfilled, or at such other date as the parties may agree in writing, and at the principal place of business of the Company in Hong Kong or such venue as the parties may agree.

Ranking of the Capitalisation Shares

The Capitalisation Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Capitalisation Shares.

Specific Mandate

The Capitalisation Shares will be allotted and issued pursuant to the Specific Mandate to be sought and approved by more than 50% of the Independent Shareholders at the EGM.

LETTER FROM THE BOARD

Application for listing of the Capitalisation Shares

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Capitalisation Shares.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The tables below set out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon the allotment and issue of the Capitalisation Shares:

Name of Shareholders	(i) As at the Latest Practicable Date		(ii) Upon the allotment and issue of the Capitalisation Shares	
	No. of Shares	%	No. of Shares	%
Mr. Wang	35,389,932	27.40	250,888,932	72.80
Ms. Chen Dongjin <i>Note 1</i>	2,418,610	1.87	2,418,610	0.70
Ms. Lai <i>Note 2</i>	46,335	0.04	46,335	0.01
Sub-total of Mr. Wang and parties acting in concert with him	37,854,877	29.31	253,353,877	73.51
Public Shareholders	91,294,425	70.69	91,294,425	26.49
Total	129,149,302	100.00	344,648,302	100.00

Note 1: Ms. Chen Dongjin is the mother of Mr. Wang.

Note 2: Ms. Lai is an executive Director, who is presumed to be acting in concert with Mr. Wang under class (6) of the presumptions of acting in concert. Other than Mr. Wang and Ms. Lai, no other Directors own any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this circular.

INFORMATION OF MR. WANG

Mr. Wang, aged 39, is a Substantial Shareholder as at the Latest Practicable Date and will be a Controlling Shareholder upon the allotment and issue of the Capitalisation Shares. Mr. Wang has been an executive Director, a member of nomination committee of the Company since May 2013. He was also appointed as the chairman and chief executive officer of the Company and a member of remuneration committee of the Company with effect from 22 September 2015. He is a director of various subsidiaries of the Group.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DEBT CAPITALISATION

Over the past few years, the Group faced significant challenges including the effect of the COVID-19 pandemic, the ongoing Sino-US trade war and the intense “price war” among automakers in the PRC. As an independent and small-scale parallel importer, the Group had limited ability to compete on pricing amid these adverse market conditions and continued to incur losses. The common practice of providing deposits to suppliers in the parallel-imported vehicle industry has also placed considerable pressure on the Group’s working capital. In view of the above, Mr. Wang has provided loan facilities to the Group to provide sufficient working capital and enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.

As at 31 December 2025, the amount due to a director of HK\$8 million as recorded in the Company’s consolidated statement of financial position represented the outstanding balance of shareholder’s loans from Mr. Wang at that date, which comprised four unsecured interest-free loans in Hong Kong dollars. Subsequently, Mr. Wang granted further unsecured interest-free loans to the Company during 2026, comprising (i) two Hong Kong dollar loans amounting to HK\$1.5 million in aggregate; and (ii) two RMB loans amounting to RMB10.5 million in aggregate (equivalent to approximately HK\$12.1 million). In addition, two of the loans amounting to HK\$5 million in aggregate were repaid and replaced by a new unsecured interest-free loan of RMB4.3 million (equivalent to approximately HK\$5.0 million) in June 2026. As a result, as at the Latest Practicable Date, the outstanding balance of shareholder’s loans from Mr. Wang increased to approximately HK\$21.5 million in aggregate, comprising (i) four unsecured interest-free loans in Hong Kong dollars granted to the Company in October 2025, December 2025, January 2026 and March 2026, all of which are repayable on demand; and (ii) three unsecured interest-free loans in RMB granted to the Company in January 2026, March 2026 and June 2026, all of which are repayable within one year. Details of the outstanding shareholder’s loans from Mr. Wang as at the Latest Practicable Date are set out in the section headed “THE DEBT CAPITALISATION – The Subscription Agreement – Subject matter”.

As regards the three shareholder’s loans granted in January 2026, March 2026 and June 2026 which are not yet due, the Board considers that including such loans in the Debt Capitalisation is nonetheless appropriate. The Group’s liquidity position remains constrained, with its cash resources largely committed to supplier payments and operating expenses. A comprehensive capitalisation of all outstanding loans would avoid the need for future cash repayments and eliminate the entire indebtedness in a single exercise. Furthermore, these loans, although not yet due, form part of the Group’s total liabilities and contribute to its weak financial position. Partial capitalisation would leave the Group with remaining repayment obligations at a later date, which the Board considers could not be comfortably met without adversely affecting the Group’s operations. Given that Mr. Wang has agreed to capitalise the entire outstanding amount, the Board is of the view that a comprehensive settlement is a prudent and efficient approach to strengthen the Group’s financial position and preserve its limited working capital.

LETTER FROM THE BOARD

The shareholder's loans were granted by Mr. Wang to the Company for funding the operations of the Group. For the year ended 31 December 2025 ("FY2025"), the Group recorded revenue from continuing operations of approximately HK\$29.1 million, representing a decline of approximately 9.6% as compared with approximately HK\$32.1 million for the year ended 31 December 2024. The Group continued to incur a loss attributable to owners of the Company of approximately HK\$14.7 million for FY2025, and has been loss-making for the past five financial years. Furthermore, the Group recorded negative operating cash flows of approximately HK\$2.0 million for FY2025. As at 31 December 2025, the Group had net current liabilities of approximately HK\$1.6 million, and its equity attributable to owners of the Company had decreased significantly to approximately HK\$1.0 million, representing a decline of approximately 93.0% from approximately HK\$14.9 million as at 31 December 2024. A significant portion of its current assets comprises prepayments, deposits and other receivables, which are not readily available for immediate debt repayment. Although the Group had bank balances and cash of approximately HK\$20.4 million as at 31 December 2025, such cash resources are required to support the Group's continuing operations and working capital needs, including, among others, potential settlement of balance payments to suppliers for the vehicle trading business based on the existing vehicle orders of the Group and/or its customers. As at 31 May 2026, based on the Group's summary of existing vehicle orders, the Group may potentially be required to make balance payments to suppliers of not less than approximately HK\$45.0 million by the end of 2026, with the exact timing of payments remaining uncertain as it is dependent on the delivery schedule of the relevant vehicles to the PRC and the actual progress of the orders. Given the Group's liquidity constraints and financial position, securing the necessary funds to repay the loans would require significant effort and impose substantial repayment pressure to the Group. As such, taking into account the total amount of the outstanding loans, the Company proposed, and Mr. Wang conditionally agreed, to capitalise all of the shareholder's loans owing to Mr. Wang. This approach will settle a large portion of the Group's outstanding debts without depleting its existing financial resources or triggering significant cash outflows, particularly having considered the Group's limited liquidity. Upon completion of the Debt Capitalisation, the outstanding shareholder's loans owing to Mr. Wang in the aggregate amount of approximately HK\$21.5 million will be fully settled by way of set-off against the subscription price of the Capitalisation Shares, and there will be no outstanding loan owing by the Company to Mr. Wang. As at the Latest Practicable Date, apart from the shareholder's loans, the Group had remaining outstanding debt in the principal amount of HK\$1.0 million owing to an Independent Third Party, bearing interest at 7% per annum and shall be repayable within three months from 2 July 2026 or earlier as the case may be. The Board intends to settle such remaining debt on time using the Group's internal cash resources.

LETTER FROM THE BOARD

It is noted that the allotment and issue of the Capitalisation Shares would dilute the shareholding of other Shareholders (other than Mr. Wang and parties acting in concert with him) from approximately 70.7% to 26.5%. However, having considered that the Debt Capitalisation would (i) alleviate the Group's financial burden and the repayment pressure on the outstanding debts; (ii) preserve as much liquidity as possible; (iii) expand the Company's capital base; and (iv) reduce the gearing ratio while improving the net asset position, and thereby strengthen the Group's financial position, and taking into account the terms of the Debt Capitalisation, the Directors (including members of the Independent Board Committee having taken into account the advice of the Independent Financial Adviser) are of the view that the merits of the Debt Capitalisation justify the dilution and the terms of the Debt Capitalisation are on normal commercial terms and are fair and reasonable, and the respective transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM of the Stock Exchange. The Group is principally engaged in trading of motor vehicles, provision of agency services and accessories sourcing, and provision of digital marketing services.

GEM LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Wang is an executive Director and a Substantial Shareholder interested in approximately 27.40% of the issued share capital of the Company. As such, Mr. Wang is a connected person of the Company. Accordingly, the Debt Capitalisation constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to announcement, reporting and the Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The granting of the Specific Mandate for the allotment and issue of the Capitalisation Shares is also subject to the approval by more than 50% of the votes cast by the Independent Shareholders at the EGM.

The theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) arising from the Debt Capitalisation represented a discount of approximately 20.5% of the theoretical diluted price to the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules). As such, the Debt Capitalisation would not result in a theoretical dilution effect of 25% or more and is therefore in compliance with Rule 10.44A of the GEM Listing Rules.

As Mr. Wang, an executive Director, has a material interest in the Subscription Agreement, he has abstained from voting at the meeting of the Board convened to consider the Debt Capitalisation. Other than Mr. Wang, no other Directors were involved in and/or interested in the Debt Capitalisation and the transactions contemplated thereunder (including the granting of the Specific Mandate).

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE TAKEOVERS CODE

Pursuant to Rule 26.1 of the Takeovers Code, following completion of the Subscription Agreement, Mr. Wang is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by Mr. Wang and parties acting in concert with him).

Please refer to the Joint Announcement for more details of the offer.

GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate). Mr. Wang and his associates shall abstain from voting in respect of the resolution approving the Subscription Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save for Mr. Wang, no other Shareholders are required to abstain from voting at the EGM in respect of the Subscription Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders regarding, among other things, the terms of the Subscription Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

The EGM will be convened and held at 16/F, CMA Building, 64-66 Connaught Road Central, Hong Kong on Monday, 10 August 2026 at 11:00 a.m. for the Shareholders to consider and, if thought fit, to approve the Subscription Agreement and the respective transactions contemplated thereunder (including the grant of the Specific Mandate). A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote in the EGM, you are requested to complete the form of proxy enclosed in accordance with the instructions printed thereon and return the same to the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event before 11:00 a.m. on Saturday 8 August 2026, which is no less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the EGM or any adjourned meeting thereof should you so wish. An announcement will be made by the Company after the EGM of the results of the EGM.

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon its ultimate beneficial owners and their respective associates; and (ii) no obligation or entitlement of its ultimate beneficial owners and their respective associates as at the Latest Practicable Date, whereby it or he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its or his Shares to a third party, either generally or on a case-by-case basis.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders of the Company to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 4 August 2026 to Monday, 10 August 2026 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for entitlement to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on Monday, 3 August 2026.

GEM LISTING RULES REQUIREMENT

Pursuant to Rule 17.47 (4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The chairman of the meeting will therefore demand a poll for the ordinary resolution put to the vote at the EGM in accordance with the articles of association of the Company. The results of the poll shall be deemed to be the ordinary resolution of the general meeting in which the poll was demanded or required, and the poll results will be published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.sinofortune.hk) after the EGM.

RECOMMENDATION

The Board (including the independent non-executive Directors having taken into account the advice of the Independent Financial Adviser) considers that the terms of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board recommends the Shareholders to vote in favour of the resolutions to approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that although the Debt Capitalisation is not conducted in the ordinary and usual course of business of the Group, the terms of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) at the EGM.

The text of the letter from the Independent Board Committee is set out on pages 19 to 20 of this circular. The text of the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders and the principal factors and reasons which it has taken into account in arriving at its advice is set out on pages 21 to 48 of this circular. Independent Shareholders are strongly recommended to read carefully these two letters for details of the advice.

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
Sinofortune Financial Holdings Limited
Wang Jiawei
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is text of the letter of the Independent Board Committee setting out its recommendation to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).



華億金控集團有限公司
SINOFORTUNE FINANCIAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 08123)

20 July 2026

To the Independent Shareholders,

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO
ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE
FOR DEBT CAPITALISATION**

We refer to the circular of the Company dated 20 July 2026 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Ignite Capital (Asia Pacific) Limited has been appointed to act as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. We wish to draw your attention to (i) the letter of advice from the Independent Financial Adviser, the details of which (including the principal factors and reasons the Independent Financial Adviser has taken into consideration) are set out on pages 21 to 48 of the Circular; and (ii) the letter from the Board as set out on pages 5 to 18 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate), and the advice from the Independent Financial Adviser, we are of the opinion that although the Debt Capitalisation is not conducted in the ordinary and usual course of business of the Group, the terms of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms which is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

Yours faithfully,
the Independent Board Committee

Professor Zhang Benzheng	Mr. Li Jianxing	Professor Chen Shu Wen	Mr. Lee Kwun Kwan
<i>Independent non- executive Director</i>	<i>Independent non- executive Director</i>	<i>Independent non- executive Director</i>	<i>Independent non- executive Director</i>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Debt Capitalisation, which has been prepared for the purpose of inclusion in the Circular.



Unit A, 15th Floor, CMA Building
64-66 Connaught Road Central
Central, Hong Kong

20 July 2026

To: The Independent Board Committee and the Independent Shareholders of Sinofortune Financial Holdings Limited

Dear Sir or Madam,

CONNECTED TRANSACTION IN RELATION TO ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE FOR DEBT CAPITALISATION

INTRODUCTION

We, Ignite Capital (Asia Pacific) Limited (“**Ignite Capital**”), refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Debt Capitalisation, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the Circular dated 20 July 2026, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the Joint Announcement of the Company in relation to, among others, the proposed issue of new Shares under Specific Mandate for the Debt Capitalisation. On 15 June 2026, the Company and Mr. Wang entered into the Subscription Agreement, pursuant to which, the Company has conditionally agreed to allot and issue, and Mr. Wang has conditionally agreed to subscribe for, 215,499,000 Capitalisation Shares at the Capitalisation Issue Price of HK\$0.1 per Capitalisation Share. The subscription price in the amount of HK\$21,549,900 payable by Mr. Wang under the Subscription Agreement shall be satisfied by setting off against all of the shareholder’s loans owing by the Company to Mr. Wang on a dollar-to-dollar basis.

GEM LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Wang is an executive Director and a Substantial Shareholder interested in approximately 27.40% of the issued share capital of the Company. As such, Mr. Wang is a connected person of the Company. Accordingly, the Debt Capitalisation constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to announcement, reporting and the Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The granting of the Specific Mandate for the allotment and issue of the Capitalisation Shares is also subject to the approval by more than 50% of the votes cast by the Independent Shareholders at the EGM.

The theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) arising from the Debt Capitalisation represented a discount of approximately 20.5% of the theoretical diluted price to the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules). As such, the Debt Capitalisation would not result in a theoretical dilution effect of 25% or more and is therefore in compliance with Rule 10.44A of the GEM Listing Rules.

As Mr. Wang, an executive Director, has a material interest in the Subscription Agreement, he has abstained from voting at the meeting of the Board convened to consider the Debt Capitalisation. Other than Mr. Wang, no other Directors were involved in and/or interested in the Debt Capitalisation and the transactions contemplated thereunder (including the granting of the Specific Mandate).

IMPLICATIONS UNDER THE TAKEOVERS CODE

Pursuant to Rule 26.1 of the Takeovers Code, following completion of the Subscription Agreement, Mr. Wang is required to make a mandatory unconditional cash offer (the “**Offer**”) for all the issued Shares (other than those already owned or agreed to be acquired by Mr. Wang and parties acting in concert with him).

Please refer to the Joint Announcement for more details of the Offer.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Professor Zhang Benzhen, Mr. Li Jianxing, Professor Chen Shu Wen and Mr. Lee Kwun Kwan being all the independent non-executive Directors, was established to consider and to advise the Independent Shareholders on: (i) whether the Debt Capitalisation is conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Debt Capitalisation are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote on the relevant resolutions at the EGM. Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in the same respect has been approved by the Independent Board Committee pursuant to Rule 17.92 of the GEM Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

Save for this appointment as the Independent Financial Adviser to provide our independent advice on the Debt Capitalisation and the Offer (as at the Latest Practicable Date, no opinion letter in respect of the Offer had been issued as completion of the Subscription Agreement had yet to take place), as at the Latest Practicable Date, Ignite Capital did not have any other relationship or connection, financial or otherwise, with or any interests in the Company, or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates that could reasonably be regarded as relevant to our independence. In the last two years, save for the appointment as the Independent Financial Adviser in connection with the Debt Capitalisation and the Offer, there was no engagement between the Group and Ignite Capital.

Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we have received or will receive any fees or benefits from the Group, or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Debt Capitalisation under Rule 17.92 of the GEM Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company's annual report for the year ended 31 December ("FY") 2024 (the "**2024 Annual Report**");
- (ii) the Company's annual report for FY2025 (the "**2025 Annual Report**");
- (iii) the Joint Announcement; and
- (iv) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the "**Management**"). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which makes any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the 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 therein or the Circular misleading.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Information of the Group

1.1 Business profile

With reference to the Letter from the Board, the Company was incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM of the Stock Exchange. The Group is principally engaged in trading of motor vehicles (the “**Vehicle Trading Business**”), provision of agency services and accessories sourcing, and provision of digital marketing services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2 Financial information

Set out below are the consolidated financial information of the Group for the three years ended 31 December 2025 as extracted from the 2024 Annual Report and the 2025 Annual Report:

	FY2025 HK\$'000 (audited)	FY2024 HK\$'000 (audited)	FY2023 HK\$'000 (audited and restated)
Revenue from continuing operations	29,054	32,148	149,684
– Vehicle Trading Business	28,883	30,803	148,322
– Agency and service fees income from accessories sourcing	171	1,345	1,362
Loss attributable to owners of the Company from continuing operations for the year	(14,652)	(98,752)	(15,777)

FY2025 vs FY2024

As shown in the table above, the Group's revenue from continuing operations for FY2025 declined by approximately 9.6% from approximately HK\$32.1 million for FY2024 to approximately HK\$29.1 million for FY2025. According to the 2025 Annual Report, the decrease was primarily driven by the weak macroeconomic environment and intense price competition in the motor vehicles trading industry. By segment, the Vehicle Trading Business recorded revenue of approximately HK\$28.9 million for FY2025, representing a decrease of approximately 6.2% from approximately HK\$30.8 million in FY2024, reflecting subdued consumer sentiment and pricing pressures in the PRC motor vehicle market. The agency and service fees income from accessories sourcing segment recorded a significant decline of approximately 87.3%, with revenue decreasing from approximately HK\$1.3 million in FY2024 to approximately HK\$0.2 million in FY2025, mainly due to the reduction in sourcing orders from key customers.

The Group reported a loss attributable to owners of the Company from continuing operations of approximately HK\$14.7 million for FY2025, as compared with approximately HK\$98.8 million for FY2024, representing a significant decrease of approximately 85.2%. According to the 2025 Annual Report and as confirmed by the Management, such decrease in net loss was mainly attributable to (i) the reversal of impairment loss of approximately HK\$18.8 million on advance payments for purchase of trading motor vehicles and the gain on disposal of a subsidiary (the “**Disposal**”) of approximately HK\$14.3 million, partially offset by the impairment loss on other receivables of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately HK\$25.1 million. Details of the Disposal are set out in the Company's announcements dated 22 July 2025 and 8 October 2025. Notwithstanding such improvement in the loss position, the Group remained loss-making for FY2025, and its revenue continued to decline, indicating that the Group's operating performance remained under pressure.

FY2024 vs FY2023

The Group's revenue from continuing operations for FY2024 decreased significantly by approximately 78.5% from approximately HK\$149.7 million for FY2023 to approximately HK\$32.1 million for FY2024. Such decrease was primarily attributable to a significant decrease in revenue from the Vehicle Trading Business in the PRC, with segment revenue decreasing from approximately HK\$148.3 million in FY2023 to approximately HK\$30.8 million in FY2024, representing a decrease of approximately 79.2%. According to the 2024 Annual Report, the decrease in revenue from the Vehicle Trading Business was mainly due to weakened market demand and the Group's strategic reduction in lower-margin trading activities amid challenging operating conditions. Meanwhile, the agency service and accessories sourcing segment remained relatively stable, with revenue decreasing marginally by approximately 1.2% from approximately HK\$1.4 million in FY2023 to approximately HK\$1.3 million in FY2024.

The Group recorded a loss attributable to owners of the Company from continuing operations of approximately HK\$98.8 million for FY2024, as compared with that of approximately HK\$15.8 million for FY2023, representing an increase of approximately 525.9%. As noted in the 2024 Annual Report, the increase in loss was principally attributable to the substantial decrease in revenue, coupled with the recognition of impairment loss on advance payments made for the purchase of trading motor vehicles and the acquisition of property. The significant decline in revenue and the widened loss position in FY2024 reflected the challenging operating conditions faced by the Group and the pressure on the Group's financial performance during FY2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.3 Financial position

Set out below is a summary of the consolidated financial position of the Group as at 31 December 2023, 31 December 2024 and 31 December 2025, as extracted from the 2024 Annual Report and the 2025 Annual Report:

	As at 31 December 2025 HK\$'000 (audited)	As at 31 December 2024 HK\$'000 (audited)	As at 31 December 2023 HK\$'000 (audited)
Non-current assets	4,507	67,430	23,930
– Prepayments, deposits and other receivable (Non-current portion)	Nil	47,128	1,531
Current assets	107,396	50,320	220,349
– Bank balances and cash	20,444	13,532	24,830
– Prepayments, deposits and other receivable (current portion)	86,755	36,751	178,433
Non-current liabilities	1,990	2,017	2,647
Current liabilities	109,010	100,963	123,413
– Amount due to a Director	8,000	Nil	Nil
Equity attributable to owners of the Company	1,034	14,870	118,052

31 December 2025 vs 31 December 2024

As at 31 December 2025, the Group's total assets amounted to approximately HK\$111.9 million, representing a decrease of approximately 5.0% from that of HK\$117.8 million as at 31 December 2024. Meanwhile, the Group's total liabilities amounted to approximately HK\$111.0 million, representing an increase of approximately 7.8% from approximately HK\$103.0 million as at 31 December 2024. As a result of the loss attributable to owners of the Company recorded for FY2025, equity attributable to owners of the Company decreased significantly from approximately HK\$14.9 million as at 31 December 2024 to approximately HK\$1.0 million as at 31 December 2025, representing a decrease of approximately 93.0%. The Group recorded net current liability of approximately HK\$1.6 million as at 31 December 2025, representing a decrease of approximately HK\$49.0 million from net current liabilities of approximately HK\$50.6 million as at 31 December 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 December 2025, the Group had (i) bank balances and cash of approximately HK\$20.4 million; (ii) amount due to a Director of HK\$8 million, which the Management confirmed to be the amount due to Mr. Wang; and (iii) prepayment, deposits and other receivables (including both current and non-current portions) of approximately HK\$86.8 million. Although the Group's net current liabilities position as at 31 December 2025 improved as compared with 31 December 2024, the Group remained in a net current liabilities position as at 31 December 2025, and its equity base had substantially reduced. In addition, as advised by the Management, a significant portion of the Group's current assets comprised prepayments, deposits and other receivables, which may not be readily available for immediate debt repayment.

31 December 2024 vs 31 December 2023

As at 31 December 2024, the Group's total assets and total liabilities were approximately HK\$117.8 million and approximately HK\$103.0 million, respectively, as compared to approximately HK\$244.3 million and approximately HK\$126.1 million as at 31 December 2023. This represented a decrease in total assets of approximately 51.8% and a decrease in total liabilities of approximately 18.3%. Following the loss attributable to owners of the Company for FY2024 of approximately HK\$98.8 million, equity attributable to owners of the Company decreased from approximately HK\$118.1 million as at 31 December 2023 to that of approximately HK\$14.9 million as at 31 December 2024, representing a decrease of approximately 87.4%. The Group recorded net current liability of approximately HK\$50.6 million as at 31 December 2024, as compared to net current assets of approximately HK\$96.9 million as at 31 December 2023. Such deterioration was mainly attributable to the significant decrease in current assets, including prepayments, deposits and other receivables, and the loss recorded by the Group during FY2024.

Going concern

It was noted from the 2025 Annual Report that the Company's auditor, CCTH CPA Limited, drew attention to the material uncertainty related to the Group's going concern. These conditions included (i) the Group incurred a net loss of approximately HK\$14.7 million for FY2025; and (ii) the total current liabilities of the Group as at 31 December 2025 exceeded the Group's total current assets as at that date by approximately HK\$1.6 million. These conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Nevertheless, having considered certain measures and arrangements as stated in the consolidated financial statements for FY2025, the Directors were of the opinion that the Group will be able to finance its future working capital and financial requirements for at least twelve months immediately after 31 December 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above, we note that the Company is facing pressure on its working capital and liquidity position. Although the Directors considered that the Group would be able to meet its working capital and financial requirements for at least twelve months after 31 December 2025 after taking into account the relevant measures and arrangements, the existence of material uncertainty related to going concern, the Group's net current liabilities position and its continued loss-making position indicate that the Group's financial position remained weak. In our view, this further supports the need for the Group to preserve its cash resources, reduce cash repayment pressure and maintain financial flexibility.

1.4 Prospects of the Group

To assess the operating environment of the Group's principal business, namely the Vehicle Trading Business, we have reviewed relevant market data and regulatory developments in the PRC passenger vehicle market.

According to the data from the China Passenger Car Association* (乘用車市場信息聯席會)(based on its website, founded in 1994, China Passenger Car Association* (乘用車市場信息聯席會) is an industry research platform, widely recognised as an authoritative source for passenger car retail sales data and market trend analysis), the cumulative retail sales in the passenger car market in the PRC reached approximately 23.7 million units in 2025, representing a year-on-year increase of approximately 3.8%. Within this total, retail sales of new energy passenger vehicles increased by approximately 17.6% to approximately 12.8 million units, driving the market penetration rate to approximately 57%. By contrast, retail sales of traditional fuel-powered passenger vehicles fell approximately 9% year-on-year to approximately 10.9 million units, reducing their market share to approximately 43%. These figures indicate that passenger vehicle market in the PRC has continued to shift towards new energy vehicles, with new energy vehicles becoming an increasingly important segment of the passenger vehicle market in the PRC. This trend appeared to have continued in 2026, as cumulative retail sales of traditional fuel passenger vehicles for the first five months of 2026 was only 3.4 million units in total, marking a sharp year-on-year decline of approximately 23.7%.

We understand from the Management that the Vehicle Trading Business mainly involves the trading of fuel vehicles. As such, the rising penetration of new energy vehicles and intensified price competition in the automobile market of the PRC, particularly the continuing price reductions and promotional activities in the new energy vehicle sector, may continue to affect the marketability and pricing competitiveness of the Vehicle Trading Business. In our view, such market trend is relevant to the Group as the Vehicle Trading Business is principally exposed to demand for imported fuel vehicles, which may face increasing pressure from changing consumer preferences and the growing availability of competitively priced new energy vehicles in the PRC market.

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In addition to market competition, regulatory requirements relating to vehicle emissions have also affected the operating environment of importers of motor vehicles. In May 2023, the Ministry of Ecology and Environment* of the PRC (中華人民共和國生態環境部), together with four other government departments, issued the “Limits and Measurement Methods for Emissions from Light-Duty Vehicles (China 6)*”(輕型汽車污染物排放限值及測量方法(中國第六階段))(the “**China 6 Emission Standard**”), mandating the nationwide implementation of the more stringent second stage of the China 6 Emission Standard starting from 1 July 2023, and prohibiting the production, import or sale of vehicles that do not meet these requirements. Such regulatory requirements require importers to ensure that the relevant imported motor vehicles comply with the applicable emission standards before they can be imported and sold in the PRC, which may increase the time and compliance requirements for introducing imported vehicle models into the PRC market.

As disclosed in the 2025 Annual Report, as at 31 December 2025, the Group obtained Ecological Environment Certification*(生態環境認證) for six types of imported motor vehicles under the China 6 Emission Standard, while the others are still in the certification process. The Group has been closely monitoring the certification process for its imported motor vehicles under the China 6 Emission Standard. We understand from the Management that the certification process for imported motor vehicles can be time-consuming, which may affect the Group’s ability to introduce new models in a timely manner. Accordingly, the Group’s ability to maintain a competitive product offering in its Vehicle Trading Business may be constrained by, among others, the availability of certified vehicle models, market demand for fuel vehicles and intensified competition from new energy vehicles. In light of the above, we are of the view that there exists uncertainty regarding the outlook of the Vehicle Trading Business.

In light of the above, we are of the view that the operating outlook of the Vehicle Trading Business remains challenging in the foreseeable future. In particular, given the Group’s focus on fuel vehicle trading, the increasing penetration of new energy vehicles, the continued price competition in the PRC automobile market and the compliance requirements for imported vehicle models are expected to continue to pose challenges to the Vehicle Trading Business.

2. Reasons for and benefits of the Debt Capitalisation

With reference to the Letter from the Board, the Directors consider that the Debt Capitalisation would (i) alleviate the Group’s financial burden and the repayment pressure on the outstanding debts; (ii) preserve as much liquidity as possible; (iii) expand the Company’s capital base; and (iv) reduce the gearing ratio while improving the net asset position, and thereby strengthen the Group’s financial position.

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In assessing the reasons for and benefits of the Debt Capitalisation, we have considered, among others, (i) the recent business performance and financial position of the Group; (ii) the liquidity position and working capital requirements of the Group; (iii) the prevailing operating environment of the Group's principal business; and (iv) the feasibility of other financing alternatives available to the Group.

Deteriorating business performance and weak operating cash flow

The Group is principally engaged in the Vehicle Trading Business, provision of agency services and accessories sourcing in the PRC. As illustrated in the section headed "1. Information of the Group – 1.2 Financial information" above in this Letter, the Group recorded decreasing revenue for the three years ended 31 December 2025. The overall decrease was mainly attributable to the decline in the Vehicle Trading Business. We further note that the Group had continued to record losses on a continuing basis and net cash used in operating activities for the past five financial years from FY2021.

In our view, this indicates that the Existing Businesses have not yet generated sufficient operating cash inflow to support repayment of the Shareholder's Loans by way of internal resources, without affecting the Group's normal operating and working capital requirements. Accordingly, we consider that the Debt Capitalisation would help alleviate the Group's repayment pressure and preserve liquidity for its ongoing operations.

Weak financial position and limited repayment capacity

As discussed in the section headed "1. Information of the Group – 1.3 Financial position" above in this Letter, as at 31 December 2025, the Group had bank balances and cash of approximately HK\$20.4 million. However, the Group also had net current liabilities of approximately HK\$1.6 million and the equity attributable to owners of the Company decreased significantly from approximately HK\$14.9 million as at 31 December 2024 to approximately HK\$1.0 million as at 31 December 2025. The auditors of the Company also highlighted a material uncertainty related to going concern, noting that the Group incurred net loss and had net current liabilities as at 31 December 2025.

We also note from the 2025 Annual Report that the Group's business model involves advance payments or deposits for the purchase of motor vehicles for resale, and the Group had significant prepayments, deposits and other receivables as at 31 December 2025. The substantial amount of such advance payments or deposits suggests that a significant portion of the Group's resources had been tied up in the Vehicle Trading Business, which may limit the Group's flexibility in deploying cash for debt repayment.

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We have discussed with the Management and understand that, based on the latest management accounts of the Group as at 31 May 2026, the Group had cash and bank balances of approximately HK\$35.0 million. We further understand that the Group continued to carry substantial level of prepayments and deposits to suppliers relating to the Vehicle Trading Business as compared to 31 December 2025. Although the cash balance as at 31 May 2026 appears to be higher than that as at 31 December 2025, we understand from the Management that such cash resources are required to support the Group's continuing operations and working capital needs, including, among others, potential settlement of balance payments to suppliers for the Vehicle Trading Business based on the existing vehicle orders of the Group and/or its customers.

In particular, with reference to the Letter from the Board, as at 31 May 2026, based on the Group's summary of existing vehicle orders, the Group may potentially be required to make balance payments to suppliers of not less than approximately HK\$45.0 million by the end of 2026, with the exact timing of payments remaining uncertain as it is dependent on the delivery schedule of the relevant vehicles to the PRC and the actual progress of the orders. This would be in addition to general administrative and operating expenses of the Group. As such, although the Group maintained certain cash balances, such cash balances are expected to be substantially required for the Group's business operations and near-term working capital needs.

Taking into account the above, we consider that the Group's cash balance should not be viewed as surplus cash readily available for repayment of the Shareholder's Loans. Rather, such cash resources are required to maintain the Group's normal business operations, meet supplier payment obligations and support its ongoing corporate and administrative expenses. In the circumstances, repayment of the Shareholder's Loans in cash may weaken the Group's liquidity position and adversely affect the Group's ability to maintain its normal business operations.

Challenging industry environment

We note from the 2025 Annual Report that the Vehicle Trading Business continued to face a challenging operating environment. The Group disclosed that customers' purchase intent had been affected by, among others, the PRC economic slowdown, geopolitical and trade tensions, weak domestic demand and cautious consumer spending. The Group further noted that the price war among automakers in the PRC, particularly in the new-energy vehicle sector, continued throughout 2025, and that the Group, as an independent small-scale parallel importer and reseller of fuel vehicles and new-energy vehicles, had limited room and ability to adjust prices downward to remain competitive. We understand from the Management that the Vehicle Trading Business mainly involves the trading of fuel vehicles. Given the

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intensified price competition in the PRC automobile market, particularly the continuing price reductions and promotional activities in the new-energy vehicle sector, the marketability and pricing competitiveness of fuel vehicles have been further affected.

As discussed in the section headed “1. Information of the Group – 1.4 Prospects of the Group” in this Letter, we consider that the operating outlook of the Vehicle Trading Business remains challenging in the foreseeable future. For the purpose of assessing the Debt Capitalisation, we consider that such challenging operating environment further supports the Board’s view that the Group should preserve its cash resources and maintain financial flexibility. Given that the principal business has not yet demonstrated a clear recovery trend, it would be prudent for the Group to reduce cash repayment pressure and retain internal resources for business operations and possible future funding needs.

Assessment of financing alternatives

We have discussed with the Management regarding the financing alternatives considered by the Group for addressing its funding needs and repayment obligations in respect of the existing Shareholder’s Loans. We understand that the Group had explored other financing channels, including bank borrowings, non-bank debt financing and equity fund-raising alternatives. We further understand from the Company that the Group had previously obtained financing from financial institutions, including term loans secured by a property of the Group (the “**Property**”), but such borrowings were fully repaid following the Disposal in October 2025. After the Disposal, the Group no longer owned the Property which had previously been pledged for financing purposes and did not own any other property available for security, and the Group’s ability to obtain further secured debt financing became more limited.

Having considered the Group’s loss-making position, limited net asset position, net current liabilities position, absence of substantial unencumbered assets available for security and the challenging operating environment of the Vehicle Trading Business, we consider that it would be challenging for the Group to obtain new bank or non-bank borrowings for the purpose of settling the outstanding Shareholder’s Loans by cash repayment while preserving the Group’s liquidity, particularly on terms more favourable than the Shareholder’s Loans. Even if such debt financing were available, it would likely involve higher financing costs, additional security or guarantees, and would increase the Group’s financial burden. Accordingly, for the purpose of addressing the outstanding Shareholder’s Loans without causing immediate cash outflow from the Group, we consider the Debt Capitalisation to be a more commercially practicable alternative to additional external debt financing under the current circumstances.

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The Company also considered possible equity fund-raising alternatives, such as placing of new shares, rights issue or open offer. However, given the prevailing market conditions, the historical trading price and liquidity of the Shares, the Company's financial performance and the likely discount required to attract investors or underwriters, such equity fund-raising alternatives would be subject to execution uncertainty and may require a longer timetable and higher professional costs. In our experience, placing of new shares, rights issue or open offer would typically involve more extensive documentation, additional professional parties and regulatory procedures. If placing agents or underwriters are involved, the Company would also be required to pay placing commission, underwriting commission and/or other related fees with reference to the size of the fund-raising, whereas no such commission would be payable under the Debt Capitalisation. Further, a placing of new shares may be difficult to complete without offering a significant discount to the prevailing market price of the Shares, while a rights issue or open offer would be subject to market risk and underwriting uncertainty. As such, for the purpose of addressing the outstanding Shareholder's Loans and mitigating their impact on the Group's financial position and going concern assessment, we concur with the Board's view that such equity fund-raising alternatives may be less certain and less practicable as compared with the Debt Capitalisation under the current circumstances.

For the avoidance of doubt, our assessment above is made in the context of the settlement of the existing Shareholder's Loans by way of the Debt Capitalisation. We note that the Group may, depending on its future business development, working capital requirements, market conditions and financial position, consider other financing alternatives after completion of the Subscription Agreement, including equity fund-raising exercises and/or further shareholder support, if and when appropriate. Such possible future financing arrangements, if any, would be separately considered by the Company having regard to the circumstances prevailing at the relevant time and would be subject to compliance with the applicable requirements under the GEM Listing Rules and/or other applicable rules and regulations.

Our view

Taking into account the above, in particular (i) the Group's continued loss-making position and weak operating cash flow; (ii) its limited equity base and net current liabilities position; (iii) the need to preserve cash resources for supplier payments, daily operations and working capital requirements; (iv) the uncertain operating environment of the Vehicle Trading Business; and (v) the practical difficulties, costs and uncertainties associated with other financing alternatives, we consider that the Debt Capitalisation would enable the Group to settle the relevant indebtedness without immediate cash outflow, reduce repayment pressure and preserve liquidity for the Group's ongoing operations. In addition, by converting the

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Shareholder's Loans into equity, the Debt Capitalisation would expand the Company's capital base, reduce the Group's liabilities and improve its net asset position, thereby strengthening the Group's overall financial position.

Accordingly, we are of the view that the Debt Capitalisation is a more appropriate and commercially practicable financing arrangement for the Group under the current circumstances. Although the entering into of the Subscription Agreement is not conducted in the ordinary and usual course of business of the Group, we consider that the Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Subscription Agreement

The principal terms of the Subscription Agreement are summarised below. Further details of the terms of the Debt Capitalisation are set out in the section headed "The Subscription Agreement" in the Letter from the Board.

Issue date: 15 June 2026

Parties: (i) The Company, as issuer; and
(ii) Mr. Wang, as subscriber.

Subject matter: As at the Latest Practicable Date, the aggregate amount owing by the Company to Mr. Wang was approximately HK\$21.5 million, comprising (i) interest-free loans of HK\$4.5 million in aggregate under several loan agreements which are repayable on demand; and (ii) interest-free loans of approximately RMB14.8 million in aggregate (equivalent to approximately HK\$17.0 million) under several loan agreements with a term of one year each. Pursuant to the Subscription Agreement, the Company will allot and issue, and Mr. Wang will subscribe for, 215,499,000 Capitalisation Shares at the Capitalisation Issue Price, which will be set-off against the entire amount of the outstanding shareholder's loans owing by the Company to Mr. Wang of approximately HK\$21.5 million in aggregate on a dollar-to-dollar basis by execution of a deed of set-off upon completion of the Subscription Agreement. Following completion of the Subscription Agreement, there will be no outstanding loan owing by the Company to Mr. Wang.

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Conditions precedent: Completion of the Subscription Agreement is subject to and conditional upon:

- (i) the approval of the Subscription Agreement and the transactions contemplated thereunder by the Board;
- (ii) the approval of the Subscription Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for the allotment and issue of the Capitalisation Shares to Mr. Wang, by the Independent Shareholders at the EGM;
- (iii) all other necessary consents and approvals required to be obtained from the relevant governmental authorities and regulatory bodies on the part of the Company and/or Mr. Wang, if any, for the Subscription Agreement and the transactions contemplated thereunder, having been obtained and remain in full force and effect;
- (iv) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Capitalisation Shares; and
- (v) there has been no material breach of any warranties or agreements by any party prior to the completion of the Subscription Agreement.

None of the above conditions can be waived by the parties to the Subscription Agreement. As at the Latest Practicable Date, each of the Company and Mr. Wang is not aware of any other approval and consent which is required in respect of condition (iii). As at the Latest Practicable Date, other than condition (i) that the Board has approved the Subscription Agreement and executed the same, none of the above conditions has been fulfilled. Mr. Wang has abstained from voting at the meeting of the Board convened to consider the Subscription Agreement.

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If the above conditions are not fulfilled on or before 30 September 2026 (or such later date as may be agreed between the parties to the Subscription Agreement in writing), the Subscription Agreement shall cease and terminate and neither parties shall have any claim against the other for compensation save for any antecedent breach of the Subscription Agreement.

**Completion of the
Subscription
Agreement:**

Completion of the Subscription Agreement shall take place within three (3) Business Days after the date upon which all the aforesaid conditions have been fulfilled, or at such other date as the parties may agree in writing, and at the principal place of business of the Company in Hong Kong or such venue as the parties may agree.

**Ranking of the
Capitalisation
Shares:**

The Capitalisation Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Capitalisation Shares.

Specific Mandate

The Capitalisation Shares will be allotted and issued under the Specific Mandate to be sought and approved by more than 50% of the Independent Shareholders at EGM.

**Application for listing
of the Capitalisation
Shares**

An application will be made by the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Capitalisation Shares.

4. Evaluation of the key terms of the Debt Capitalisation

4.1 Share price comparisons

The Capitalisation Issue Price of HK\$0.1 per Capitalisation Share represents:

- (i) a discount of approximately 29.1% (the “**LTD Discount**”) to the closing price of HK\$0.141 per Share as quoted on the Stock Exchange on 15 June 2026, being the Last Trading Day;
- (ii) a discount of approximately 32.9% (the “**5-Day Discount**”) to the average closing price of approximately HK\$0.149 per Share based on the daily closing prices as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

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- (iii) a discount of approximately 18.7% to the average closing price of approximately HK\$0.123 per Share based on the daily closing prices as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 39.4% to the average closing price of approximately HK\$0.165 per Share based on the daily closing prices as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 1,150% over the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.008 per Share as at 31 December 2025, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$1.0 million as at 31 December 2025 by 129,149,302 Shares in issue as at the Latest Practicable Date;
- (vi) a discount of approximately 32.7% to the benchmarked price of HK\$0.1486 per Share (as defined under Rule 10.44A of the GEM Listing Rules), taking into account the higher of (i) the closing price of HK\$0.141 per Share on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.1486 per Share;
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 20.5% of the theoretical diluted price of approximately HK\$0.1182 per Share to the benchmarked price of approximately HK\$0.1486 per Share (as defined under Rule 10.44A of the GEM Listing Rules), taking into account the higher of (i) the closing price of HK\$0.141 per Share on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.1486 per Share; and
- (viii) a discount of approximately 63.64% to the closing price of HK\$0.275 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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With reference to the Letter from the Board, the Capitalisation Issue Price was arrived at after arm's length negotiation between the Company and Mr. Wang taking into account audited consolidated net asset value of the Company as at 31 December 2025, the prevailing market prices, the thin trading volume of the Shares in the past year, as well as the current market conditions. The Board acknowledges that the Capitalisation Issue Price represents a discount of approximately 32.7% to the benchmarked price and will result in a theoretical dilution effect of approximately 20.5% as calculated under Rule 10.44A of the GEM Listing Rules. Notwithstanding such discount and dilution, the Board considers the Debt Capitalisation necessary and commercially pragmatic given the Group's current financial position.

The Group has been incurring consecutive losses over the past five financial years, generating weak operating cash flows, with a net current liabilities position as at 31 December 2025. The Debt Capitalisation as a viable and immediately available solution to materially reduce the Group's outstanding liabilities and preserve its limited working capital, notwithstanding the discount and theoretical dilution effect.

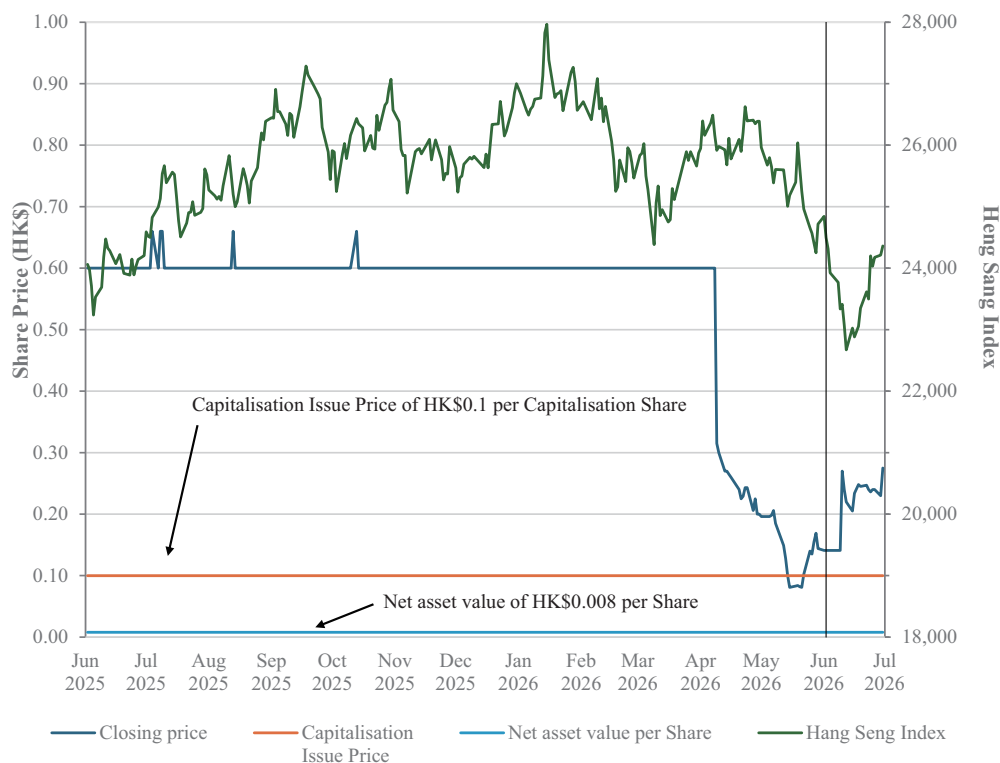
In assessing the fairness and reasonableness of the Capitalisation Issue Price, the Board has taken into account: (i) the Group's deteriorating business performance and weak operating cash flow; (ii) its financial position and limited repayment capacity; (iii) the challenging operating environment of its vehicle trading business; (iv) the generally low liquidity of the Shares; (v) the significant size of the Capitalisation Shares to be issued which represents approximately 166.9% of the existing issued share capital, which justifies a discount given the difficulty of disposing of a sizeable block in the market; and (vi) the Capitalisation Issue Price represents a substantial premium of approximately 1,150% over the audited consolidated net asset value per Share as at 31 December 2025.

4.2 Historical price performance of the Share

In order to assess the fairness and reasonableness of the Capitalisation Issue Price, we have reviewed the daily closing prices of the Shares, after taking into account the effects of the capital reorganisation (the "**Capital Reorganisation**") as set out in the Company's announcement dated 5 March 2026, during the period from 16 June 2025 up to and including the Latest Practicable Date (the "**Review Period**"). We consider that the Review Period, being a period of more than one year up to and including the Latest Practicable Date, is adequate to illustrate the recent price movement of the Shares and provides a reasonable basis for assessing the Capitalisation Issue Price against the historical market performance of the Shares. The following chart sets out the daily closing prices of the Shares after taking into account the effects of the Capital Reorganisation, together with (i) the Capitalisation Issue Price; (ii) the Hang Seng Index; and (iii) the net asset value per Share, during the Review Period:

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Chart: Movement of the closing prices of the Shares during the Review Period



Source: the Stock Exchange's website

Note: Trading in the Shares was suspended from 16 June 2026 to 23 June 2026.

As illustrated in the chart above, the highest closing price of the Shares after taking into account the effects of the Capital Reorganisation was HK\$0.66, which was recorded on multiple occasions between July and October 2025. The lowest closing price was HK\$0.081, which was recorded on 29 May 2026 and 4 June 2026. The Capitalisation Issue Price of HK\$0.1 per Capitalisation Share falls within the aforesaid historical closing price range of the Shares during the Review Period.

From 16 June 2025 to 20 April 2026, the closing price of the Shares, after taking into account the effects of the Capital Reorganisation, remained largely at HK\$0.60 per Share. Prior to the Capital Reorganisation becoming effective on 23 April 2026, the Shares were traded at HK\$0.01 per Share, being the minimum trading price level. As such, the downward movement of the Share price prior to the Capital Reorganisation was technically constrained at such level. Following the Capital Reorganisation, the Shares were no longer subject to the same minimum price constraint on an adjusted basis. The market performance of the Shares during such period did not generally move in line with the Hang Seng Index.

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During the Review Period, the closing price of the Shares decreased from HK\$0.60 on 16 June 2025 to HK\$0.275 on the Latest Practicable Date. Prior to the Capital Reorganisation becoming effective on 23 April 2026, the Shares were traded at HK\$0.01 per Share, representing the minimum trading price level accepted on the Stock Exchange's trading system and equivalent to HK\$0.60 per Share after adjusting for the effects of the Capital Reorganisation. Accordingly, the downward movement of the Share price prior to the Capital Reorganisation was, to a certain extent, technically constrained at such level. Following the Capital Reorganisation, the closing price of the Shares was HK\$0.315 on 23 April 2026 and subsequently trended downward, reaching HK\$0.081 on 29 May 2026 and 4 June 2026. Thereafter, the closing price of the Shares fluctuated between HK\$0.102 and HK\$0.275, and closed at HK\$0.275 on the Latest Practicable Date.

Apart from the customary announcements made by the Company in terms of its interim and/or annual results announcements, and the issue of interim and/or annual reports and circular for its annual general meeting during the Review Period, other notable events included:

- (i) announcement dated 22 July 2025 in relation to the Disposal;
- (ii) profit alert announcement dated 19 August 2025 for the six months ended 30 June 2025;
- (iii) announcement dated 8 October 2025 in relation to completion of the Disposal;
- (iv) announcement dated 5 March 2026 in relation to the Capital Reorganisation and change in board lot size;
- (v) profit warning announcement dated 23 March 2026 for FY2025; and
- (vi) the Joint Announcement.

As advised by the Management, save for the events mentioned above, the Management is not aware of any other material events during the Review Period which may have contributed to the movements in the closing prices of the Shares.

4.3 Liquidity

Set out below are (i) the number of trading days; (ii) the percentage of the Shares' average daily trading volume during each month (the "**Average Trading Volume**"), after taking into account the effects of the Capital Reorganisation where applicable, as compared to the total number of issued Shares held by the public as at the Latest Practicable Date; and (iii) the percentage of the Average Trading Volume as compared to the total number of issued Shares as at the Latest Practicable Date, during the Review Period:

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Month	No. of trading days in each month	% of the Average Trading Volume to total number of issued Shares held by the public Shareholders as at the Latest Practicable Date (Note 1) %	% of the Average Trading Volume to total number of issued Shares as at the Latest Practicable Date (Note 2) %
2025			
June	11	0.000	0.000
July	22	0.179	0.126
August	21	0.051	0.036
September	22	0.051	0.036
October	20	0.121	0.085
November	20	0.006	0.004
December	21	0.000	0.000
2026			
January	21	0.002	0.001
February	17	0.012	0.008
March	22	0.002	0.002
April	19	0.084	0.060
May	19	0.492	0.347
June	16	2.273	1.607
July (including and up to the Latest Practicable Date)	9	0.640	0.452

Source: the Stock Exchange's website

Notes:

1. Based on 91,294,425 Shares held by the other public Shareholders as at the Latest Practicable Date.
2. Based on 129,149,302 Shares as at the Latest Practicable Date.

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We noted from the above table that the Average Trading Volume of the Shares was generally thin during the Review Period. Save for June 2026, the Average Trading Volume for each month during the Review Period was below 1.0% of both (i) the total number of issued Shares held by the public Shareholders; and (ii) the total number of issued Shares as at the Latest Practicable Date. This indicates that the Shares were traded with relatively low liquidity during the Review Period.

Given the generally low liquidity of the Shares as illustrated above, we consider that a sizeable block of Shares may not be readily disposed of in the market without exerting downward pressure on the Share price. In view of the relatively large number of Capitalisation Shares to be issued under the Debt Capitalisation, a discount to the prevailing market price would be commercially understandable to reflect the limited liquidity of the Shares and the potential difficulty in disposing of a sizeable block of Shares.

4.4 Comparable issue

To further assess the fairness and reasonableness of the Capitalisation Issue Price, we have conducted a search on the website of the Stock Exchange to identify comparable transactions involving subscriptions or issues of new ordinary shares under specific mandate by or to connected persons based on the following criteria:

- (i) the issuers are listed on the Stock Exchange;
- (ii) the trading of shares of such issuers were not halted/suspended for more than three months as at the respective date of announcement;
- (iii) the subscriptions or issues of new shares were announced during the period from 16 June 2025 to 15 June 2026, being one-year period prior to and including the date of the Subscription Agreement; and
- (iv) the new shares were not issued in connection with share incentive schemes, acquisition transactions, or corporate or debt restructuring under a scheme of a listed company.

We have identified an exhaustive list of 25 comparable transactions (the “**Comparable Transactions**”) as set out in the table below which met the above selection criteria and consider such list to be fair and representative for the purpose of our analysis. We consider that the adoption of selection period of approximately twelve months is appropriate as it reflects recent market trends and provides a reasonable number of Comparable Transactions for our analysis. Despite that the business, operations, financial position and prospects of the issuers under the Comparable Transactions may not be directly comparable to those of the Group, the

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Comparable Transactions provide a general reference for the market practices in respect of issue of new shares under specific mandate to connected persons during the selection period. Details of the Comparable Transactions are set out below:

Date of announcement	Stock code	Company name	Premium/ (discount) of the subscription/ issue price over/ to the average closing price for the last five consecutive trading days prior to/up to and including the date of the agreement	Premium/ (discount) of the subscription/ issue price over/ to the closing price on/prior to the date of the agreement
			Approximate %	Approximate %
1 June 2026	8510	Top Standard Corporation	(20.0)	(20.0)
29 May 2026	80	CAI Corp	10.0	6.8
27 May 2026	1679	Risecomm Group Holdings Limited	(11.5)	(13.2)
26 May 2026	1146	Huicheng International Holdings Limited	88.7 (Note)	93.8 (Note)
5 March 2026	931	China HK Power Smart Energy Group Limited	Nil	(0.3)
23 January 2026	6939	MEGAIN Holding (Cayman) Co., Ltd.	(18.7)	(17.6)
20 January 2026	199	ITC Properties Group Limited	(19.7)	(14.8)
16 January 2026	9858	China Youran Dairy Group Limited	(8.8)	(17.9)
24 December 2025	353	Energy International Investments Holdings Limited	(18.3)	(19.7)
28 November 2025	475	Central Development Holdings Limited	(3.6)	(8.1)
17 November 2025	2339	Beijingwest Industries International Limited	(34.2)	(20.0)
10 November 2025	1920	China Wacan Group Company Limited	4.3	0.4
31 October 2025	3395	JX Energy Ltd.	(1.6)	(1.3)
24 October 2025	2371	Chuanglian Holdings Limited	8.6	8.6
20 October 2025	8246	Zhonghua Gas Holdings Limited	8.9	0.0
26 September 2025	8305	Sheng Tang Holdings Limited	(24.0)	(18.1)
16 September 2025	8365	Hatcher Group Limited	(34.1)	(37.6)
3 September 2025	2268	WuXi XDC Cayman Inc.	(4.0)	2.9
25 August 2025	2221	New Concepts Holding Limited	13.6	14.9

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Stock code	Company name	Premium/ (discount) of the subscription/ issue price over/ to the average closing price for	Premium/ (discount) of the subscription/ issue price over/ to the average closing price for
			the last five consecutive trading days prior to/up to and including the date of the agreement	the last five consecutive trading days prior to/up to and including the date of the agreement
			Approximate %	Approximate %
7 August 2025	1709	DL Holdings Group Limited	(11.9)	(13.0)
25 July 2025	863	OSL Group Limited	(15.3)	(16.2)
25 July 2025	1201	Tesson Holdings Limited	(16.7)	(19.9)
8 July 2025	994	CT Vision (International) Holdings Limited (Formerly known as CT Vision S.L. (International) Holdings Limited)	133.8 (Note)	104.1 (Note)
29 June 2025	1611	BITFIRE GROUP HOLDINGS LIMITED (Formerly known as Sinohope Technology Holdings Limited)	(29.7)	(23.9)
18 June 2025	456	New City Development Group Limited	(5.0)	(7.5)
		Maximum (excluding outliers)	13.6	14.9
		Minimum (excluding outliers)	(34.2)	(37.6)
		Average (excluding outliers)	(10.1)	(10.2)
		Median (excluding outliers)	(11.5)	(13.2)
23 June 2026	8123	The Company	(29.1)	(32.9)

Note: The premium represented by the subscription price of these two cases was exceptionally high as they were more than two standard deviations away from the mean and were therefore considered as outliers based on the mean and standard deviation outlier detection method. No other outlier was identified based on the same detection method.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated in the table above, the subscription or issue prices of the Comparable Transactions (excluding outliers):

- (i) ranged from a discount of approximately 34.2% to a premium of approximately 13.6% over their respective closing prices on or immediately prior to the date of the relevant agreement (the “**LTD Market Range**”), with an average discount of approximately 10.1% and a median discount of approximately 11.5%. The LTD Discount of approximately 29.1% falls within the LTD Market Range; and
- (ii) ranged from a discount of approximately 37.6% to a premium of approximately 14.9% over the average closing price per share for the five consecutive trading days prior to/up to and including the date of the relevant agreement (the “**5-Day Market Range**”), with an average discount of approximately 10.2% and a median discount of approximately 13.2%. The 5-Day Discount of approximately 32.9% also falls within the 5-Day Market Range.

Despite that the LTD Discount and 5-Day Discount are higher than the respective averages/medians of the Comparable Transactions, we consider the Capitalisation Issue Price to be fair and reasonable after considering the following factors:

- (i) the Group’s deteriorating business performance and weak operating cash flow, as discussed in the section headed “2. Reasons for and benefits of the Debt Capitalisation” in this Letter;
- (ii) the Group’s weak financial position and limited repayment capacity, as discussed in the sections headed “1. Information of the Group – 1.3 Financial position” and “2. Reasons for and benefits of the Debt Capitalisation” in this Letter;
- (iii) the challenging operating environment of the Vehicle Trading Business, as discussed in the section headed “1. Information of the Group – 1.4 Prospects of the Group” in this Letter;
- (iv) the generally low liquidity of the Shares, as discussed in the section headed “4. Evaluation of the key terms of the Debt Capitalisation – 4.3 Liquidity” in this Letter;
- (v) the size of the Capitalisation Shares to be issued under the Debt Capitalisation and the corresponding liquidity considerations; and
- (vi) the Capitalisation Issue Price represents a substantial premium over the audited consolidated net asset value per Share as at 31 December 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered the above, including that the LTD Discount and 5-Day Discount fall within the respective market ranges of the Comparable Transactions, we are of the view that the terms of the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

5. Possible dilution effect to the Shareholders

The change in shareholding structure of the Company arising from the Subscription is set out in the section headed “EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY” in the Letter from the Board. Immediately upon completion of the Subscription Agreement, assuming there is no other change in the issued share capital of the Company from the Latest Practicable Date and up to the date of completion of the Subscription Agreement, the shareholding interest of the public Shareholders would decrease from approximately 70.69% as at the Latest Practicable Date to approximately 26.49% immediately upon completion of the Subscription Agreement.

We note that the Debt Capitalisation would result in a significant dilution effect on the shareholding interests of the public Shareholders. However, in assessing whether such dilution effect is acceptable, we have considered the following factors:

- (i) the Debt Capitalisation would enable the Group to settle the outstanding Shareholder’s Loans without immediate cash outflow, thereby preserving the Group’s cash resources for its operations and working capital requirements;
- (ii) the Group’s financial position remained weak, including its continued loss-making position, weak operating cash flow, limited equity base and net current liabilities position, as discussed in the sections headed “1. Information of the Group — 1.3 Financial position” and “2. Reasons for and benefits of the Debt Capitalisation” in this Letter;
- (iii) the Group’s Vehicle Trading Business continued to face a challenging operating environment, and the Group should maintain financial flexibility and preserve liquidity for its continuing operations;
- (iv) the Capitalisation Issue Price is considered fair and reasonable, as discussed in the section headed “4. Evaluation of the key terms of the Debt Capitalisation” in this Letter; and
- (v) the Debt Capitalisation is subject to approval by the Independent Shareholders at the EGM, and Mr. Wang and his associates or concert parties are required to abstain from voting on the relevant resolutions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account the above, we consider that although the dilution effect on the public Shareholders is significant, such dilution effect is justifiable and acceptable so far as the Independent Shareholders are concerned.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, although the Debt Capitalisation is not conducted in the ordinary and usual course of business of the Group, we consider that the terms of the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

Ignite Capital (Asia Pacific) Limited

Li Lan

Tin Ming Kit

Managing Director

Director

Mr. Li Lan is a Managing Director of Ignite Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Li has over 20 years of corporate finance experience in Hong Kong and has participated in and completed various financial advisory and independent financial advisory transactions.

Mr. Tin Ming Kit is a Director of Ignite Capital and is licensed under the SFO as a licensed person to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Tin has over 20 years of investment banking and corporate finance experience in Hong Kong and has participated in and completed various initial public offerings, corporate financial advisory and independent financial advisory transactions.

* *For identification purposes only*

RESPONSIBILITY STATEMENT

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

1. SHARE CAPITAL

Set out below are the authorised and issued share capital of the Company as at the Latest Practicable Date:

Authorised	HK\$
<u>10,000,000,000</u> Shares	<u>100,000,000.00</u>
Issued and fully paid	
<u>129,149,302</u> Shares	<u>1,291,493.02</u>

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

2. DISCLOSURE OF INTERESTS**(a) Director's and chief executive's interests in the Company or its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were 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 the Directors or chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Interests in Shares

Name of Director/ Chief Executive	Nature of interest	Number of Shares interested	Number of underlying shares interested	Aggregate interests	Approximate percentage of interests over the Shares (Note 1)
Mr. Wang	Beneficial owner	35,389,932 (L)	–	35,389,932	27.4%
Ms. Lai	Beneficial owner	46,335 (L)	–	46,335	0.04%

Notes:

1. The shareholding percentage in the Company is calculated on the basis of 129,149,302 Shares in issue as at the Latest Practicable Date.
2. The Letter “L” denotes a long position in the Shares.

Interests in associated corporation

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

(b) Substantial Shareholders and other persons’ interests in Shares and underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or was deemed to have, an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital:

Interests in Shares

Name of Shareholder	Nature of interest	Number of Shares interested	Approximate percentage of issued share capital of the Company (Note 1)
Mr. Wang	Beneficial owner	35,389,932 (L)	27.4%

Note:

1. The shareholding percentage in the Company is calculated on the basis of 129,149,302 Shares in issue as at the Latest Practicable Date.
2. The Letter "L" denotes a long position in the Shares.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, the controlling shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) has any interest in a business which competes or may compete with the business of the Group nor does any of them has or may have any other conflicts of interests with the Group.

4. SERVICE CONTRACTS

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

5. INTERESTS IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, 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.

6. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which, since 31 December 2025 (the date to which the latest published audited financial statements of the Group were made up), had been or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

7. LITIGATION AND ARBITRATION

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

8. MATERIAL CONTRACTS

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

- (a) the Subscription Agreement;
- (b) the formal agreement dated 18 August 2025 entered into between the Company as vendor, Best Property Limited as purchaser and Sinofortune Property Limited (a former wholly-owned subsidiary of the Company) (“SPL”) as owner of the office premises occupied by the Company for (i) the disposal by the Company of the entire issued share capital of loan advanced to SPL and (ii) the leaseback arrangement for the office premises owned by SPL to the Company;
- (c) the preliminary agreement dated 22 July 2025 entered into between the Company as vendor and Best Property Limited as purchaser for the disposal by the Company of the entire issued share capital of loan advanced to SPL and the leaseback arrangement for the office premises owned by SPL to the Company; and
- (d) the agreement dated 9 July 2024 entered into between the Company as vendor and four purchasers including Xiang Ying, Lan Shili, Shan Chuanlong and Li Chao for the disposal of 34%, 33%, 23% and 10% of the issued share capital of Sinofortune Financial Holdings (BVI) Limited (a former wholly-owned subsidiary of the Company) to each of them respectively.

Save of disclosed above, there were no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date which are, or may be, material.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position or prospects of the Group since 31 December 2025, being the date to which the latest published audited consolidated accounts of the Group were made up.

10. QUALIFICATION AND CONSENT OF EXPERT

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

NAME	Qualification
Ignite Capital (Asia Pacific) Limited	a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the above expert (i) had no direct or indirect shareholdings in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) had no interests, direct or indirect, in any assets which had been, since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The above expert has given and has not withdrawn its respective written consent to the issue of this circular with the inclusion herein of its respective letter, report, advice and/or references to its respective name, in the form and context in which they respectively appear.

11. GENERAL

- (a) The company secretary of the Company is Ms. Woo Man Yi, who is an associate member of both The Chartered Governance Institution in the United Kingdom and The Hong Kong Chartered Governance Institute.
- (b) The registered office of the Company is situated at Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (c) The headquarters, head office and principal place of business of the Company in Hong Kong is situated at 16/F, CMA Building, 64-66 Connaught Road Central, Hong Kong.
- (d) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queens's Road East, Wanchai, Hong Kong.
- (e) In the event of any inconsistency, the English texts of the circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

12. DOCUMENTS ON DISPLAY

The following documents are published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.sinofortune.hk from the date of this circular to and including the date of the EGM:

- (i) the Subscription Agreement;
- (ii) the material contracts referred to in the paragraph headed “8. Material Contracts” of this appendix;
- (iii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this circular;
- (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular; and
- (v) the written consent referred to in the section headed “10. Qualification and consent of expert” above.

NOTICE OF EXTRAORDINARY GENERAL MEETING



華億金控集團有限公司
SINOFORTUNE FINANCIAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 08123)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of Sinofortune Financial Holdings Limited (the “**Company**”) will be held at 11:00 a.m. on Monday, 10 August 2026 at 16/F, CMA Building, 64-66 Connaught Road Central, Hong Kong for the purpose of considering and, if thought fit, passing with or without modifications the following resolution:

ORDINARY RESOLUTION

1. to consider and, if thought fit, pass the following resolution as ordinary resolution of the Company:
 - (i) **“THAT** the subscription agreement (the “**Subscription Agreement**”) (a copy of which of which has been produced to the Meeting marked “A” and initiated by the chairman of the Meeting for identification purpose dated 15 June 2026 entered into between the Company and Mr. Wang Jiawei (the “**Subscriber**”) in relation to the subscription of 215,499,000 shares (the “**Capitalisation Shares**”) at the price of HK\$0.1 per Share for the settlement of the outstanding sum in the amount of HK\$21,549,900 owed by the Company to the Subscriber and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
 - (ii) Conditional upon the Stock Exchange having approved the listing of and dealing in the Capitalisation Shares, the Directors be and are hereby granted the specific mandate (the “**Specific Mandate**”) to allot and issue the Capitalisation Shares in accordance with the terms of the Subscription Agreement, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any existing or such other general or specific mandates which may from time to time be granted to the Directors prior to the passing of this resolution; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iii) the directors of the Company (the “**Directors**” and each a “**Director**”) be and are hereby authorised to do all such acts and things and execute (under hand or as a deed and where appropriate, under the common seal of the Company) all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the implementation of the Debt Capitalisation.”

By order of the Board
Sinofortune Financial Holdings Limited
Wang Jiawei
Chairman

Hong Kong, 20 July 2026

Registered Office:

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

*Head Office and Principal Place
of Business:*

16th Floor
CMA Building
No. 64-66 Connaught Road Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the aforesaid extraordinary general meeting (the “**EGM**”) is entitled to appoint one or (if holding two or more Shares) more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a notarial certified copy of that power of attorney or authority must be deposited with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 11:00 a.m. on 8 August 2026 (Saturday), which is not later than 48 hours before the time fixed for holding the EGM or any adjournment thereof.
3. In order to qualify for the right to attend and vote at the EGM, all relevant share certificates and properly completed transfer forms must be lodged for registration with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on 3 August 2026 (Monday) which is the last registration date for the EGM.
4. For the purpose of determining members who are qualified for attending and voting at the EGM, the register of members of the Company will be closed from Tuesday, 4 August 2026 to Monday, 10 August 2026, both days inclusive, during which no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Registrar at the address stated in note 3 above not later than 11:00 a.m. on Saturday, 8 August 2026 for registration. The record date for the attending and voting at the meeting is Monday, 10 August 2026.
5. Completion and return of the form of proxy will not preclude members from attending and voting at the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

6. The voting on the resolutions at the EGM will be conducted by way of a poll.
7.
 - (a) Subject to paragraph (b) below, if a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time between 8:00 a.m. and 5:00 p.m. on the date of the EGM, the EGM will be adjourned in accordance with the articles of association of the Company, and shareholders of the Company will be informed of the date, time and venue of the adjourned EGM by a supplemental notice posted on the respective websites of the Company and Hong Kong Exchanges and Clearing Limited.
 - (b) If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is lowered or cancelled 4 hours before the time of holding of the EGM (i.e. at or before 7:00 a.m.) and where conditions permit, the EGM will be held as scheduled.
 - (c) The EGM will be held as scheduled when an amber or red rainstorm warning signal is in force.
 - (d) After considering their own situations, shareholders should decide on their own whether or not they would attend the EGM under any bad weather condition and if they do so, they are advised to exercise care and caution.
8. No distribution of corporate gifts and no serving of refreshments.
9. The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English version shall prevail.

As of the date of this notice, the executive directors are Mr. Wang Jiawei and Ms. Lai Yuk Mui, the independent non-executive directors are Professor Zhang Benzheng, Mr. Li Jianxing, Professor Chen Shu Wen and Mr. Lee Kwun Kwan.

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

This notice will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its posting and on the Company’s website at www.sinofortune.hk.