
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Hong Kong Entertainment International Holdings Limited (the “Company”), you should at once forward this circular and the accompanying form of proxy to the purchaser or the 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 the transferee.

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

This circular 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.

Hong Kong Entertainment International Holdings Limited

港娛國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8291)

I. PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD AT THE CLOSE OF BUSINESS ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS AND II. NOTICE OF EXTRAORDINARY GENERAL MEETING

Placing Agent to the Company



Suncorp Securities Limited

Independent Financial Adviser to
the Independent Board Committee and Independent Shareholders



Vinco Financial Limited

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

A letter from the Board is set out on pages 12 to 36 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 37 to 38 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 39 to 65 of this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Friday, 4 September 2026. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 17 September 2026 to Thursday, 24 September 2026 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Thursday, 17 September 2026 to Thursday, 24 September 2026 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the EGM to be held at Portion 2, 12/F, The Center, 99 Queen's Road Central, Central, Hong Kong on Wednesday, 2 September 2026 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular. Whether you are able to attend the EGM or not, you are requested to complete the enclosed proxy form in accordance with the instructions printed on it and return the completed proxy form to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event so that it is received at least 48 hours before the time appointed (i.e. Monday, 31 August 2026 at 11:00 a.m.) for the EGM or adjourned meeting (as the case may be). Submission of a proxy form shall not preclude you from attending the EGM (or any adjournment of such meeting) and voting in person should you so wish.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the paragraph headed “Conditions of the Rights Issue” in this circular. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid Rights Shares together with the ES Unsold Rights Shares will be placed to independent placees on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

12 August 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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EXPECTED TIMETABLE

Set out below is the expected timetable for the proposed Rights Issue and the Placing which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Event	Date and time (Hong Kong time)
Expected despatch date of circular together with notice and form of proxy for the EGM	On or before Wednesday, 12 August 2026
Latest time and date for lodging transfer documents in order to qualify for attendance and voting at the EGM	4:30 p.m. on Wednesday, 26 August 2026
Closure of register of members of the Company for attending the EGM (both dates inclusive)	Thursday, 27 August 2026 to Wednesday, 2 September 2026
Latest time and date for lodging forms of proxy for the EGM	11:00 a.m. on Monday, 31 August 2026
Record date for determining attendance and voting at the EGM	Wednesday, 2 September 2026
Expected time and date of the EGM	11:00 a.m. on Wednesday, 2 September 2026
Announcement of poll results of the EGM	Wednesday, 2 September 2026
Register of members of the Company re-opens	Thursday, 3 September 2026
Last day of dealing in the Shares on a cum-rights basis	Thursday, 3 September 2026
First day of dealings in the Shares on an ex-rights basis	Friday, 4 September 2026
Latest time for the Shareholders to lodge transfer documents in order to qualify for the Rights Issue	4:30 p.m. on Monday, 7 September 2026
Closure of register of members of the Company for the Rights Issue (both dates inclusive)	Tuesday, 8 September 2026 to Monday, 14 September 2026

EXPECTED TIMETABLE

Event	Date and time (Hong Kong time)
Record Date for determining entitlements to the Rights Issue	Monday, 14 September 2026
Register of members of the Company re-opens	Tuesday, 15 September 2026
Expected despatch of Prospectus Documents	Tuesday, 15 September 2026
First day of dealings in nil-paid Rights Shares	Thursday, 17 September 2026
Latest time for splitting of PAL	4:30 p.m. on Monday, 21 September 2026
Last day of dealings in nil-paid Rights Shares	Thursday, 24 September 2026
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Tuesday, 29 September 2026
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Tuesday, 29 September 2026
Announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares subject to the Compensatory Arrangements	Tuesday, 6 October 2026
Commencement of placing of Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent	Wednesday, 7 October 2026
Latest time of placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent	4:00 p.m. on Monday, 12 October 2026
Latest time for the Rights Issue and placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to become unconditional	4:00 p.m. on Monday, 12 October 2026

EXPECTED TIMETABLE

Event	Date and time (Hong Kong time)
Announcement of results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and per ES Unsold Rights Share under the Compensatory Arrangements)	Friday, 16 October 2026
Despatch of share certificates for the Rights Shares and refund cheques (if the Rights Issue is terminated)	Tuesday, 20 October 2026
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Wednesday, 21 October 2026
Designated broker commences to provide matching services for odd lots of the Shares	Wednesday, 21 October 2026
Payment of Net Gain to relevant No Action Shareholders or Excluded Shareholders	Wednesday, 28 October 2026
Designated broker ceases to provide matching services for odd lots of the Shares	Monday, 9 November 2026

All times and dates in this circular refer to Hong Kong local times and dates. In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the website of the Stock Exchange and on the website of the Company as and when appropriate.

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

The Latest Time for Acceptance will not take place as scheduled if there is a tropical cyclone warning signal no. 8 or above, a black rainstorm warning signal and/or “extreme conditions” as announced by the government of Hong Kong:

- (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day;
or

EXPECTED TIMETABLE

- (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the “EXPECTED TIMETABLE” above may be affected. Announcement will be made by the Company in such event.

DEFINITIONS

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

“AFRC”	the Accounting and Financial Reporting Council
“Announcement”	the announcement of the Company dated 9 July 2026 in relation to, among other things, the Rights Issue and the Placing
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Company”	Hong Kong Entertainment International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8291)
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 10.31(1)(b) of the GEM Listing Rules
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider, and if thought fit, to approve the Rights Issue, the Placing and the transactions contemplated thereunder
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form that has/have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Existing Share(s)/Share(s)”	the ordinary share(s) of HK\$0.006 each in the share capital of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the same meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Operational Procedures”	the operational procedures of the HKSCC, containing the practices, procedures and administrative or other requirements relating to the operations and functions of CCASS, as from time to time in force
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the GEM Listing Rules to advise the Independent Shareholders in respect of the Rights Issue
“Independent Financial Adviser” or “Vinco Financial”	Vinco Financial 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 appointed and approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue and the transactions contemplated thereunder
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and connected persons of the Company
“Last Trading Day”	9 July 2026, being the last trading day of the Shares on the Stock Exchange immediately before the release of the Announcement
“Latest Placing Date”	12 October 2026 or such later date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares
“Latest Placing Time”	4:00 p.m. on the Latest Placing Date
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 29 September 2026, (or such other time and date as may be determined by the Company), being the latest time for the acceptance of, and payment for, the Rights Shares
“Latest Practicable Date”	10 August 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Long Stop Date”	12 October 2026 or such later date as may be agreed between the Placing Agent and the Company in writing

DEFINITIONS

“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees) after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agent under the Placing Agreement
“No Action Shareholders”	Qualifying Shareholder(s) or renounee(s) or transferee(s) of nil-paid rights under PAL(s) during the Rights Issue who do not subscribe for the Rights Shares (in whole or in part) under the PAL(s), or such persons who hold any nil-paid rights at the time such nil-paid rights lapse
“Overseas Letter”	a letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is(are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to the Placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement

DEFINITIONS

“Placing Agent”	Suncorp Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 10.31(1)(b) of the GEM Listing Rules
“Placing Agreement”	the placing agreement dated 9 July 2026 (as supplemented by the Supplemental Placing Agreement) and entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Placee(s) on a best effort basis
“Placing Arrangement”	the placing arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares as described in the Letter from the Board headed “The Placing Agreement” in this circular
“Placing Period”	a period commencing from the first Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares, which is expected to be Wednesday, 7 October 2026, and ending at the Latest Placing Time
“Placing Shares”	the Unsubscribed Rights Shares and the ES Unsold Rights Shares to be placed by the Placing Agent on a best effort basis pursuant to the terms and conditions of the Placing Agreement
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL

DEFINITIONS

“Prospectus Posting Date”	Tuesday, 15 September 2026 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Monday, 14 September 2026 or such other date as may be determined by the Company, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	up to 159,999,999 new Shares to be allotted and issued by the Company to the Qualifying Shareholders pursuant to the Rights Issue, assuming no change in the number of Shares in issue on or before the Record Date and no exercise of the outstanding share options
“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)
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscription Price”	HK\$0.20 per Rights Share
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Supplemental Placing Agreement”	the supplemental placing agreement dated 5 August 2026 entered into between the Company and the Placing Agent in relation to the Placing Agreement
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Share(s)”	Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent

LETTER FROM THE BOARD

Hong Kong Entertainment International Holdings Limited

港娛國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8291)

Executive Directors:

Mr. Wang Yun

Mr. Zou Yonggang

Independent non-Executive Directors:

Mr. Wong Sui Chi

Mr. Wu Chi King

Ms. Yin Suying

Registered office:

Windward 3

Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

Head office and principal place

of business in the PRC:

Room C84, 5/F, Building 5

Huilin Plaza, No. 5, Nanyuan South Road

Wumenqiao Street

Gusu District

Suzhou City, Jiangsu Province

The People's Republic of China

Principal place of business

in Hong Kong:

18/F, V. Heun Building

138 Queen's Road Central

Central

Hong Kong

12 August 2026

To the Qualifying Shareholders and,

for information only, the Excluded Shareholders (if any)

Dear Sir or Madam,

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

INTRODUCTION

References are made to the Announcement in relation to, among other matters, the Rights Issue and the Placing.

LETTER FROM THE BOARD

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

PROPOSED RIGHTS ISSUE

The Board proposes to conduct the Rights Issue on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders as at the Record Date. Set out below are the details of the Rights Issue statistics.

Basis of the Rights Issue	:	three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.20 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	approximately HK\$0.192 per Rights Share (on the basis that all the Rights Shares will be taken up)
Number of Existing Shares in issue as at the Latest Practicable Date	:	53,333,333 Existing Shares
Number of Rights Shares	:	up to 159,999,999 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date and no exercise of the outstanding share options)
Gross proceeds from the Rights Issue	:	Approximately HK\$32.0 million before deducting the expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date and no exercise of the outstanding share options)
Net proceeds from the Rights Issue	:	Approximately HK\$30.7 million after deducting the expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date and no exercise of the outstanding share options)

LETTER FROM THE BOARD

- Excess application arrangements and underwriting : There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten
- Compensatory Arrangements : Any Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed to independent placees on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares which remain unplaced under the Compensatory Arrangement in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly

As at the Latest Practicable Date, except for the 839,781 share options, of which 734,811 were granted to 7 employees of the Company and 104,970 were granted to a consultant of the Company, the Company has no outstanding derivatives, convertible securities, options, warrants or other similar securities in issue which would otherwise confer any right to subscribe for, convert or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities and/or options on or before the Record Date. As at the Latest Practicable Date, the Company does not hold any treasury shares.

Adjustment(s) (if any) to the exercise price and/or the number of Shares subject to the outstanding share options as a result of the Rights Issue will be made in accordance with the terms of the share option scheme of the Company and the requirements of the GEM Listing Rules. The Company will notify the holders of such share options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the share option scheme and such adjustments will be certified by an independent financial adviser or auditor of the Company (as the case may be). Save for the foregoing, as at the date of this circular, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any Shareholder of his/her/its intention in relation to the Rights Shares to be provisionally allotted to him/her/it under the Rights Issue.

Assuming no change in the number of Shares in issue on or before the Record Date, 159,999,999 Shares to be issued pursuant to the terms of the Rights Issue represent 300% of the total number of issued Shares and approximately 75% of the total number of issued Shares as enlarged by the issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

LETTER FROM THE BOARD

Non-underwritten Basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares which remain unplaced under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (a) does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code; and (b) does not result in non-compliance with the public float requirement under Rule 17.37B of the GEM Listing Rules, in accordance with the note to Rule 10.26(2) of the GEM Listing Rules.

The Subscription Price

The Subscription Price is HK\$0.20 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 17.70% to the closing price of HK\$0.243 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 4.76% to the closing price of HK\$0.210 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 4.76% to the average closing price of HK\$0.210 per Existing Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (iv) a discount of approximately 8.26% to the average closing price of approximately HK\$0.218 per Existing Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 1.23% to the theoretical ex-rights price of approximately HK\$0.2025 per Share based on the closing price of HK\$0.210 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) no comparison of the Subscription Price against the net asset value per Share is presented, as the Group recorded audited consolidated net liabilities attributable to owners of the Company of approximately RMB58.3 million as at 31 December 2025; and
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 3.57% of the theoretical diluted price of approximately HK\$0.2025 per Share to the benchmarked price of approximately HK\$0.210 per Share (as defined under Rule 10.44A of the GEM Listing Rules), taking into account the higher of the closing price of HK\$0.210 per Existing Share on the Last Trading Day and the average closing price of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the Announcement).

The Subscription Price was determined by the Company with reference to, among other things, the following factors.

(i) the prevailing market price of the Existing Shares

The closing price per Share experienced a significant downturn in the last month up to and including the Last Trading Day, declining from a closing price of HK\$0.305 per Share on 9 June 2026 to a closing price of HK\$0.210 per Share on the Last Trading Day, representing a drop of approximately 31.15%.

In the last five (5) consecutive trading days up to and including the Last Trading Day, the average closing price per Share was HK\$0.210, to which the Subscription Price represents a slight discount of approximately 4.76%.

(ii) the low liquidity of the Existing Shares

During the one-year period up to and including the Last Trading Day, the percentage of average daily trading volume to the total number of Shares was no more than 0.3%, indicating that the trading activity of the Shares remained at a considerably low level throughout the year.

LETTER FROM THE BOARD

In the last month up to and including the Last Trading Day, there were 13 trading days on which zero trading volume was recorded.

(iii) the latest business performance and financial position of the Group

The details set out in the section headed “REASONS FOR THE RIGHTS ISSUE, THE PLACING AND USE OF PROCEEDS” in this circular.

(iv) the reasons for the Rights Issue

The details set out in the section headed “REASONS FOR THE RIGHTS ISSUE, THE PLACING AND USE OF PROCEEDS” in this circular.

Having regard to, among other things, the above factors, the Board considers that the Subscription Price, which represents a slight discount to the prevailing market price, is fair and reasonable and attractive to the Qualifying Shareholders in the Rights Issue, encouraging a higher participation rate.

All Qualifying Shareholders are entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company held on the Record Date so as to maintain their proportionate interests in the Company and participate in the future growth of the Group.

The public float requirements under the GEM Listing Rules shall be fulfilled by the Company at all times. The Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 17.37B of the GEM Listing Rules.

The Board considers that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil paid rights in the market; (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; (iii) the Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the recent market price of the Shares; and (iv) the discount of the Subscription Price to the current market price will encourage them to participate in the Rights Issue.

LETTER FROM THE BOARD

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Rights Issue is approximately 75%. The theoretical dilution effect of the Rights Issue is approximately 3.57% which is below 25% as required under Rule 10.44A of the GEM Listing Rules.

Conditions of the Rights Issue

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

- (i) the passing by more than 50% of the votes cast by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the EGM for the transactions contemplated under the Rights Issue to be effective in compliance with the GEM Listing Rules, including but not limited to approving, confirming and/or ratifying the Rights Issue, the Placing Agreement and the Compensatory Arrangements, including the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms;
- (ii) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect;
- (iii) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (iv) the electronic delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively, one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolutions of the Directors (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance, the Companies Ordinance and the GEM Listing Rules by no later than the Prospectus Posting Date;
- (v) the delivery of the Prospectus Documents to the Stock Exchange and the issue by the Stock Exchange on or before the Prospectus Posting Date of a certificate authorising registration of the Prospectus Documents with the Registrar of Companies in Hong Kong;

LETTER FROM THE BOARD

- (vi) following registration, the posting of the Prospectus Documents to Qualifying Shareholders, the posting of the Prospectus and the Overseas Letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue, and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Prospectus Posting Date; and
- (vii) all other necessary consent and approvals (if required) from the relevant regulatory authorities for the Rights Issue and the transaction contemplated thereunder having been obtained and fulfilled.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above or, where no date is specified, by the Long Stop Date (or such later date as the Company may determine and announce).

None of the above conditions precedent can be waived. If any of the above conditions are not satisfied by the respective dates set out above (or such later date as the Company may determine), the Rights Issue will not proceed.

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

Basis of provisional allotments

The basis of the provisional allotment shall be three (3) Rights Shares (in nil-paid form) for every one (1) Share held by the Qualifying Shareholders as at close of business on the Record Date. There will be no excess application arrangements in relation to the Rights Issue.

The PAL relating to the Rights Shares in printed form will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders

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

In order to be registered as members of the Company at the close of business on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (together with the relevant share certificates) with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 7 September 2026.

LETTER FROM THE BOARD

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Shareholders with their Shares held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. For investors whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 7 September 2026.

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

Rights of Overseas Shareholders

As at the Latest Practicable Date, based on the register of members of the Company, there is one Overseas Shareholder with registered address located in the PRC, who is interested in 1,022,500 Shares, representing 1.92% of the total issued share capital of the Company (the “**PRC Shareholder**”).

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Directors have, in compliance with Rule 17.41(1) of the GEM Listing Rules, made enquiries regarding the legal restrictions under the laws of the above-mentioned places and the requirements of the relevant regulatory bodies or stock exchange.

The Company has been advised by the legal adviser in the PRC that, under the applicable legislations of the PRC, there is (i) no legal restriction or requirement of any regulatory body or stock exchange with respect to extending the Rights Issue to the Overseas Shareholders in the PRC; and (ii) in relation to the Rights Issue, there is no requirement under the relevant applicable legislations of the PRC requiring the prior approval and/or registration of the Prospectus with the relevant regulatory authorities under the applicable laws of the PRC. Accordingly, the Rights Issue is extended to the Overseas Shareholders having registered addresses in the PRC, and such Overseas Shareholders are regarded as the Qualifying Shareholders.

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

LETTER FROM THE BOARD

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

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in the market in their nil-paid form during the period from Thursday, 17 September 2026 to Thursday, 24 September 2026 if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses and stamp duty, of HK\$100 or more will be paid on pro-rata basis to the relevant Excluded Shareholders.

In view of administrative costs, the Company will retain individual amounts of less than HK\$100 for its own benefit.

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

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

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

Status of the Rights Shares

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

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

LETTER FROM THE BOARD

Fractions of the Rights Shares

On the basis of provisional allotment of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 8 September 2026 to Monday, 14 September 2026 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

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

Pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, the Company must make arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Monday, 12 October 2026, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares at a price not less than the Subscription Price.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and ES Unsold Rights Shares) to the No Action Shareholders and the Excluded Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below), by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for;

LETTER FROM THE BOARD

- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below), by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; or
- (iii) if the Rights Issue is extended to the Overseas Shareholders (if any) and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and (iv) in respect of the Excluded Shareholders (if any), by reference to their shareholdings in the Company on the Record Date.

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

THE PLACING AGREEMENT

On 9 July 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure the Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares.

As a result of the revisions to the expected timetable of the Rights Issue and the transactions contemplated thereunder as set out in the announcement of the Company dated 5 August 2026, the Company and the Placing Agent entered into the Supplemental Placing Agreement on 5 August 2026, to reflect the changes of the relevant dates of the Rights Issue and the transactions contemplated thereunder as referred to in the Placing Agreement.

Details of the Placing Agreement (as supplemented by the Supplemental Placing Agreement) are as follows:

Date : 9 July 2026 (the Placing Agreement); and 5 August 2026 (the Supplemental Placing Agreement)

Issuer : the Company

LETTER FROM THE BOARD

Placing Agent : Suncorp Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, was appointed as the Placing Agent to procure, on a best effort basis, the Placees to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares during the Placing Period.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) are Independent Third Parties.

Placing Period : The period commencing from Wednesday, 7 October 2026 and ending at 4:00 p.m. on Monday, 12 October 2026.

Placing price of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares (as the case may be) : The placing price of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares shall be not less than the Subscription Price.

The final price determination depends on the demand and market conditions of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares during the process of placement.

Commission : 3.0% of the amount which is equal to the Placing price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

The commission is not payable by the Company to the Placing Agent if the Placing Agreement has not become unconditional or is otherwise terminated in accordance with its terms.

LETTER FROM THE BOARD

Placees : The Unsubscribed Rights Shares and the ES Unsold Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies). None of the Placees will, together with any party acting in concert with it, become a substantial shareholder (as defined under the GEM Listing Rules) of the Company immediately upon completion of the Placing.

The Placing Agent will use its best endeavour to procure that (i) the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (ii) the Company will continue to comply with the public float requirement under Rule 17.37B of the GEM Listing Rules upon completion of the Placing and the Rights Issue.

Ranking of Unsubscribed Rights Shares and the ES Unsold Rights Shares : Unsubscribed Rights Shares and the ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank pari passu in all respects among themselves and with the Shares then in issue.

Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):

- (i) the passing by the Shareholders (including the Independent Shareholders) at the EGM of the necessary resolutions to approve the Rights Issue;
- (ii) the GEM Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;

LETTER FROM THE BOARD

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

The Placing Agent may, in its absolute discretion, waive the fulfilment of all or any part of the conditions precedent to the Placing Agreement (other than those set out in paragraphs (i) and (ii) above) by notice in writing to the Company.

If any of the conditions precedent to the Placing Agreement have not been fulfilled by the Long Stop Date or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfilment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

As of the Latest Practicable Date, none of the conditions precedent have been satisfied.

Termination : The Placing Arrangement shall end on Monday, 12 October 2026 or any other date by mutual written agreement between the Placing Agent and the Company.

LETTER FROM THE BOARD

The engagement of the Placing Agent may also be terminated by the Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill its duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Placing Completion : Completion is expected to take place within six Business Days after publication of an announcement by the Company of the number of the Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements and upon fulfilment or waiver (as the case may be) of the conditions precedent to the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing.

The Company shall use its best endeavours to procure the fulfilment of such conditions precedent to the Placing Agreement by the Long Stop Date. If any of the conditions precedent to the Placing Agreement have not been fulfilled by the Long Stop Date or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfilment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

LETTER FROM THE BOARD

Public float : The Placing Agent shall ensure that the minimum public float requirement under the GEM Listing Rules be fulfilled by the Company upon completion of the Rights Issue.

The engagement between the Company and the Placing Agent for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Company and the Placing Agent and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors consider that the terms of Placing Agreement for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) are on normal commercial terms.

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

Odd lot matching services

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue, the Company will procure an arrangement with an agent to stand in the market to provide matching services for the sale and purchase of odd lots of the Shares arising from the Rights Issue on a best effort basis during the period from Wednesday, 21 October 2026 to Monday, 9 November 2026 (both dates inclusive). Further details in respect of the odd lot matching arrangements will be set out in the Prospectus to be despatched to the Shareholders. Holders of odd lots of the Shares should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot matching arrangements is recommended to consult his/her/its own professional advisers.

Application for listing of the Rights Shares

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. The nil-paid and fully-paid Rights Shares shall have the board lot size of 10,000 Shares in one board lot. No part of the share capital of the Company is listed or dealt in and no listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

LETTER FROM THE BOARD

Rights Shares will be eligible for admission in CCASS

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

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

Stamp duty and other applicable fees

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

Taxation

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

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Tuesday, 20 October 2026 to those entitled thereto at their registered addresses by ordinary post at their own risk. Each Shareholder will receive one share certificate for all allotted Rights Shares. If the Rights Issue does not become unconditional, refund cheques without interest are expected to be posted on or before Tuesday, 20 October 2026 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

LETTER FROM THE BOARD

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

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this circular.

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

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Excluded Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

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

Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or the Long Stop Date will accordingly bear the risk that the Rights Issue and/or the Placing may not proceed.

REASONS FOR THE RIGHTS ISSUE, THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the manufacturing and sales of packaging products, provision of customised packaging service and retail sales of products, including but not limited to daily necessities and food products, all of which in the PRC and in Hong Kong.

Having reviewed the latest audited consolidated financial statements of the Company for the year ended 31 December 2025, the Directors note that:

- (i) for the year ended 31 December 2025, the Group recorded net cash outflows of approximately RMB43.6 million from operating activities as compared to net cash inflows of approximately RMB9.1 million from operating activities for the year ended 31 December 2024;

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- (ii) as at 31 December 2025, the Group's bond payables and borrowings were approximately RMB83.6 million as compared to approximately RMB74.6 million as at 31 December 2024;
- (iii) as at 31 December 2025, the Group's bank balances and cash in general accounts amounted to approximately RMB1.9 million compared to approximately RMB4.1 million as at 31 December 2024; and
- (iv) as at 31 December 2025, the Group recorded net liabilities attributable to owners of the Company of approximately RMB58.3 million, and the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2025, while expressing an unmodified opinion, included a paragraph on material uncertainty related to going concern.

In view of the financial conditions and performance of the Group and the imminent need of capital, the Directors consider that the Rights Issue represents a good opportunity to raise capital to repay its bond payables and borrowings and replenish its working capital. As disclosed in the annual report of the Company for the year ended 31 December 2025, bonds payables and borrowings of the Group amounted to approximately RMB83.6 million as at 31 December 2025, of which interest-bearing bonds of the Group amounted to approximately RMB9.0 million (with an aggregate principal amount of HK\$10.0 million), with the remaining balance being unsecured borrowings of approximately RMB74.6 million. As the Company recently received a demand notice from the bondholder for early repayment of the bond and a demand notice for the unsecured borrowings of HK\$10 million, the Company currently intends to repay the outstanding bonds in full as soon as practicable following the completion of the Rights Issue and the Placing and after liaising with the relevant bond holder and creditor.

It is estimated that the Company will raise up to HK\$32 million from the Rights Issue and the relevant expenses would be approximately HK\$1.3 million, which includes placing commission and professional fees payable to financial advisers, legal advisers, financial printer and other parties involved in the Rights Issue. The estimated maximum net proceeds from the Rights Issue will accordingly be approximately HK\$30.7 million (equivalent to a net price of approximately HK\$0.192 per Rights Share). In line with the aforesaid business objectives, the Company intends to utilise the net proceeds from the Rights Issue as follows:

- (i) approximately HK\$10.0 million for repayment of the Group's bond payables, which are due on 30 November 2026;

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- (ii) approximately HK\$15.0 million for repayment of borrowings, which are due on 30 November 2026; and
- (iii) approximately HK\$5.7 million as general working capital of the Group (including but not limited to the payment of rental expenses, salaries, professional fees, and settlement of trade payables).

The Company expects to fully utilise the net proceeds by December 2026.

In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses, and the Company will settle the remaining balance by internal resources, debt financing and/or bank loans. The Company does not have any concrete plan to conduct any equity fund raising activities in the next 12 months.

The Company has considered other fund-raising alternatives before proceeding with the Rights Issue, including but not limited to debt financing, placing of new Shares and open offer. Debt financing or bank loans would result in additional interest burden to and higher gearing ratio of the Group. Placing of new Shares would only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders in the Company. As for open offer, although it is similar to a rights issue in offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

In view of the above, the Board (excluding the members of the Independent Board Committee whose opinion will be rendered after considering the advice from the independent financial adviser) considers that as compared to raising fund by other means, raising funds by way of the Rights Issue, which will allow Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro-rata shareholding interests in the Company and dealing with the Shares, is an appropriate fundraising method and is fair, cost effective, efficient and beneficial to the Company and its shareholders as a whole.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF EQUITY SECURITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities involving issue of its equity securities in the past 12 months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company, assuming no further change in the number of issued Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares, (i) as at the Latest Practicable Date; (ii) upon the completion of the Rights Issue assuming full acceptance of the Rights Shares by all Qualifying Shareholders under Rights Issue; (iii) upon the completion of the Rights Issue assuming (a) no subscription by the Qualifying Shareholders; and (b) all Placing Shares are placed to Independent Third Parties under the Placing:

Shareholders	As at the Latest Practicable Date		Upon the completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under Rights Issue		Upon the completion of the Rights Issue assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing	
	No. of issued shares	%	No. of issued shares	%	No. of issued shares	%
Public shareholders	53,333,333	100	213,333,332	100	53,333,333	25
Placees	–	–	–	–	159,999,999	75
Total	<u>53,333,333</u>	<u>100</u>	<u>213,333,332</u>	<u>100</u>	<u>213,333,332</u>	<u>100</u>

Note: No Placee will, together with any party acting in concert with it, hold 10% or more of the voting rights of the Company immediately upon completion of the Placing, and the Placing Shares placed to the Placee(s), being Independent Third Parties, will be counted towards the public float of the Company.

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

LETTER FROM THE BOARD

GEM LISTING RULES IMPLICATIONS

Rights Issue

In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of the Announcement, the Rights Issue must be made conditional on approval by the Independent Shareholders at the EGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolutions relating to the Rights Issue at the EGM. As at the Latest Practicable Date, the Company has no controlling Shareholder and none of the Directors and their respective associates holds any Share. Accordingly, no Shareholder is required to abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM.

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

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

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Rights Issue, the Placing and the transactions contemplated thereunder. The notice convening the EGM is set out on pages EGM-1 to EGM-4 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 at the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show

LETTER FROM THE BOARD

of hands. Accordingly, the resolution(s) proposed at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

Subject to the fulfilment of certain conditions of the Rights Issue including the approval of the Rights Issue by the Shareholders or the Independent Shareholders (as the case may be) at the EGM, a Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) are expected to be despatched to the Qualifying Shareholders on Tuesday, 15 September 2026.

Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares. Any dealing in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled, will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders or other persons contemplating any dealing in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Wong Sui Chi, Ms. Yin Suying and Mr. Wu Chi King, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM. Vinco Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 37 to 38 of this circular which contains its recommendation to the Independent Shareholders in relations to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 39 to 65 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

LETTER FROM THE BOARD

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

ADDITIONAL INFORMATION

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

Yours faithfully,

By order of the Board

Hong Kong Entertainment International Holdings Limited

Wang Yun

Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Hong Kong Entertainment International Holdings Limited

港娛國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8291)

12 August 2026

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular of the Company dated 12 August 2026 (the “**Circular**”) of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM.

Vinco Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable. Details of its recommendation, together with the principal factors and reasons taken into consideration in arriving at such recommendation, are set out on pages 39 to 65 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 12 to 36 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as set out in its letter of advice to the Independent Shareholders and the Independent Board Committee on pages 39 to 65 of the Circular, we are of the opinion that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
The Independent Board Committee

Mr. Wong Sui Chi

Ms. Yin Suying

Mr. Wu Chi King

Independent non-executive Directors
Hong Kong Entertainment International Holdings Limited

LETTER FROM VINCO FINANCIAL

The following is the text of a letter of advice from Vinco Financial setting out its advice to the Independent Board Committee and the Independent Shareholders prepared in respect of the terms of the Rights Issue and the transactions contemplated thereunder which has been prepared for the purpose of incorporation in this circular:

Vinco Financial Limited

12 August 2026

*To the Independent Board Committee and the Independent Shareholders of
Hong Kong Entertainment International Holdings Limited*

Dear Sirs,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the terms of the Rights Issue and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 12 August 2026 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used herein shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Board proposes to conduct the Rights Issue on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders as at the Record Date at the Subscription Price of HK\$0.20 per Rights Share, to raise up to approximately HK\$32.0 million before deducting the expenses by way of issuing up to 159,999,999 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date and no exercise of the outstanding share options on or before the Record Date).

The Company will provisionally allot to the Qualifying Shareholders three (3) Rights Shares in nil-paid form for every one (1) Share in issue and held on the Record Date, which is currently expected to be on Monday, 7 September 2026. The Rights Issue will not be available to the Excluded Shareholders.

LETTER FROM VINCO FINANCIAL

The estimated net proceeds of the Rights Issue (after deducting the estimated expenses in relation to the Rights Issue) will be approximately HK\$30.7 million (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date and no exercise of the outstanding share options on or before the Record Date, and that the Rights Shares are fully subscribed). The Company intends to apply the net proceeds from the Rights Issue for (i) repayment of the Group's bond payables; (ii) repayment of the Group's borrowings; and (iii) general working capital of the Group. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

On 9 July 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure the Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares.

GEM LISTING RULES IMPLICATIONS

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

As at the Latest Practicable Date, the Company has no controlling Shareholder and none of the Directors and their respective associates holds any Shares. Accordingly, no Shareholder is required to abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM.

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

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

LETTER FROM VINCO FINANCIAL

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wong Sui Chi, Ms. Yin Suying and Mr. Wu Chi King, has been established to advise the Independent Shareholders in connection with the Rights Issue and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations of the Independent Financial Adviser.

We, Vinco Financial Limited, have been appointed and approved by the Independent Board Committee, to advise the Independent Board Committee and the Independent Shareholders on the Rights Issue. In our capacity as the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee as to whether the terms of the Rights Issue are on normal commercial terms, fair and reasonable, are in the interest of the Company and the Shareholders as a whole and whether to vote in favour of the resolution(s) to be proposed at the EGM to approve the Rights Issue so far as the Independent Shareholders are concerned.

OUR INDEPENDENCE

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

During the past two years, there was no engagement between the Group and us. Also, we are not aware of the existence of or change in any circumstances that could affect our independence. Accordingly, we consider that we are eligible to give independent advice on the proposed Rights Issue and the transactions contemplated thereunder of the Company.

LETTER FROM VINCO FINANCIAL

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon the accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any such statement contained in the Circular misleading. The 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. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the management of the Company.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there is no omission of other facts that would make any statements in the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter.

We have not considered the taxation and regulatory implications on the Group or the Independent Shareholders as a result of the Rights Issue since these depend on their individual circumstances, and if in any doubt, should consult their own professional advisers. We will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Rights Issue.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. In rendering our opinion in the Circular, we have researched, analyzed and relied on (i) the annual report of the Company for each of the years ended 31 December 2024 (the “**2024 Annual Report**”) and the year ended 31 December 2025 (the “**2025 Annual Report**”), respectively; (ii) the Placing Agreement; (iii) the Supplemental Placing Agreement; and (iv) market information obtained from the website of the

LETTER FROM VINCO FINANCIAL

Stock Exchange. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Rights Issue, as referred to in Rule 17.92 of the GEM Listing Rules (including the notes thereto).

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, we have taken into account the following principal factors and reasons:

1. Business and financial performance of the Group

Set out below is a summary of the audited consolidated financial information of the Group for each of the two years ended 31 December 2024 (“FY2024”) and 31 December 2025 (“FY2025”) which were extracted from the 2024 Annual Report and 2025 Annual Report respectively:

Table 1: Historical financial information of the Group

	For the year ended 31 December		
	2025	2024	2023
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)
Revenue	45,313	54,472	48,545
Gross profit	1,258	1,771	1,452
Profit/(Loss) for the year attributable to owners of the Company	3,277	(6,914)	(27,038)

	As at 31 December		
	2025	2024	2023
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)
Cash and bank balances	1,883	4,099	20,348
Total assets	43,953	46,698	113,651
Total liabilities	102,257	140,296	200,986
Net liabilities	(58,304)	(93,598)	(87,335)

LETTER FROM VINCO FINANCIAL

FY2025 versus FY2024

With reference to the 2025 Annual Report, the Group recorded revenue of approximately RMB45.3 million for FY2025, representing a decrease of approximately 16.81% as compared with approximately RMB54.5 million for FY2024. The decrease in revenue was mainly attributable to a drop in sales demands for repackaging services and retail sales during the year.

The Group's profit for the year attributable to owners of the Company was approximately RMB3.3 million for FY2025 as compared with a loss of approximately RMB6.9 million for FY2024. The turnaround from loss to profit was achieved notwithstanding a 28.97% year-on-year decrease in gross profit, and was primarily driven by robust fair value gains from listed equity holdings.

The Group's audited total assets and total liabilities as at 31 December 2025 amounted to approximately RMB44.0 million and RMB102.3 million respectively. The Group's audited net liabilities decreased to approximately RMB58.3 million as at 31 December 2025, representing an improvement of approximately 37.71% as compared to net liabilities of approximately RMB93.6 million as at 31 December 2024. Such decrease in net liabilities was mainly attributable to the deemed capital contribution of approximately RMB31.96 million as a result of waiver of repayment of amount due to a shareholder.

The gearing ratio of the Group stated in the annual reports was approximately 190.22% as at 31 December 2025, which was higher than the stated gearing ratio of approximately 59.96% as at 31 December 2024, primarily due to a net increase in long-term borrowings and bond payables relative to a shrinking asset base.

FY2024 versus FY2023

With reference to the 2024 Annual Report, the Group recorded revenue of approximately RMB54.5 million for FY2024, representing an increase of approximately 12.21% as compared with approximately RMB48.5 million for FY2023. The increase in revenue was mainly due to the increase in the sales demands of the Group's repackaging services during the year.

The Group's loss for the year attributable to owners of the Company was approximately RMB6.9 million for FY2024, representing a substantial decrease in loss of approximately 74.43% as compared with a loss of approximately RMB27.0 million for FY2023. The decrease in loss was mainly attributable to a turnaround in impairment losses on trade and other receivables and decrease in administrative and other expenses.

LETTER FROM VINCO FINANCIAL

The Group's audited total assets and total liabilities as at 31 December 2024 amounted to approximately RMB46.7 million and RMB140.3 million respectively. The Group's audited net liabilities increased to approximately RMB93.6 million as at 31 December 2024, representing an increase of approximately 7.17% as compared to approximately RMB87.3 million as at 31 December 2023. Such increase in net liabilities was mainly attributable to the accumulation of the total comprehensive loss of approximately RMB6.3 million recorded during FY2024.

The gearing ratio of the Group stated in the annual reports was approximately 59.96% as at 31 December 2024, which was higher than the stated gearing ratio of approximately 24.64% as at 31 December 2023, primarily due to a lower total asset base.

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

As set out in the Board Letter, the Group is principally engaged in the manufacturing and sales of packaging products, provision of customised packaging service and retail sales of products, including but not limited to daily necessities and food products, all of which in the PRC and in Hong Kong.

Having reviewed the 2025 Annual Report, we noted that: (i) the Group recorded net cash outflows of approximately RMB43.6 million from operating activities for FY2025 as compared to net cash inflows of approximately RMB9.1 million from operating activities for FY2024; (ii) as at 31 December 2025, the Group's bond payables and borrowings were approximately RMB83.6 million as compared to approximately RMB74.6 million as at 31 December 2024; (iii) as at 31 December 2025, the Group's bank balances and cash in general accounts amounted to approximately RMB1.9 million compared to approximately RMB4.1 million as at 31 December 2024; and (iv) as at 31 December 2025, the Group recorded net liabilities attributable to owners of the Company of approximately RMB58.3 million, and the independent auditor's report on the 2025 Annual Report, while expressing an unmodified opinion, included a paragraph on material uncertainty related to going concern.

In view of the financial conditions and performance of the Group and the imminent need of capital, we concur with the view of the Directors that the Rights Issue represents a good opportunity to raise capital to repay its bond payables and borrowings and replenish its working capital. As disclosed in the 2025 Annual Report, bond payables and borrowings of the Group amounted to approximately RMB83.6 million as at 31 December 2025, of which interest-bearing bonds of the Group amounted to approximately RMB9.0 million (with an aggregate principal amount of approximately HK\$10.0 million), with the remaining balance being unsecured borrowings of approximately RMB74.6 million. As the Company recently received a demand notice from the bondholder for early repayment of the bonds and a demand notice for the unsecured borrowings of HK\$10 million, the Company currently intends to repay the outstanding bonds in full as soon as practicable following the completion of the Rights Issue and the Placing, after liaising with the relevant bondholder and creditor.

LETTER FROM VINCO FINANCIAL

It is estimated that the Company will raise up to HK\$32 million from the Rights Issue and the relevant expenses would be approximately HK\$1.3 million, which includes placing commission and professional fees payable to financial advisers, legal advisers, financial printer and other parties involved in the Rights Issue. The estimated maximum net proceeds from the Rights Issue will accordingly be approximately HK\$30.7 million (equivalent to a net price of approximately HK\$0.192 per Rights Share). In line with the aforesaid business objectives, the Company intends to utilise the net proceeds from the Rights Issue as follows:

- (i) approximately HK\$10.0 million for repayment of the Group's bond payables, which are due on 30 November 2026;
- (ii) approximately HK\$15.0 million for repayment of borrowings, which are due on 30 November 2026; and
- (iii) approximately HK\$5.7 million as general working capital of the Group (including but not limited to the payment of rental expenses, salaries, professional fees, and settlement of trade payables).

The Company expects to fully utilise the net proceeds by December 2026.

In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses, and the Company will settle the remaining balance by internal resources, debt financing and/or bank loans. The Company does not have any concrete plan to conduct any equity fund raising activities in the next 12 months.

Based on our discussion with the management of the Company, the Company has considered other fund-raising alternatives before proceeding with the Rights Issue, including but not limited to debt financing, placing of new Shares and open offer. Debt financing or bank loans would result in additional interest burden to and higher gearing ratio of the Group. Placing of new Shares would only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders in the Company. As for open offer, although it is similar to a rights issue in offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

In view of the above, we concur with the view of the Board (excluding the members of the Independent Board Committee whose opinion will be rendered after considering the advice from the independent financial adviser) that as compared to raising fund by other means, raising funds by way of the Rights Issue, which will allow Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro-rata shareholding interests in the Company and deal with the Shares, is an appropriate fundraising method and is fair, cost-effective, efficient, and beneficial to the Company and its shareholders as a whole.

LETTER FROM VINCO FINANCIAL

3. Principal terms of the Rights Issue

The Board proposes to conduct the Rights Issue on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders as at the Record Date. Set out below are the details of the Rights Issue statistics.

Basis of the Rights Issue	:	three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.20 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	approximately HK\$0.192 per Rights Share (on the basis that all the Rights Shares will be taken up)
Number of Existing Shares in issue as at the Latest Practicable Date	:	53,333,333 Existing Shares
Number of Rights Shares	:	up to 159,999,999 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date and no exercise of the outstanding share options)
Number of Shares in issue upon completion of the Rights Issue	:	Up to 213,333,332 Shares (assuming no change in the number of Shares in issue on or before the Record Date and no exercise of the outstanding share options)
Gross proceeds from the Rights Issue	:	Approximately HK\$32.0 million before deducting the expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date and no exercise of the outstanding share options)
Net proceeds from the Rights Issue	:	Approximately HK\$30.7 million after deducting the expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date and no exercise of the outstanding share options)

LETTER FROM VINCO FINANCIAL

- Excess application arrangements and underwriting : There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten
- Compensatory Arrangements : Any Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed to independent placees on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares which remain unplaced under the Compensatory Arrangement in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly

As at the Latest Practicable Date, except for the 839,781 share options, of which 734,811 were granted to 7 employees of the Company and 104,970 were granted to a consultant of the Company, the Company has no outstanding derivatives, convertible securities, options, warrants or other similar securities in issue which would otherwise confer any right to subscribe for, convert or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities and/or options on or before the Record Date. As at the Latest Practicable Date, the Company does not hold any treasury shares.

Adjustment(s) (if any) to the exercise price and/or the number of Shares subject to the outstanding share options as a result of the Rights Issue will be made in accordance with the terms of the share option scheme of the Company and the requirements of the GEM Listing Rules. The Company will notify the holders of such share options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the share option scheme and such adjustments will be certified by an independent financial adviser or auditor of the Company (as the case may be). Save for the foregoing, as at the date of this circular, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any Shareholder of his/her/its intention in relation to the Rights Shares to be provisionally allotted to him/her/it under the Rights Issue.

Assuming no change in the number of Shares in issue on or before the Record Date, 159,999,999 Shares to be issued pursuant to the terms of the Rights Issue represent 300% of the total number of issued Shares and approximately 75% of the total number of issued Shares as enlarged by the issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

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The Subscription Price

The Subscription Price is HK\$0.20 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 17.70% to the closing price of HK\$0.243 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 4.76% to the closing price of HK\$0.210 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 4.76% to the average closing price of HK\$0.210 per Existing Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 8.26% to the average closing price of approximately HK\$0.218 per Existing Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 1.23% to the theoretical ex-rights price of approximately HK\$0.2025 per Share based on the closing price of HK\$0.210 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) no comparison of the Subscription Price against the net asset value per Share is presented, as the Group recorded audited consolidated net liabilities attributable to owners of the Company of approximately RMB58.3 million as at 31 December 2025; and
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 3.57% of the theoretical diluted price of approximately HK\$0.2025 per Share to the benchmarked price of approximately HK\$0.210 per Share (as defined under Rule 10.44A of the GEM Listing Rules), taking into account the higher of the closing price of HK\$0.210 per Existing Share on the Last Trading Day and the average closing price of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the Announcement).

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The Subscription Price was determined by the Company with reference to, among other things, the following factors.

(i) the prevailing market price of the Existing Shares

The closing price per Share experienced a significant downturn in the last month up to and including the Last Trading Day, declining from a closing price of HK\$0.305 per Share on 9 June 2026 to a closing price of HK\$0.210 per Share on the Last Trading Day, representing a drop of approximately 31.15%.

In the last five (5) consecutive trading days up to and including the Last Trading Day, the average closing price per Share was HK\$0.210, to which the Subscription Price represents a slight discount of approximately 4.76%.

(ii) the low liquidity of the Existing Shares

During the one-year period up to and including the Last Trading Day, the percentage of average daily trading volume to the total number of Shares was no more than 0.3%, indicating that the trading activity of the Shares remained at a considerably low level throughout the year.

In the last month up to and including the Last Trading Day, there were 13 trading days on which zero trading volume was recorded.

(iii) the latest business performance and financial position of the Group

The details set out in the section headed “Reasons for the rights issue, the placing and use of proceeds” in this letter.

(iv) the reasons for the Rights Issue

The details set out in the section headed “Reasons for the rights issue, the placing and use of proceeds” in this letter.

Having regard to, among other things, the above factors, we concur with the view of the Board that the Subscription Price, which represents a slight discount to the prevailing market price, is fair and reasonable and attractive to the Qualifying Shareholders in the Rights Issue, encouraging a higher participation rate.

All Qualifying Shareholders are entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company held on the Record Date so as to maintain their proportionate interests in the Company and participate in the future growth of the Group.

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Historical performance of the Shares

In order to assess the fairness and reasonableness of the Subscription Price, we have taken into account (i) the closing price per Share for the one year period up to and including the Last Trading Day prior to the Announcement (being a period of approximately one year prior to and including the Last Trading Day) (the “**Review Period**”), with a view to providing a meaningful comparison to the Subscription Price under the Rights Issue (the “**Closing Price**”); and (ii) the average daily trading volumes of the Shares for each of the months/periods during the Review Period.

We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices prior to the Announcement as (i) the one year period represents a reasonable period to reflect the performance of the closing price of the Shares in response to the prevailing market condition and operating condition; (ii) a shorter review period can only demonstrate the Share price performance in a limited and specific time which may be distorted by specific events; and (iii) it is commonly used for analysis purposes. Besides, such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price, as the share prices before the Announcement represent a fair market value of the Company, the Shareholders expected, while that after the Announcement, the value may have taken into account the potential upside of the Rights Issue which may distort the analysis. The chart below illustrates the Closing Price versus the Subscription Price of HK\$0.200 per Share:

Chart 1: Historical closing prices of the Shares during the Review Period



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

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Notes:

- Event A – Publication of proposed capital reorganization and proposed change in board lot size announcement on 22 July 2025
- Event B – Publication of supplemental announcement in relation to the 2024 Annual Report on 30 July 2025
- Event C – Publication of 2025 Interim results announcement on 29 August 2025
- Event D – Publication of positive profit alert announcement on 24 March 2026
- Event E – Publication of proposed adoption of the 2026 share option scheme on 27 April 2026
- Event F – Publication of 2025 Annual Report on 30 April 2026

During the Review Period, the Shares traded between a range of HK\$0.189 on 10 July 2025, and HK\$0.500 on 27 February 2026 with an average closing price per Share of approximately HK\$0.2781. The Subscription Price represents (i) a premium of approximately 5.82% to the lowest closing price per Share (i.e. HK\$0.189); (ii) a discount of approximately 60.00% to the highest closing price per Share (i.e. HK\$0.500); and (iii) a discount of approximately 28.08% to the average closing price per Share (i.e. HK\$0.2781) during the Review Period.

As illustrated in Chart 1 above, the closing price of the Shares exhibited volatility during the Review Period. The closing price varied around and frequently exceeded the Subscription Price of HK\$0.20 early in the Review Period. From early July 2025 to early August 2025, the closing price experienced an upward movement and reached HK\$0.330 on 1 August 2025. The closing price then fluctuated within the range of approximately HK\$0.252 to HK\$0.354 reaching high levels of HK\$0.354 and HK\$0.348 on 20 August 2025 and 5 September 2025, respectively. We noted that the Company published announcement regarding the (i) proposed capital reorganisation and proposed change in board lot size on 22 July 2025; (ii) supplemental announcement in relation to the 2024 Annual Report on 30 July 2025; and (iii) interim results for the six months ended 30 June 2025 of the Company on 29 August 2025. Thereafter, the closing price traded within a narrow range of approximately HK\$0.232 to HK\$0.303 from 10 September 2025 to 24 February 2026. The closing price then surged significantly, reaching its highest level of approximately HK\$0.500 on 27 February 2026, however, the momentum could not be sustained and the closing price experienced notable fluctuations, declining from its high to around HK\$0.260 in late April 2026. After reviewing the Company's announcements, save for the release of the profit alert announcement on 24 March 2026, we do not notice any specific reasons for the aforementioned movements of the closing price during the period from late February 2026 to late April 2026. As discussed with the management of the Company, they were not aware of any particular reason that contributed to the fluctuations in the closing price per Share during the aforesaid period.

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In late April 2026, the closing price further tumbled, and fluctuated within a narrow range of approximately HK\$0.210 to HK\$0.305 from 24 April 2026 to 8 July 2026 before closing at approximately HK\$0.210 on the Last Trading Day. We noted that the Company published announcements regarding proposed adoption of the 2026 share option scheme on 27 April 2026 and publication of 2025 Annual Report on 30 April 2026, respectively.

After reviewing the Company's announcements, we do not notice any specific reasons for the aforementioned movements of the closing price during the Review Period. As discussed with the management of the Company, they were not aware of any particular reason that contributed to the fluctuations in the closing price per Share during the Review Period aside from the aforementioned events.

Although the Subscription Price is at a discount to the average closing price per Share during the Review Period, taking into consideration that (i) the Subscription Price falls within the range of the aforesaid historical closing price per Share during the Review Period; (ii) the low liquidity of the Shares as discussed in sub-section headed "Liquidity of the Shares" below in this letter; (iii) the funding needs of the Group as discussed in the section headed "2. Reasons for the Rights Issue, the Placing and use of proceeds" above in this letter; (iv) the Subscription Price is within the range in the comparable analysis as discussed in the sub-section headed "Comparison with other rights issue transactions" below in this letter which indicates it is a common market practice to set the subscription price at a discount to the prevailing market prices of the relevant shares to attract the shareholders to participate in the rights issue; and (v) the latest business performance and financial position as discussed in the sub-section headed "Business and financial performance of the Group" above in this letter, we consider that the discount of the Subscription Price is fair and reasonable and the Rights Issue is in the interests of the Company and the Shareholders as a whole.

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Liquidity of the Shares

The table below sets out the average daily trading volume of the Shares per month/period and the respective percentages of the average daily trading volume as compared to the total number of issued Shares during the Review Period:

	Month/Period	Total trading volume of the Shares in the month/ period	Number of trading days in the month/period	Average daily volume of the Shares in the month/ period	Percentage of average daily trading volume to total number of Shares (Note 2)
2025	July (Note 3)	517,917	16	32,370	0.0202%
	August	476,833	21	22,706	0.0142%
	September	262,000	22	11,909	0.0223%
	October	300,746	20	15,037	0.0282%
	November	1,464,167	20	73,208	0.1373%
	December	1,959,082	21	93,290	0.1749%
2026	January	65,500	21	3,119	0.0058%
	February	599,333	17	35,255	0.0661%
	March	1,078,000	22	49,000	0.0919%
	April	120,332	19	6,333	0.0119%
	May	2,142,999	19	112,789	0.2115%
	June	390,333	21	18,587	0.0349%
	July (Note 4)	90,000	6	15,000	0.0281%

Source: The website of the Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.
2. Calculated based on the total number of Shares in issue at the end of each month/period.
3. Represents trading volume for the period from 10 July 2025, being one year prior to the Last Trading Day, to 31 July 2025, both days inclusive.
4. Represents trading volume for the period from 2 July 2026 to the 9 July 2026, the Last Trading Day, both days inclusive.

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As illustrated in the above table, we noted that the trading volume of the Shares ranged from 3,119 Shares to 112,789 Shares during the Review Period, representing approximately 0.0058% to 0.2115% of a total of 160,000,000 Shares or 53,333,333 Shares in issue as at the respective month or period with an average on the percentage of average daily trading volume throughout the whole Review Period of approximately 0.0652% of the total number of issued Shares as at the respective month or period. We noted the increase in trading volume in May 2026. Based on our review of the Company's announcements, save for the publication of the Company's annual results for FY2025 we did not identify any specific reasons for the aforementioned trading liquidity. As discussed with the management of the Company, they were not aware of any particular reason that contributed to the increase in trading liquidity in May 2026.

Based on the above results, we considered that the trading liquidity of the Shares during the Review Period was thin that the average daily trading volume of the Shares during the Review Period was below 1% of the total number of issued Shares, we consider that the Company is unlikely to be able to raise equity funds from third parties without a discount on the prevailing Share prices. In light of the above, we consider that conducting a fundraising exercise by way of Rights Issue with Subscription Price set at a discount to the closing price per Share as quoted on the Stock Exchange on the Last Trading Day is appropriate and reasonable as to promote the attractiveness of the Rights Issue.

Comparison with other rights issue transactions

In order to assess the fairness and reasonableness of the Subscription Price, we exhaustively conducted a search of recent proposed rights issue transactions during the three months period prior to the Last Trading Day (the "**Comparison Period**") to understand the trend of the recent market practice. We consider that the Comparison Period is appropriate, fair and representative because (i) the comparables are considered for the purpose of taking a general reference for the recent market practice in relation to the rights issue exercise in the recent market conditions; and (ii) a sufficient number of comparables was identified during the Comparison Period. Based on our research, we have identified an exhaustive list of 17 rights issue comparables (the "**Comparables**") during the Comparison Period.

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We noted that the business activities and the terms of the rights issue of the Comparables may not be directly comparable to the business activities carried out and the terms of the rights issue announced by the Group due to the differences in business activities and performances. Although the Comparables included rights issue on different basis of entitlement, and involved issuers which engaged in different business or with different financial performance and funding needs from the Company, we consider that the Comparables are suitable to serve as general reference for the purpose of an assessment on the Subscription Price, as (i) all of the Comparables and the Company are listed on the Stock Exchange; (ii) our analysis is mainly concerned with the comparison of subscription price to closing price, net asset value (“NAV”), maximum dilution on the shareholding and theoretical dilution effect; (iii) a three-month period for the selection of the Comparables has resulted in the generation of a reasonable sample size; and (iv) the Comparables were included without any artificial selection or filtering on our part. Since there are a sufficient number of Comparables under the selection criteria mentioned above, we are of the view that they represent a true and fair view and representative samples of the recent market trends for rights issue and are sufficient for assessing the fairness and reasonableness of the Rights Issue.

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Date of announcement	Company name	Stock code	Basis of entitlement	Maximum dilution on the shareholding (Note 2)	Premium/ (discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately up to and including the last trading day prior to announcement of rights issue	Premium/ (discount) of subscription price per rights issue	Premium/ (discount) of share over/ to the net asset value per share (Note 3)	Theoretical dilution effect (Note 4)	Excess Application (Note 5)	Placing commission (Note 6)	Minimum placing commission	Underwriting arrangement	Underwriting fee
				%	%	%	%	%	Yes/No	%	HK\$		%
16 April 2026	Pa Shun International Holdings Limited	574	1 for 2	33.33	(72.88)	(69.04)	N/A	(24.29)	No	1.00	No	Non-underwritten	N/A
17 April 2026	Hong Wei (Asia) Holdings Company Limited	8191	4 for 1	80.00	(16.13)	(10.47)	(85.43)	(12.90)	No	1.00	No	Non-underwritten	N/A
21 April 2026	China Information Technology Development Limited	8178	1 for 2	33.33	(24.40)	(25.60)	(88.60)	(9.50)	No	1.00	No	Non-underwritten	N/A
27 April 2026	Tasty Concepts Holding Limited	8096	3 for 2	60.00	(16.70)	(16.70)	66.70	(10.00)	No	3.00	No	Non-underwritten	N/A
29 April 2026	Minerva Group Holding Limited	397	1 for 2	33.33	(19.10)	(17.70)	(91.80)	(8.50)	No	3.50	No	Non-underwritten	N/A
5 May 2026	Citychamp Watch & Jewellery Group Limited	256	1 for 3	25.00	31.60	28.20	(88.90)	N/A	No	1.50	300,000	Non-underwritten	N/A
12 May 2026	MTT Group Holdings Limited	2350	2 for 5	28.57	(64.29)	(65.01)	1.85	(18.65)	No	2.20	300,000	Non-underwritten	N/A
13 May 2026	V & V Technology Holdings Limited	8113	1 for 2	33.33	1.12	5.88	(29.91)	N/A	Yes	N/A	No	Non-underwritten	N/A
21 May 2026	MOG Digitech Holdings Limited	1942	1 for 2	33.33	(54.55)	(56.95)	(90.05)	(18.98)	No	1.00	No	Non-underwritten	N/A
26 May 2026	Harbour Digital Asset Capital Limited	913	3 for 2	60.00	(19.10)	(20.90)	(84.40)	(12.80)	No	3.00	No	Non-underwritten	N/A
29 May 2026	FDB Holdings Limited	1826	1 for 2	33.33	(20.60)	(1.20)	N/A	(6.90)	No	3.50	No	Non-underwritten	N/A
5 June 2026	Gaodi Holdings Limited	1676	1 for 2	33.33	(12.44)	(12.44)	(51.90)	(4.31)	No	0.75	No	Non-underwritten	N/A
15 June 2026	Asian Citrus Holdings Limited	73	3 for 1	75.00	(28.13)	(31.82)	(81.74)	(23.86)	No	1.00	100,000	Non-underwritten	N/A
17 June 2026	CMON Limited	1792	3 for 1	75.00	(14.74)	(19.80)	N/A	(15.79)	No	2.50	No	Non-underwritten	N/A
18 June 2026	China Wood International Holding Co., Limited	1822	1 for 1	50.00	(43.80)	(44.84)	5.48	(22.42)	No	1.50	No	Non-underwritten	N/A
22 June 2026	Imperium Technology Group Limited	776	1 for 2	33.33	(66.67)	(67.24)	N/A	(22.34)	No	3.00	No	Non-underwritten	N/A
24 June 2026	Biosysen Limited	1355	1 for 2	33.33	(51.43)	(50.29)	N/A	(17.14)	No	1.50	No	Non-underwritten	N/A
	Maximum			80.00	31.60	28.20	66.70	(4.31)		3.50	300,000		N/A
	Minimum			25.00	(72.88)	(69.04)	(91.80)	(24.29)		0.75	100,000		N/A
	Average			44.33	(28.96)	(28.00)	(51.56)	(15.23)		1.93	233,333		N/A
	Median			33.33	(20.60)	(20.90)	(83.07)	(15.79)		1.50	300,000		N/A
	Company		3 for 1	75.00	(4.76)	(4.76)	N/A	(3.57)	No	3.00	No	Non-underwritten	N/A

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

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Notes:

1. Information shown in the above table has been extracted from the relevant announcements or circulars of the rights issue of the respective Comparables, where applicable.
2. The potential maximum dilution effect of each rights issue is calculated as number of rights shares issued or to be issued under the basis of entitlement divided by the total number of shares as enlarged by the rights issue according to their respective basis of entitlements and assuming all rights shares have been/will be allotted and issued times 100%.
3. The NAV per share is calculated based on the latest published net asset value of the subject company and total number of shares in issue as at the date of the respective announcement. “N/A” denotes that the NAV of the relevant Rights Issue Comparable that has net liabilities according to its latest published audited/unaudited consolidated financial statements.
4. The theoretical dilution effect is calculated in accordance with Rule 7.27B of the Rules Governing the Listing of Securities on the Stock Exchange or Rule 10.44A of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**GEM Listing Rules**”), or extracted from announcement, circular or prospectus in respect of the relevant rights issue.
5. Pursuant to Rule 7.21(1) of the Listing Rule or Rule 10.31(1) of the GEM Listing Rule.
6. “N/A” denotes that the subject rights issue was conducted without the involvement of any placing.

According to our research, we observed that (i) 15 of the 17 Comparables had set the subscription price of their rights issue at a discount to the prevailing closing price of their shares on the last trading day in relation to their respective rights issue (the “**LTD Price**”); (ii) 15 of the 17 Comparables had set the subscription price of their rights issue at a discount to the average closing price per share for the last five consecutive trading days immediately up to and including the last trading day (the “**5-Day Discount Price**”); and (iii) 9 of the 17 Comparables had set the subscription price of their rights issue at a discount to the NAV per share. It indicates that it is common for listed companies to set the subscription price of rights issue at a discount to the LTD Price, 5-Day Discount Price and the NAV per share, with the view to encourage participation.

The subscription price to the LTD Price of the Comparables ranged from a discount of approximately 72.88% to a premium of approximately 31.60% with average and median discounts of approximately 28.96% and 20.60% respectively. The discount of approximately 4.76% of the Subscription Price to the LTD Price of the Company falls within the range of those of the Comparables and is lower than the average and the median of the Comparables.

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The subscription price to the 5-Day Discount Price ranged from a discount of approximately 69.04% to a premium of approximately 28.20% with average and median discounts of approximately 28.00% and 20.90% respectively. The discount of approximately 4.76% of the Subscription Price to the 5-Day Discount Price of the Company falls within the range of those of the Comparables and is lower than the average and the median of the Comparables.

The subscription prices to the NAV per share of the Comparables ranged from a discount of approximately 91.80% to a premium of approximately 66.70% with average and median discounts of approximately 51.56% and 83.07% respectively. There is no comparison of the Subscription Price against the NAV per Share of the Company, as the Group recorded audited consolidated net liabilities attributable to owners of the Company of approximately RMB58.3 million as at 31 December 2025.

The theoretical dilution effect of the rights issue conducted by the Comparables ranged from approximately 4.31% to approximately 24.29% with average and median discounts of approximately 15.23% and approximately 15.79% respectively. The theoretical dilution effect of the Rights Issue of approximately 3.57% falls below the range of the Comparables, representing a lower theoretical dilution effect among the Comparables.

Taking into account that (i) the Subscription Price generally falls below the Closing Price during the majority of Review Period; (ii) the discounts of the Subscription Price to the LTD Price and the 5-Day Discount Price falls within the range of those of the Comparables and are lower than the average and the median of the Comparables; (iii) the theoretical dilution effect of the Rights Issue falls below the discount range of the Comparables; and (iv) no comparison of the Subscription Price against the NAV per Share of the Company as the consolidated net liabilities recorded in the latest financial year, we consider it is fair and reasonable to set the Subscription Price at a discount to the prevailing market price.

As shown in the table of the Comparables above, it is common for listed issuers in Hong Kong to issue rights shares at a discount to prevailing market prices in order to enhance the attractiveness of the Rights Issue. We consider all Qualifying Shareholders are offered an equal opportunity to subscribe for the Rights Shares under the Rights Issue and are offered the same discounts of the Subscription Price to the closing price of the Share and the same potential maximum dilution, we are of the view that the Subscription Price (together with its dilution effect) is fair and reasonable so far as the Independent Shareholders are concerned, and also in alignment with the market practice. As such, we concur with the view of the Directors that it would be more practical and commercially reasonable to set a subscription price which is lower than the prevailing market price as illustrated above in order to enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders and investors to participate in the Rights Issue under the

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prevailing market conditions and economic sentiment and with reference to the recent market performance of the Shares particularly the Company's average trading volume as illustrated above, which indicated a lack of liquidity and demand for the Shares.

Among the Comparables, we noted that 16 out of 17 Comparables exercise placing in their rights issues. As such, we consider that it is reasonable for rights issue to have placing arrangements.

The Placing Agreement

On 9 July 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure the Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares.

As a result of the revisions to the expected timetable of the Rights Issue and the transactions contemplated thereunder as set out in the announcement of the Company dated 5 August 2026, the Company and the Placing Agent entered into the Supplemental Placing Agreement on 5 August 2026, to reflect the changes of the relevant dates of the Rights Issue and the transactions contemplated thereunder as referred to in the Placing Agreement.

Details of the Placing Agreement (as supplemented by the Supplemental Placing Agreement) are as follows:

Date : 9 July 2026 (the Placing Agreement); and 5 August 2026 (the Supplemental Placing Agreement)

Issuer : the Company

Placing Agent : Suncorp Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, was appointed as the Placing Agent to procure, on a best effort basis, the Placees to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares during the Placing Period.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) are Independent Third Parties.

Placing Period : The period commencing from Wednesday, 7 October 2026 and ending at 4:00 p.m. on Monday, 12 October 2026.

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- Placing price of the
Unsubscribed Rights Shares
and/or the ES Unsold
Rights Shares (as the case
may be) :
- The placing price of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares shall be not less than the Subscription Price.
- The final price determination depends on the demand and market conditions of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares during the process of placement.
- Commission :
- 3.0% of the amount which is equal to the Placing price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.
- The commission is not payable by the Company to the Placing Agent if the Placing Agreement has not become unconditional or is otherwise terminated in accordance with its terms.
- Placees :
- The Unsubscribed Rights Shares and the ES Unsold Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies). None of the Placees will, together with any party acting in concert with it, become a substantial shareholder (as defined under the GEM Listing Rules) of the Company immediately upon completion of the Placing.
- The Placing Agent will use its best endeavour to procure that (i) the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (ii) the Company will continue to comply with the public float requirement under Rule 17.37B of the GEM Listing Rules upon completion of the Placing and the Rights Issue.

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For further details, please refer to section headed “The Placing Agreement” in the Board Letter. As stated in the Board Letter, the Placing Agent confirmed that it is independent of and not connected with the Company and its connected person and not a connected person of the Company. The engagement between the Company and the Placing Agent for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) was determined after arm’s length negotiation between the Company and the Placing Agent and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. We concur with the view of the Board that the terms of Placing Agreement for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) are on normal commercial terms with reference to 16 rights issue exercises conducted by other companies listed on the Stock Exchange during the Comparison Period. We note that the commission charged by placing agents in the rights issue exercises generally ranged between 0.75% to 3.50%, with an average of approximately 1.93% and a median of 1.50%. We noted that the commission rate of 3.00% charged by the Placing Agent falls within the range of the Comparables and higher than the average and median of the Comparables. Besides, we also note that there is no minimum or fixed commission fee payable by the Company to the Placing Agent under the Placing Agreement and the Placing Agent will only receive commission based on the actual number of Unsubscribed Rights Shares and ES Unsold Rights Shares successfully placed. Following our discussions with the Directors, we have concluded that establishing the placing commission at this level is essential for motivating the Placing Agent to attract investors for the Unsubscribed Rights Shares given that the commission is directly linked to the performance in placing the Unsubscribed Rights Shares and ES Unsold Rights Shares. As such, we concur with the view of the Directors that the commission rate charged by the Placing Agent under the Placing is fair and reasonable and on normal commercial terms.

As explained in the Board Letter, the Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis.

We concur with the view of the Board that the Compensatory Arrangements are fair and reasonable and provide an adequate safeguard to protect the interests of the Company’s minority Shareholders since the Compensatory Arrangements would provide (i) a distribution channel of the Placing Shares to the Company; (ii) an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Excluded Shareholders; and (iii) a compensatory mechanism for the No Action Shareholders and the Excluded Shareholders. In particular, excess application is considered as a passive arrangement to facilitate additional participation of the Qualifying Shareholders. Taking

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into account the low liquidity of the Shares before the Last Trading Day, we consider it would be more desirable for the Company to adopt a more active measure by way of the Compensatory Arrangements to mitigate the uncertainty of the fundraising exercise.

Potential dilution effect

All Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date so as to maintain their proportionate interests in the Company and participate in the future growth of the Group.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Issue, any Unsubscribed Rights Shares together with the ES Unsold Rights Shares will be placed on a best effort basis by the Placing Agent to independent placees under the Placing. Any Unsubscribed Rights Shares or ES Unsold Rights Shares which remain unplaced under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. The changes in shareholding structure of the Company arising from completion of the Rights Issue are set out in the section headed “CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY” in the Board Letter.

Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent, the shareholding interests of the Qualifying Shareholders will be diluted by up to a maximum of 75.00%, which falls within the range of the Comparables.

Despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market; (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; (iii) the Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the recent market price of the Shares; and (iv) the discount of the Subscription Price to the current market price will encourage them to participate in the Rights Issue, we are of the opinion that the potential dilution impact to the public Shareholders who do not participate in the Rights Issue as a result of the Rights Issue is acceptable.

LETTER FROM VINCO FINANCIAL

Financial effects of the Rights Issue

Net tangible liabilities

In light of the above, we are of the view that the overall financial impact to the Group upon completion of the Rights Issue is in the interests of the Company and the Shareholders. According to the “UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP” set out in the Appendix II to the Circular, the audited consolidated net tangible liabilities of the Group attributable to owners of the Company was approximately RMB58.3 million as at 31 December 2025, while the unaudited consolidated net tangible liabilities per Share before completion of the Rights Issue was approximately RMB1.09; upon completion of the Rights Issue, the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company would decrease to approximately RMB31.7 million, while the unaudited pro forma adjusted consolidated net tangible liabilities per Share immediately after completion of the Rights Issue was approximately RMB0.15.

Gearing ratio and liquidity

According to the 2025 Annual Report, as at 31 December 2025, the audited bank balances and cash of the Group was approximately RMB1.9 million. Immediately upon completion of the Rights Issue, the cash and cash equivalents of the Group is expected to increase by the expected net proceeds from the Rights Issue of approximately HK\$30.7 million (equivalent to approximately RMB26.6 million). Upon the completion of the Rights Issue, the equity attributable to owners of the Company would be enlarged by the expected net proceeds from the Rights Issue of approximately HK\$30.7 million (equivalent to approximately RMB26.6 million). The gearing ratio was approximately 190.22% as at 31 December 2025.

RECOMMENDATION

Taking into consideration the principal factors and reasons as set out in this letter, in particular, (i) the financial conditions and performance of the Group and the imminent need of capital; (ii) the funding needs of the Group for repayment of the Group’s bond payables and borrowings; (iii) the Rights Issue being considered as a more preferable option as compared to other alternatives under the current circumstance of the Group; (iv) the positive impact on the Group’s liquidity position as a result of the Rights Issue; and (v) the Qualifying Shareholders can maintain and even increase their shareholding interest in the Company by participating in the Rights Issue, we are of the opinion that the terms of the Rights Issue are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue including the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

LETTER FROM VINCO FINANCIAL

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Rights Issue and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Vinco Financial Limited
Alister Chung
Managing Director

Note: Mr. Alister Chung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Vinco Financial Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.

A. FINANCIAL INFORMATION OF THE GROUP

The consolidated financial statements of the Group for each of the three years ended 31 December 2023, 2024 and 2025 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<https://www.hkexnews.hk/>) and the Company (<https://www.irasia.com/listco/hk/hkentertainment/>), respectively:

- (i) the audited consolidated financial statements of the Group for the year ended 31 December 2023 are disclosed in the annual report of the Company for the year ended 31 December 2023 published on 30 April 2024, from pages 61 to 119 (<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0430/2024043001052.pdf>);
- (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2024 are disclosed in the annual report of the Company for the year ended 31 December 2024 published on 30 April 2025, from pages 59 to 119 (<https://www1.hkexnews.hk/listedco/listconews/gem/2025/0430/2025043001758.pdf>); and
- (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2025 are disclosed in the annual report of the Company for the year ended 31 December 2025 published on 30 April 2026, from pages 69 to 133 (<https://www1.hkexnews.hk/listedco/listconews/gem/2026/0430/2026043002194.pdf>).

B. STATEMENT OF INDEBTEDNESS

At the close of business on 30 June 2026, being the latest practicable date for this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group is as follows:

Borrowings

As at 30 June 2026, the Group has outstanding borrowings from an independent third party not connected with the Group of approximately RMB74,573,000, which are non-trade in nature, unsecured, unguaranteed, carried interest rate of 4.3% per annum.

Bond payables

As at 30 June 2026, the Group has total outstanding bond payables with aggregate principal amount of HK\$10,000,000, equivalent to approximately RMB8,673,000, and total interest payables of approximately HK\$380,000, equivalent to approximately RMB330,000, from an independent third party not connected with the Group. The above-mentioned bond payables and related interest payables are non-trade in nature, unsecured, unguaranteed, carried interest rate of 6.5% per annum and repayable on demand.

Mortgages, charges and pledges

As at 30 June 2026, the Group does not have any mortgages, charges and pledges over the Group's assets.

Provision and contingent liabilities

As at 30 June 2026, the Group does not have any provision and contingent liabilities to be recognised or disclosed.

Saved as disclosed and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business of the Group, as at 30 June 2026, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group did not have any other debt securities issued and outstanding, or authorised or otherwise created but unissued, term loans, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, other loans or similar indebtedness, lease liabilities, debentures, mortgages and charges, hire purchase commitments, which are either guaranteed or unguaranteed, secured or unsecured, or any other material provision, contingent liabilities or guarantees.

The Directors confirmed that there has not been any material change in the indebtedness, provision and contingent liabilities of the Group since 30 June 2026 up to the Latest Practicable Date.

For the purpose of the above statement of indebtedness, the foreign currency, HK\$, has been translated into RMB at the approximate exchange rate of 1:0.8673 as at 30 June 2026.

C. WORKING CAPITAL STATEMENT

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

D. 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 of the Company since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the manufacturing and sales of packaging products, the provision of customised packaging services, and the retail sales of consumer products including daily necessities and food products across the PRC and Hong Kong.

In recent years, rising manufacturing costs and a sluggish macroeconomic environment have posed significant challenges to the manufacturing industry, disrupting the Group's overall growth momentum and business development. For the year ended 31 December 2025, the Group recorded a year-on-year decrease in revenue of approximately 16.8%. This decline was primarily attributable to a drop in the average selling price of the Group's packaging products, alongside softened market demand for both its re-packaging services and retail sales during the year ended 31 December 2025.

Despite the challenging external environment, the Group demonstrated strong resilience by strategically expanding into downstream businesses to diversify its revenue streams and enhance overall operational performance. In 2025, the Group commenced operations in the retail trading sector, offering daily necessities, food products, and other consumer goods. Additionally, the Group introduced value-added services, including customised product re-packaging, to better serve its client. Moving forward, the Group plans to further expand its sales channels to attract new customers and maximise market penetration for its comprehensive product and service portfolio across both the PRC and Hong Kong.

To mitigate revenue pressures and optimise the Group's cash flows and liquidity position, the management team remains focused on implementing cost-control strategies. These measures include, but are not limited to, minimising fixed overheads. As a direct result of these efficiency initiatives, the Group recorded a significant decrease in administrative and other expenses by approximately RMB2.3 million, or roughly 33.3%, dropping from approximately RMB6.9 million for the year ended 31 December 2024 to approximately RMB4.6 million for the year ended 31 December 2025. This cost reduction reflects management's agile response in safeguarding the Group's bottom line amidst economic headwinds.

Looking ahead, the PRC government's intensified policy efforts to stimulate domestic demand—such as consumption subsidies and social welfare enhancements—are expected to gradually revitalise market sentiment. This macroeconomic recovery is anticipated to create fresh growth opportunities for the Group's retail and packaging business segments. Capitalising on these trends, the Group is committed to further consolidating its market presence across a diversified range of packaging materials and customised packaging solutions, while continuously scaling its retail business for daily necessities and food products in both Hong Kong and the PRC.

Leveraging the Group's experienced management team, agile cost structure, and established market reputation, the Group remains highly confident in its ability to navigate current market uncertainties, capture emerging demand, and deliver sustainable, long-term value to its Shareholders.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE LIABILITIES OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2025 (the “Unaudited Pro Forma Financial Information”) has been prepared by the Directors in accordance with Appendix D1B.13 and Rule 7.31 of the GEM Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Rights Issue on the consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2025, as if the Rights Issue had been completed on 31 December 2025.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purpose only, based on the judgements, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company had the Rights Issue been completed as at 31 December 2025.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2025, as extracted from the published annual report of the Group for the year ended 31 December 2025, after incorporating the unaudited pro forma adjustment described in the accompanying notes.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

		Unaudited pro forma adjusted consolidated net tangible liabilities of the Group		Unaudited pro forma adjusted consolidated net tangible liabilities of the Group	
Audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2025 RMB'000 (Note 1)	Estimated net proceeds from the Rights Issue RMB'000 (Note 2)	attributable to owners of the Company as at 31 December 2025 immediately after the completion of the Rights Issue RMB'000	Unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company per share as at 31 December 2025 RMB (Note 3)	attributable to owners of the Company per share as at 31 December 2025 immediately after the completion of the Rights Issue RMB (Note 4)	

Based on 159,999,999 Rights Shares to be
issued at the Subscription Price of
HK\$0.20 per Rights Share

<u>(58,300)</u>	<u>26,643</u>	<u>(31,657)</u>	<u>(1.09)</u>	<u>(0.15)</u>
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Notes:

- The audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2025 of approximately RMB58,300,000 is the same with the equity attributable to owners of the Company as at 31 December 2025, as extracted from the audited consolidated statement of financial position of the Group as at 31 December 2025 set out in the annual report of the Company for the year ended 31 December 2025.
- The estimated net proceeds from the Rights Issue of approximately HK\$30,720,000, equivalent to approximately RMB26,643,000, is calculated based on 159,999,999 Rights Shares (assuming no new Shares to be allotted and issued upon the exercise of the 839,781 share options of the Company and no other change in the share capital of the Company on or before the Record Date) to be issued at HK\$0.20 each, being HK\$32,000,000, equivalent to approximately RMB27,753,000, after deduction of the estimated related expenses of approximately HK\$1,280,000, equivalent to approximately RMB1,110,000, which is directly attributable to the Rights Issue, assuming all Rights Shares are being placed by the Placing Agent.
- The unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company per share as at 31 December 2025 before the completion of the Rights Issue is calculated based on the audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2025 of approximately RMB58,300,000 divided by 53,333,333 Shares in issue as at 31 December 2025.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

4. The unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company per share as at 31 December 2025 immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company immediately after the completion of the Rights Issue of approximately RMB31,657,000 divided by 213,333,332 Shares, which comprises (i) 53,333,333 Shares in issue as at 31 December 2025; and (ii) 159,999,999 Rights Shares to be issued.
5. Save as disclosed above, no adjustment has been made to the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2025.
6. The foreign currency, HK\$, has been translated into RMB at the approximate exchange rate of 1:0.8673 for illustrative purpose only. Such translation does not constitute a representation that any amount has been, could have been, or may otherwise be exchanged or converted at the above rate.

The following is the text of the independent reporting accountants' assurance report received from Jon Gepsom CPA Limited, Certified Public Accountants, the independent reporting accountants of the Company, in respect of the Unaudited Pro Forma Financial Information, prepared for the purpose of incorporation of this circular.

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

12 August 2026

The Board of Directors
Hong Kong Entertainment International Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hong Kong Entertainment International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2025, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 and II-3 of Appendix II to the circular dated 12 August 2026 issued by the Company (the “**Circular**”). The applicable criteria on the basis of which the directors of the Company have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 and II-3 of Appendix II to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the rights issue on the basis of three rights shares for every one share of the Company held at the close of business on the record date on a non-underwritten basis at a subscription price of HK\$0.20 per rights share (the “**Rights Issue**”) as if the Rights Issue had been taken place on 31 December 2025. As part of this process, information about the consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2025 has been extracted by the directors of the Company from the Group's audited consolidated statement of financial position as at 31 December 2025, on which an annual report of the Group for the year ended 31 December 2025 has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Management

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

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

Reporting Accountants' Responsibilities

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

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

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

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

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

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

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

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

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

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustment is appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 7.31(1) of the GEM Listing Rules.

Yours faithfully,

Jon Gepsom CPA Limited
Certified Public Accountants

Hong Kong

Lo Ka Ki
Practising Certificate Number: P06633

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders) are set out as follows:

(a) As at the Latest Practicable Date

Authorised: HK\$

<u>16,666,666,666</u>	Shares of HK\$0.006 each	<u>100,000,000</u>
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Issued and fully paid: HK\$

<u>53,333,333</u>	Shares of HK\$0.006 each	<u>320,000</u>
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(b) Immediately upon completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders)

Authorised: HK\$

<u>16,666,666,666</u>	Shares of HK\$0.006 each	<u>100,000,000</u>
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Issued and fully paid: HK\$

<u>53,333,333</u>	Shares of HK\$0.006 each	<u>320,000</u>
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<u>159,999,999</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>960,000</u>
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<u>213,333,332</u>	Shares in issue immediately upon completion of the Rights Issue	<u>1,280,000</u>
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The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holder of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

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

As at the Latest Practicable Date, save for the 839,781 share options outstanding under the share option scheme of the Company (of which 734,811 were granted to 7 employees of the Company and 104,970 were granted to a consultant of the Company), the Company had no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into Shares. Save as aforesaid, the Company did not have any other options, warrants or other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

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

3. DISCLOSURE OF INTERESTS

(a) Directors and chief executive's interests in the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors or chief executive of the Company or their associates had any interests and short positions in any shares, underlying shares or debentures of the Company or any 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 or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, the Directors are not aware of any other person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSET

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

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

5. DIRECTORS' SERVICE CONTRACTS

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

6. COMPETING INTERESTS

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

7. LITIGATION

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

8. MATERIAL CONTRACTS

Save as disclosed below, there are 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 date of this circular:

- (i) the Placing Agreement;
- (ii) the Supplemental Placing Agreement; and
- (iii) the placing letter (the “**Placing Letter**”) dated 28 April 2025 entered into between the Company and Gransing Securities Co., Limited, pursuant to which the Company conditionally agreed to subscribe for an aggregate of 9,380,000 ordinary shares of Luxxu Group Limited at the subscription price of HK\$0.15 each subject to the terms and conditions set out in the Placing Letter.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts or professional advisers who have given opinion or advice contained in this circular (collectively, the “**Experts**”):

Name	Qualification
Vinco Financial Limited	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Jon Gepsom CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, each of the above Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the Experts had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the Experts had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2025, being the date to which the latest published audited accounts of the Company were made up.

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming the Rights Issue is not fully-subscribed and any Unsubscribed Rights Shares and ES Unsold Rights Shares are placed by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be up to approximately HK\$1.3 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**Board of Directors***Executive Directors*

Mr. Wang Yun

Mr. Zou Yonggang

Independent non-Executive Directors

Mr. Wong Sui Chi

Mr. Wu Chi King

Ms. Yin Suying

Audit committeeMr. Wong Sui Chi (*Chairman*)

Mr. Wu Chi King

Ms. Yin Suying

Nomination committeeMr. Wu Chi King (*Chairman*)

Mr. Wong Sui Chi

Ms. Yin Suying

Remuneration committeeMs. Yin Suying (*Chairlady*)

Mr. Wong Sui Chi

Mr. Wu Chi King

Registered office

Windward 3

Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

**Headquarters and principal place of
business in the PRC**

Room C84, 5/F, Building 5

Huilin Plaza, No. 5, Nanyuan South Road

Wumenqiao Street

Gusu District

Suzhou City, Jiangsu Province

The People's Republic of China

Principal place of business in Hong Kong	18/F, V. Heun Building 138 Queen's Road Central Central Hong Kong
Authorised representatives	Mr. Wang Yun Ms. Tam Mei Chu
Business address of all Directors and authorised representatives	18/F, V. Heun Building 138 Queen's Road Central Central Hong Kong
Company Secretary	Ms. Tam Mei Chu <i>Certified Public Accountants</i>
Principal share registrar and transfer office	Ocorian Trust (Cayman) Limited Windward 3 Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Admiralty Hong Kong
Principal banker	Dah Sing Bank Limited 26th Floor, Dah Sing Financial Centre 248 Queen's Road East Wan Chai Hong Kong China Merchants Bank Co., Ltd. Suzhou Ganjiang Road Branch 489 Ganjiang West Road Suzhou City Jiangsu Province The People's Republic of China

Auditor	Jon Gepsom CPA Limited <i>Certified Public Accountants and Public Interest Entity Auditor</i> Rooms 1003-1005, 10/F Siu On Centre 188 Lockhart Road Wan Chai, Hong Kong
Legal adviser to the Company as to Hong Kong laws	David Fong & Co. Unit A, 12th Floor China Overseas Building 139 Hennessy Road Wanchai Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Vinco Financial Limited Unit 2808, 28/F The Center 99 Queen's Road Central Hong Kong
Placing Agent	Suncorp Securities Limited Unit 2305, 23/F The Center 99 Queen's Road Central Hong Kong

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Wang Yun (王允), aged 47, joined the Group in October 2019 and is an executive Director and the chairman of the Board. He has over 19 years of management experience in different industries, of which held a managerial position in a sizable manufacturing company in the PRC for 10 years. He is experienced in sales and marketing and quality control management.

Mr. Zou Yonggang (鄒勇剛), aged 43, was appointed as an executive Director in October 2019. He has over 12 years of working experience in the manufacturing industry. He was responsible for the overall management and supervision of the manufacturing process including but not limited to implementation of total quality management and cost control strategies.

Independent non-executive Directors

Mr. Wong Sui Chi (黃瑞熾) (“Mr. Wong”), aged 58, was appointed as an independent non-executive Director in February 2017. He has over 20 years of finance and accounting experience. He has obtained a bachelor’s degree in accountancy from the City Polytechnic of Hong Kong (currently known as City University of Hong Kong) in 1991, a master degree of science in financial management from the University of London in 2003 and a certificate in taxation and accounting in the PRC from The Hong Kong Polytechnic University China Business Centre in 2004. He has been a member of the Hong Kong Institute of Certified Public Accountants since 2008 and an associate of the Institute of Chartered Accountants in England and Wales since 2008.

Mr. Wong has been serving as an executive director and company secretary of Pacific Legend Group Limited (a company listed on the Stock Exchange (Stock Code: 8547)) since June 2024 and November 2024 respectively. Before redesignation to executive director of Pacific Legend Group Limited (Stock Code: 8547), he was serving as an independent non-executive director of Pacific Legend Group Limited (Stock Code: 8547) from September 2023 to June 2024. He was serving as an independent non-executive director of BCI Group Holdings Limited (a company listed on the Stock Exchange (Stock Code: 8412)) from March 2017 to February 2021. Mr. Wong was an independent non-executive director of Net-A-Go Technology Company Limited (a company listed on the Stock Exchange (Stock Code: 1483)) from November 2013 to October 2016. He was also an independent non-executive director of Legend Strategy International Holdings Group Company Limited (a company listed on the Stock Exchange (Stock Code: 1355)) from December 2012 to July 2015.

Mr. Wu Chi King (胡子敬) (“Mr. Wu”), aged 43, was appointed as an independent non-executive Director in June 2020. He has obtained a Bachelor of Computer Science from Monash University and is a certified public accountant of Certified Practising Accountant Australia. He has accumulated extensive experience in finance and accounting by working in various listed and sizable companies in Hong Kong.

Mr. Wu has also been serving as an independent non-executive director of Mansion International Holdings Limited (a company listed on the Stock Exchange (Stock Code: 8456)) since June 2021, Palinda Group Holdings Limited (a company listed on the Stock Exchange (Stock Code: 8179)) since September 2022, China Energy Storage Technology Development Limited (a company listed on the Stock Exchange (Stock Code: 1143)) since September 2023, and China 33 Group Limited (a company listed on the Stock Exchange (Stock Code: 8087)) since July 2026.

Ms. Yin Suying (尹蘇英), aged 59, was appointed as an independent non-executive Director in September 2024. She graduated from Hunan No. 1 Vocational and Technical College. She is currently employed as an administrative manager in a private company incorporated in the People's Republic of China. She has extensive experience in corporate culture and corporate governance.

13. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised all of the independent non-executive Directors, namely Mr. Wong Sui Chi (the chairman of the Audit Committee), Mr. Wu Chi King and Ms. Yin Suying. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “12. Particulars of the Directors and senior management” in this appendix. The primary duties of the Audit Committee include, include, among others, (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor; (b) review the Group's financial statements and periodic reports and accounts, and to review significant financial reporting judgements contained therein; and (c) review the Group's financial reporting controls, risk management and internal control systems.

14. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk/>) and the Company (<https://www.irasia.com/listco/hk/hkentertainment/>) from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the three financial years ended 31 December 2023, 2024 and 2025;
- (c) the Placing Agreement;
- (d) the letter from the Board, the text of which is set out on pages 12 to 36 of this circular;
- (e) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 37 to 38 of this circular;
- (f) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 39 to 65 of this circular;
- (g) the independent reporting accountants' assurance report on the compilation of unaudited pro forma financial information of the Group issued by Jon Gepsom CPA Limited, the text of which is set out in Appendix II to this circular;

- (h) the material contracts referred to in the paragraph headed “8. Material contracts” of this appendix;
- (i) the written consent referred to in paragraph headed “9. Experts and consents” of this appendix; and
- (j) this circular.

15. MISCELLANEOUS

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) As at the Latest Practicable Date, the Group does not have a foreign currency hedging policy but foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. In the event of fluctuating foreign exchange rates, there is a risk exposure to that settlement of payment for customers and suppliers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.
- (c) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Hong Kong Entertainment International Holdings Limited

港娛國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8291)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Hong Kong Entertainment International Holdings Limited (the “**Company**”) will be held at Portion 2, 12/F, The Center, 99 Queen’s Road Central, Central, Hong Kong on Wednesday, 2 September 2026 at 11:00 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing (with or without amendment) the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** subject to the conditions set out in the letter from the board under the heading “Conditions of the Rights Issue” in the circular of the Company dated 12 August 2026:
 - (a) the allotment and issue of 159,999,999 new Shares (assuming no change in the number of Shares in issue on or before the Record Date (as defined below) and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) (the “**Rights Shares**”) pursuant to an offer by way of rights issue to the shareholders of the Company (the “**Shareholder(s)**”) at the subscription price of HK\$0.20 per Rights Share (the “**Subscription Price**”) on the basis of three (3) Rights Shares for every one (1) Share held by the Shareholders (“**Qualifying Shareholder(s)**”) whose names appear on the register of members of the Company on Monday, 14 September 2026, or such other date as may be determined by the Company for determining entitlements of Shareholders to participate in the Rights Issue (as defined below) (the “**Record Date**”), as described in further details in a circular issued by the Company dated 12 August 2026 (a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for the purpose of identification), save for the Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) to whom the Directors, based on legal opinions provided by the legal advisers to the Company, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s) (“**Excluded Shareholder(s)**”), and on and subject to such terms and conditions as may be determined by the Directors (the “**Rights Issue**”), be and is hereby approved, confirmed and ratified;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the placing agreement dated 9 July 2026 (as supplemented by the supplemental placing agreement dated 5 August 2026) (the “**Placing Agreement**”) entered into between the Company and Suncorp Securities Limited (a copy of which has been produced to the EGM marked “B” and signed by the chairman of the EGM for the purpose of identification), in relation to the placing of the Rights Shares not subscribed by the Qualifying Shareholders and/or the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company at the placing price of not less than the Subscription Price on a best effort basis, and the transactions contemplated thereunder be and is hereby approved, confirmed and ratified;
- (c) the board of Directors or a committee thereof be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing Shareholders, and, in particular, the Directors may make such exclusions or other arrangements in relation to any Excluded Shareholders, and to do all such acts and things or make such arrangements as it considers necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and
- (d) any one or more Directors be and is/are hereby authorised to do all such acts, deeds and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.”

By order of the Board

Hong Kong Entertainment International Holdings Limited

Wang Yun

Executive Director

Hong Kong, 12 August 2026

Registered office:

Windward 3

Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

Principal place of business

in Hong Kong:

18/F, V. Heun Building

138 Queen's Road Central

Central

Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) An eligible shareholder is entitled to appoint one or more proxies to attend, speak and vote in his/her stead at the EGM (or at any adjournment of it) provided that each proxy is appointed to represent the respective number of shares held by the shareholder as specified in the relevant proxy forms. The proxy does not need to be a shareholder of the Company.
- (2) Where there are joint registered holders of any shares, any one of such persons may vote at the EGM (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (3) A proxy form for use at the EGM is enclosed.
- (4) In order to be valid, the completed proxy form must be received by the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, at least 48 hours before the time appointed for holding the EGM (i.e. 11:00 a.m. on Monday, 31 August 2026) or adjourned meeting (as the case may be). If a proxy form is signed by an attorney of a shareholder who is not a corporation, the power of attorney or other authority under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong) must be delivered to the Hong Kong branch share registrar and transfer office of the Company together with the proxy form. In the case of a corporation, the proxy form must either be executed under its common seal or be signed by an officer or agent duly authorised in writing.
- (5) For the purposes of determining shareholders' eligibility to attend, speak and vote at the EGM (or at any adjournment of it), the register of members of the Company will be closed from Thursday, 27 August 2026 to Wednesday, 2 September 2026 (both dates inclusive), during which period no transfer of shares of the Company will be registered. To be eligible to attend, speak and vote at the above meeting (or at any adjournment of it), all properly completed transfer documents accompanied by the relevant share certificate must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 26 August 2026.
- (6) Detailed information on other business to be transacted at the EGM is set out in this circular.
- (7) As set out in the Letter from the Board included in this circular, each of the resolutions set out in this notice should be voted on by poll.
- (8) The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English version shall prevail.
- (9) If a typhoon signal No. 8 or above is hoisted or a "black" rainstorm warning signal and/or "extreme conditions" is/are in force at or at any time after 7:00 a.m. on the date of the EGM, the EGM will be adjourned. The Company will post an announcement on the website of the Company (<https://www.irasia.com/listco/hk/hkentertainment/>) and the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkexnews.hk) to notify shareholders of the date, time and place of the adjourned meeting. The EGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather conditions bearing in mind their own situations.

NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, the executive Directors are Mr. Wang Yun and Mr. Zou Yonggang; and the independent non-executive Directors are Mr. Wong Sui Chi, Ms. Yin Suying and Mr. Wu Chi King.

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 seven days from the day of its posting. This notice will also be published on the Company’s website at <https://www.irasia.com/listco/hk/hkentertainment>.