
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in TOP STANDARD CORPORATION, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or other transferee or to the bank manager, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

Top Standard Corporation
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8510)

**(1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
(2) CONNECTED TRANSACTIONS; AND
(3) NOTICE OF EGM**



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

Terms used in this circular (including this cover page) are defined in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 4 to 17 of this circular. A letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this circular. A letter from the Independent Financial Adviser is set out on pages IFA-1 to IFA-29 of this circular.

A notice convening the EGM to be held at Suite 707, 7/F., 12 Taikoo Wan Road, Taikoo, Hong Kong on Thursday, 24 September 2026 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. If you are a Shareholder and are not able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the Company’s branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM, or any adjournment thereof, should they so wish and in such event the form of proxy shall be deemed to be revoked.

This circular will remain on the Stock Exchange’s website at www.hkexnews.hk on the “Latest Listed Company Information” page for fourteen (14) days from the date of its posting and on the Company’s website at www.topstandard.hk.

24 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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This circular and the accompanying form of proxy, in both English and Chinese versions, are available on the Company's website at <https://www.topstandard.hk/> (the "**Company Website**") and on the website of the Hong Kong Exchanges and Clearing Limited at <https://www.hkexnews.hk>. To the extent that there are any inconsistencies between the English version and the Chinese version of this circular, the English version shall prevail.

Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the "**Corporate Communications**") via the Company Website and who for any reason have difficulty in receiving or gaining access to the circular and the form of proxy posted on the Company Website will promptly upon request be sent the circular and the form of proxy in printed form free of charge. Shareholders may at any time change their choice of the means of receipt (either in printed form or via the Company Website) and/or language(s) (either English only or Chinese only or both languages) of Corporate Communications.

Shareholders may send their request to receive the circular and the form of proxy in printed form, and/or to change their choice of the means of receipt and/or language(s) of Corporate Communications by notice in writing to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong.

Shareholders who have chosen to receive printed copy of the Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this circular and the accompanying form of proxy since both languages are bound together into one booklet and sheet respectively.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 1 June 2026 in relation to the Subscription Agreements and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Top Standard Corporation, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM Board of the Stock Exchange (stock code: 8510)
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreements
“Completion Date”	the date of completion of the Subscription in accordance with the terms and conditions of the Subscription Agreements
“connected person(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 for the purpose of considering and, if thought fit, approving the Subscription Agreements and the transactions contemplated thereunder by the Independent Shareholders
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	the GEM listing committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM Board of Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors, namely Mr. Tang Chiu Ming, Jeremy and Mr. Lynch Stephen Joseph Chor, established to advise the Independent Shareholders on the Subscription Agreements and the transactions contemplated thereunder
“Independent Financial Adviser”	Dakin Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders on the Subscription Agreements and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than those who are involved or have interests in the Subscription Agreements and the transactions contemplated thereunder and are required under the GEM Listing Rules to abstain from voting at the EGM
“Independent Third Party(ies)”	third party independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Takeovers Code) with any of the connected persons of the Company or any of their respective associates (as defined under the GEM Listing Rules)
“Last Trading Day”	1 June 2026, being the last full trading day of Shares immediately prior to the entering into of the Subscription Agreements
“Latest Practicable Date”	19 August 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Ms. Ding”	Ms. Ding Weiyu, the daughter of the Subscriber B and the independent non-executive Director
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.10 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Focus Dynamic Group Limited, a company incorporated in Hong Kong with limited liability, a wholly owned subsidiary of Focus Dynamics Group Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on the ACE Market of Bursa Malaysia (stock code: 0116 and stock name: FOCUS). Our substantial shareholder, and a subscriber under Subscription Agreement A
“Subscriber B”	Mr. Ding Pengpeng, an investor with extensive investment experience in the capital markets of the PRC and Malaysia, father of Ms. Ding, and a subscriber under Subscription Agreement B
“Subscription”	the subscription of the Subscription Shares by Subscriber A and Subscriber B under the Subscription Agreements
“Subscription Agreement A”	the subscription agreement dated 1 June 2026 entered into between the Company and Subscriber A for the subscription of the Subscription Shares
“Subscription Agreement B”	the subscription agreement dated 1 June 2026 entered into between the Company and Subscriber B for the subscription of the Subscription Shares
“Subscription Agreements”	Subscription Agreement A and Subscription Agreement B
“Subscription Price”	HK\$0.16 per Subscription Share
“Subscription Share(s)”	an aggregate of 62,500,000 Shares to be subscribed by the Subscribers under the Subscription Agreements, and “Subscription Share” shall refer to any of them
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission
“%”	per cent

LETTER FROM THE BOARD

Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8510)

Executive Directors:

Mr. Chuk Stanley
Mr. Ying Kan Man

Independent Non-executive Directors:

Mr. Tang Chiu Ming, Jeremy
Ms. Ding Weiyu
Mr. Lynch Stephen Joseph Chor

Registered Address:

4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

Principal Place of Business in Hong Kong:

Unit 3C, 3/F., Yue Xiu Industrial Building
87 Hung To Road
Kwun Tong
Kowloon, Hong Kong

24 August 2026

To the Independent Shareholders

Dear Sir or Madam,

**(1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
(2) CONNECTED TRANSACTIONS; AND
(3) NOTICE OF EGM**

INTRODUCTION

Reference is made to the Announcement.

On 1 June 2026, the Company entered into two separate Subscription Agreements with the respective Subscribers, pursuant to which the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, an aggregate of 62,500,000 Subscription Shares at the Subscription Price of HK\$0.16 per Subscription Share.

The gross proceeds from the Subscription amount to HK\$10 million. The net proceeds of the Subscription, after deduction of all relevant expenses, are estimated to be approximately HK\$9.9 million, representing a net price of approximately HK\$0.158 per Subscription Share.

The purpose of this circular is to provide you with, among others, (i) details of the Subscription; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreements and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreements and the transactions contemplated thereunder; and (iv) other information as required under the GEM Listing Rules, together with a notice convening the EGM for the purpose of considering, and if thought fit, approving the resolutions to be proposed.

LETTER FROM THE BOARD

SUBSCRIPTION AGREEMENTS

Save for the identity of the Subscribers, and the number of Subscription Shares to be allotted and issued, the terms of all two Subscription Agreements are substantially the same and a summary of which is set out as follows:

Date

1 June 2026 (after trading hours)

Parties

Subscription Agreement A

- (i) the Company (as issuer); and
- (ii) Focus Dynamic Group Limited (as subscriber)

Subscription Agreement B

- (i) the Company (as issuer); and
- (ii) Mr. Ding Pengpeng (as subscriber)

Subscriber A and Subscriber B are connected persons of the Company, whose details are set out under the section headed “Information on the Subscribers” below.

Number of Subscription Shares subscribed by the Subscribers

Subscription Agreement A

31,250,000 Subscription Shares, represent approximately 13.1% of the existing issued share capital of the Company as at the Latest Practicable Date; and approximately 10.4% of the issued share capital of the Company as enlarged by the allotment and issue of all Subscription Shares under the two Subscription Agreements (assuming that there are no other changes in the share capital of the Company between the Latest Practicable Date and the date of the Completion).

Subscription Agreement B

31,250,000 Subscription Shares, represent approximately 13.1% of the existing issued share capital of the Company as at the Latest Practicable Date; and approximately 10.4% of the issued share capital of the Company as enlarged by the allotment and issue of all Subscription Shares under the two Subscription Agreements (assuming that there are no other changes in the share capital of the Company between the Latest Practicable Date and the date of the Completion).

LETTER FROM THE BOARD

Total Subscription Shares under the two Subscription Agreements being 62,500,000 Subscription Shares represent approximately 26.2% of the existing issued share capital of the Company as at the Latest Practicable Date; and approximately 20.7% of the issued share capital of the Company as enlarged by the allotment and issue of all Subscription Shares (assuming that there are no other changes in the share capital of the Company between the Latest Practicable Date and the date of the Completion).

The Subscription Agreement A and Subscription Agreement B are not inter-conditional upon each other, and the completion of each Subscription Agreement is independent of and not contingent upon the completion of the other. The Directors further confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, Subscriber A and Subscriber B are independent of each other and there is no arrangement, understanding or relationship between them in connection with the Subscription and the transactions contemplated thereunder.

SUBSCRIPTION PRICE

The Subscription Price is the same for all two Subscription Agreements. The Subscription Price of HK\$0.16 per Subscription Share represents:

- (i) a premium of approximately 3.9% over the closing price of HK\$0.154 as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of 20.0% to the closing price of HK\$0.2 as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of 20.0% to the average closing price of HK\$0.2 as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the Last Trading Day;
- (iv) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 4% represented by the theoretical diluted price of approximately HK\$0.192 to the benchmarked price of approximately HK\$0.2 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.20 and the average closing price of HK\$0.20 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Announcement).

The Subscription Price of HK\$0.16 for the Subscription was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the recent market prices of the Shares, current market conditions and the funding needs as disclosed under the section headed "Reasons for the Subscription and Use of Proceeds".

LETTER FROM THE BOARD

In determining the Subscription Price, the Board has taken into account that the Group recorded net liabilities as at 31 December 2025 and the practical need to secure equity funding in a timely and efficient manner to support its business expansion and diversification within the broader food sector without incurring additional debt and interest burden. The Board has also carefully considered the recent trading performance of the Shares and notes that, during the six-month period immediately prior to the Last Trading Day, the closing price of the Shares ranged from HK\$0.118 to HK\$0.22 per Share, with an average closing price of approximately HK\$0.169 per Share. On this basis, the Subscription Price of HK\$0.16 per Subscription Share represents a discount of approximately 5.3% to the six-month average closing price of the Shares, which the Board regards as appropriate, particularly in light of the Group's financial position and the low trading liquidity of the Shares. The Board further notes that the theoretical dilution effect of the Subscription is approximately 4%, which is minimal and considered acceptable. Taking into account (i) the limited discount to the recent average trading price of the Shares, (ii) the minimal theoretical dilution effect on existing Shareholders, and (iii) the importance of raising funds expeditiously to support the implementation of the Group's proposed business plan and diversification into new business streams in view of its net liabilities position, the Board considers that the Subscription Price is fair and reasonable and that the Subscription is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

RANKING OF THE SUBSCRIPTION SHARES

The Subscription Shares will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

CONDITIONS PRECEDENT

The Completion under each of the Subscription Agreements is conditional upon the fulfillment or waiver (as the case may be) of the following conditions precedent:

- (i) the GEM Listing Committee having granted the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange;
- (ii) the passing of all necessary resolutions to be proposed at the EGM for approving the respective Subscription, the respective Subscription Agreement and the respective transactions contemplated thereunder; and
- (iii) the representations and warranties of the Company under the respective Subscription Agreement being true, accurate and not misleading in all material respects as at the date of the respective Subscription Agreement and the date of the Completion.

For avoidance of doubt, conditions (i) and (ii) cannot be waived. If any of the conditions precedent are not fulfilled or waived (as the case may be) by 5:00 p.m. on the long stop date, the obligations and liabilities of the Company under the Subscription shall be null and void and the Company shall be released from all rights and obligations pursuant to the Subscription save for any antecedent breach thereof.

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

LETTER FROM THE BOARD

COMPLETION

Completion of the Subscription is expected to take place on the second Business Day after all the conditions precedent set out in the section headed “Conditions Precedent” having been fulfilled or waived (as the case may be) (or such later date or time as the parties to the Subscription Agreement may agree in writing).

The long stop date of 7 December 2026 was set to provide a reasonable buffer for satisfaction of all conditions precedent and completion of the related administrative procedures, rather than to defer Completion. The Company currently expects that the conditions precedent will be fulfilled and/or waived (as the case may be) and Completion of the Subscription will take place within three months from the date of the Subscription Agreements. The Company intends to proceed to Completion of the Subscription as soon as practicable once all such conditions have been fulfilled or waived (as the case may be), and does not regard the timetable as a prolonged completion schedule. The Company acknowledges that any extension of the long stop date after the EGM may constitute a material change to the terms of the Subscription. In such event, the Company will re-comply with the relevant Listing Rules requirements, including seeking Independent Shareholders’ approval again.

Mandate to issue the Subscription Shares

The issue of the Subscription Shares will be made pursuant to the specific mandate to be sought from the Independent Shareholders at the EGM.

Application for Listing

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

EFFECTS ON SHAREHOLDING STRUCTURE

The following is a table illustrating the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after Completion, assuming that there will be no change in the number of Shares in issue (other than the issue of all Subscription Shares pursuant to the two Subscription Agreements) between the Latest Practicable Date and the date of Completion:

	As at the Latest Practicable Date		Immediately after Completion	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Shareholders				
Lazarus Securities Pty Limited	46,188,800	19.3	46,188,800	15.3
Subscriber A	59,013,120	24.7	90,263,120	29.9
Subscriber B	—	—	31,250,000	10.4
Hng Bok Chuan	33,177,600	13.9	33,177,600	11.0
Axis Motion Limited	23,040,000	9.7	23,040,000	7.7
Other public shareholders	77,459,200	32.4	77,459,200	25.7
Total	238,878,720	100.00	301,378,720	100.00

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

The Group is an investment holding company mainly engaged in catering and wine sales business. The Company operates its business through two segments. The Catering Services segment is engaged in the operation of restaurants providing dine-in and takeaway services and managing menu design and food procurement. The Online Sales of Wines segment is engaged in the online sales of wine products including wines, spirits and other alcoholic beverages and providing delivery services.

INFORMATION ON THE SUBSCRIBERS

Subscriber A is a company incorporated in Hong Kong with limited liability. It is a wholly owned subsidiary of Focus Dynamics Group Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on the ACE Market of Bursa Malaysia (stock code: 0116 and stock name: FOCUS). Subscriber A is principally engaged in food and beverage business and investment holding. As at the Latest Practicable Date, Subscriber A holds approximately 24.7% of total issued Shares.

Subscriber B is an investor with extensive investment experience in the capital markets of the PRC and Malaysia. As the father of Ms. Ding, Subscriber B is considered a connected person of the Company under Chapter 20 of the GEM Listing Rules.

The Board acknowledges that, pursuant to Rule 5.09(6) of the GEM Listing Rules, independence is more likely to be questioned where a director is or was connected with a substantial shareholder of the Company. As Subscriber B is the natural father of Ms. Ding, he is an associate of Ms. Ding within the meaning of the GEM Listing Rules. Accordingly, the Board recognises that Ms. Ding's independence as an independent non-executive Director would be called into question upon completion of the subscription.

Having given due and careful consideration to the matter, the Board is of the view that Ms. Ding will no longer be able to satisfy the independence requirements under Rule 5.09(6) of the GEM Listing Rules upon completion of the subscription, given her familial relationship with the Subscriber B who will become a substantial shareholder of the Company.

In light of the above, Ms. Ding has confirmed to the Board that she will resign from her position as an independent non-executive Director with effect from the Completion Date, so as to ensure compliance with the GEM Listing Rules and to uphold the standards of corporate governance of the Company.

The Company will make a separate announcement in accordance with the GEM Listing Rules in relation to the Ms. Ding's resignation upon or around the Completion Date. The Board will also take appropriate steps to identify and appoint a suitable replacement of the independent non-executive Director in compliance with the GEM Listing Rules within the timeframe prescribed thereunder, and will make further announcements as and when appropriate.

LETTER FROM THE BOARD

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

Assuming that all the Subscription Shares are fully subscribed, the gross proceeds from the Subscription amount to HK\$10 million. The net proceeds of the Subscription, after deduction of all relevant expenses, are estimated to be approximately HK\$9.9 million, representing a net price of approximately HK\$0.158 per Subscription Share.

The wild mushroom segment in the PRC has seen sustained demand growth in recent years, driven by a structural shift in consumer preferences toward natural, high-protein, and functional foods. Yunnan Province holds a dominant position in the country's wild fungi supply chain, benefiting from unmatched species diversity, established processing infrastructure, and active government support through fiscal subsidies for cultivation projects. Premium Yunnan species also command well-established export markets in East Asia, where declining domestic supply in key importing countries has created persistent demand and strong pricing premiums. On the domestic side, rising disposable incomes, the premiumisation of food gifting culture, and the growing presence of wild mushroom products across major e-commerce platforms and restaurant chains have collectively broadened the addressable market – with the Yunnan wild mushroom market having recorded significant year-on-year growth in recent years and projected to continue expanding at a healthy compound annual growth rate in the near term.

The Group is principally engaged in catering services and the online sales of wines, operating restaurants that provide dine-in and takeaway services and overseeing menu design and food procurement. The Board considers that, having regard to the challenging operating environment in the food and beverage sector and the Group's net liabilities position, it is important for the Group to proactively diversify its business and revenue streams into complementary areas within the broader food value chain, rather than relying solely on its existing businesses. The proposed expansion into wild mushroom cultivation and processing represents a logical extension of the Group's existing business, given that premium fungi are increasingly featured ingredients across upscale dining and hotpot concepts in Greater China. By establishing direct exposure to mushroom cultivation and supply, the Group would seek to strengthen control over procurement costs and ingredient quality for its restaurant operations, while creating an incremental revenue channel through the wholesale supply of premium mushroom products to third-party catering operators and food retailers – an opportunity the Directors believe is well-aligned with the Group's operational expertise and existing customer relationships in the food services sector.

LETTER FROM THE BOARD

Business model

The Group's proposed wild mushroom cultivation and processing business will be operated through a standardised production facility to be established in Yunnan Province, the PRC. The business will operate across three principal activities as follows:

Cultivation: The Group intends to adopt a semi-wild intelligent cultivation approach, utilising smart cultivation pods to grow selected mushroom varieties. The cultivation facility will be located within an established edible mushroom industrial park in Yunnan Province, leveraging the region's natural biodiversity and established agricultural ecosystem. This approach enables year-round production independent of seasonal wild harvesting conditions, thereby providing greater supply stability and consistency of product quality. During peak harvest seasons, the Group may supplement its cultivated output with the selective procurement of pure wild mushrooms from local suppliers in Yunnan to meet demand from the high-end market segment, where premium pricing for seasonally harvested product is well established.

Processing: Harvested and procured mushrooms will undergo standardised processing procedures including quality grading and screening. Where applicable, freeze-drying technology will be applied to preserve nutritional content and extend shelf life, enabling distribution to a broader geographic market. During off-peak seasons, the Group intends to maintain revenue contribution through the production and sale of processed mushroom products – such as ready-to-eat and condiment formats – thereby reducing the impact of seasonal fluctuations on the Group's overall revenue base. Cold-chain logistics arrangements will be established to support timely delivery from the production facility to end customers and distribution points.

Sales and distribution: The Group intends to adopt a multi-channel sales strategy comprising: (i) wholesale and direct supply to catering and restaurant operators, including through the Group's existing customer relationships in the food services sector; (ii) retail supply to supermarkets and specialty food retailers; and (iii) online sales through major e-commerce platforms. The combination of these channels is intended to provide diversified revenue exposure and reduce reliance on any single distribution channel, consistent with the Group's objective of broadening its overall revenue base.

Operation of the business

The Group will be responsible for the overall operation of the proposed business, including the cultivation, processing and distribution of the mushrooms. The Directors and senior management of the Group have extensive experience in the food and beverage sector, particularly in food procurement, handling, processing and distribution through their operation of restaurant and catering businesses. While the Group does not yet have substantial direct experience in mushroom cultivation itself, the Board considers that the Group's existing experience in food procurement, processing and distribution provides a solid and highly relevant operational foundation for the downstream processing and distribution aspects of the proposed mushroom business. Depending on the actual operational needs of the cultivation project, the Group may supplement its existing team by recruiting additional personnel or engaging external consultants with specific technical expertise in mushroom cultivation and production management to support the establishment and ongoing operation of the cultivation facility.

LETTER FROM THE BOARD

Subject to completion of the Subscription and the successful installation and commissioning of the relevant cultivation and processing equipment, the Group currently expects cultivation to begin by the end of January 2027, with sales and distribution of mushroom products expected to commence approximately three months after cultivation begins.

Use of proceeds

The Company intends to raise gross proceeds of approximately HK\$10,000,000 from the Subscription. The net proceeds of approximately HK\$9,900,000, after deducting related fees and commissions, are intended to be applied in the following manner:

Category	Amount (HK\$)	Breakdown and details	Expected timeline
1. Procurement and installation of equipment	7,500,000		
Smart cultivation pods	5,500,000	Procurement of smart cultivation pods, forming the core infrastructure of the cultivation facility	Supplier identification and procurement to be initiated by end of September 2026; delivery and installation to be completed by end of December 2026
Sterilisation and inoculation equipment	1,200,000	Procurement and installation of sterilisation boilers and inoculation equipment necessary for the preparation of growing substrate and maintenance of sterile cultivation conditions	
Ancillary processing and cold-chain equipment	800,000	Procurement of freeze-drying, grading and packaging equipment for post-harvest processing, together with cold-chain storage facilities at the cultivation base	
2. Mushroom spore procurement	1,000,000	Procurement of quality mushroom spores in quantities sufficient to support the Group's planned cultivation requirements.	Procurement of mushroom spores is expected to commence approximately one month before completion of the principal equipment installation, with the budgeted amount of approximately HK\$1 million expected to be fully utilised by the end of January 2027, after which cultivation is expected to commence.

LETTER FROM THE BOARD

Category	Amount (HK\$)	Breakdown and details	Expected timeline
3. Rental expense	500,000	Lease of cultivation base within an edible mushroom industrial park in Yunnan Province, the PRC;	Lease agreement to be entered into and facility secured by end of September 2026 and expected to be fully utilised by end of September 2027
4. General working capital	900,000	Day-to-day operational expenses, staff costs, cold-chain logistics arrangements and other expenses incidental to the establishment and initial operation of the wild mushroom cultivation and processing business	To be fully utilised by end of September 2027
Total	9,900,000		

The Company had considered other fundraising activities including debt financing and other equity financing methods such as rights issue and open offer. In respect of debt financing, the Board notes that, given the Group's current net liabilities position, incurring additional indebtedness would further increase the Group's gearing ratio and impose additional interest burden on the Group, which would exacerbate rather than improve the Group's financial position. The Board is of the view that debt financing is not an appropriate means of fundraising at this juncture, and that equity financing represents a more suitable approach to securing the required capital without increasing the Group's financial leverage.

In respect of rights issue and open offer, the Board wishes to clarify that such alternatives are not precluded and may be considered in the future as the Group's business develops. However, having regard to the Group's present circumstances and its objective to diversify its revenue streams and commence the proposed business expansion in a timely manner, the Board considers that the Subscription under specific mandate is more appropriate at this time. By comparison, a rights issue or open offer would require, among other things, the preparation and despatch of circular and prospectus, a minimum subscription period of not less than 10 business days, compliance with book closure notice requirements, and in certain circumstances the arrangement of placing/underwriting – all of which collectively result in a process that typically spans no less than five to six weeks from announcement, and potentially longer where shareholders' approval is required. The outcome of a rights issue or open offer is also inherently subject to prevailing market sentiment and the level of participation by Shareholders at the relevant time, which introduces a degree of funding uncertainty that the Board considers undesirable given the Group's current financial position and the importance of deploying capital in a timely manner. The Board considers that the ability to secure funding with a reasonable degree of certainty is of particular importance to the Group given its strategic objective to diversify its business and revenue base and to implement its proposed business plan without undue delay. The Board is of the view that proceeding with the Subscription represents the more prudent course of action at this time, whilst remaining open to reassessing other fundraising options as the Group's business progresses and market conditions evolve.

LETTER FROM THE BOARD

Considering the foregoing, the Board considers that the Subscription under specific mandate represents the most practicable and appropriate fundraising method for the Group at this juncture, having regard to the Group's strategic commitment to business diversification and the importance of deploying the requisite capital in a timely and efficient manner to implement the proposed business plan. The Directors (including the members of the Independent Board Committee whose view is set forth in the Letter from the Independent Board Committee below in this circular after considering the advice from the Independent Financial Adviser) consider that, although the Subscription Agreements and the transactions contemplated thereunder are not conducted in the ordinary and usual course of business of the Group, the Subscription Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Ms. Ding has abstained from voting on (and has not been counted in the quorum for) the relevant Board resolutions for approving Subscription Agreement B and the transactions contemplated thereunder by virtue of her relationship with Subscriber B, and is therefore regarded as having a material interest in the Subscription.

Save as disclosed above, none of the other Directors is regarded as having a material interest in, and therefore none of them is required to abstain from voting on the relevant Board resolutions for approving the Subscription Agreements and the transactions contemplated thereunder.

EQUITY FUNDRAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as the disclosed below, the Company has not conducted any fundraising activities in the past twelve months immediately preceding the Latest Practicable Date:

Date of announcement	Description of fundraising activity	Net proceeds raised (approximately)	Intended use of net proceeds	Actual use of net proceeds
5 December 2025	Subscription of new shares under general mandate	HK\$4.0 million	The Company intends to apply the net proceeds from the subscription as general working capital of the Group.	The net proceeds of HK\$4.0 million have been fully utilised as at 1 June 2026 as general working capital of the Group, including rental and utilities, staff costs and food and beverage procurement for the Company's catering operations.

LETTER FROM THE BOARD

GEM LISTING RULES IMPLICATIONS

Subscriber A and Subscriber B are connected persons of the Company under Chapter 20 of the GEM Listing Rules. As such, the Subscription constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Subscriber A is interested in 59,013,120 Shares, representing approximately 24.7% of the entire issued share capital of the Company as at the Latest Practicable Date and is required to abstain from voting in respect of the relevant resolution to approve Subscription Agreement A and the transactions thereunder at the EGM. As Subscription Agreement A and Subscription Agreement B are not inter-conditional upon each other, Subscriber A is not required to abstain from voting on the resolution to approve Subscription Agreement B and the transactions contemplated thereunder at the EGM, notwithstanding its interest in Subscription Agreement A.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Subscription and the transactions thereunder at the EGM.

The Subscription would result in a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 4%. Therefore, the theoretical dilution impact of the Subscription is in compliance with Rule 17.29 of the GEM Listing Rules.

THE EGM

The EGM will be convened and held at Suite 707, 7/F., 12 Taikoo Wan Road, Taikoo, Hong Kong on Thursday, 24 September 2026 at 11 a.m. for the Independent Shareholders to consider and, if thought fit, pass the ordinary resolutions approving the Subscription Agreements and the transactions contemplated thereunder.

The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. If you are a Shareholder and are not able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM, or any adjournment thereof, should they so wish and in such event the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 21 September 2026 to Thursday, 24 September 2026, both days inclusive, during which period no share transfers can be registered. The record date for ascertaining Shareholders' eligibility to participate in and vote at the EGM is Thursday, 24 September 2026. In order to be eligible to attend and vote at the EGM, unregistered holders of Shares should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Friday, 18 September 2026.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages IBC-1 to IBC-2 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM regarding the Subscription. The Independent Board Committee comprised all the independent non-executive Directors, namely Mr. Tang Chiu Ming, Jeremy and Mr. Lynch Stephen Joseph Chor, who have not been involved or interested in, directly or indirectly, the Subscription.

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages IFA-1 to IFA-29 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Subscription, and the principal factors and reasons taken into consideration in arriving at its advice.

Your attention is also drawn to the Appendix to this circular.

The Directors (including the members of the Independent Board Committee whose opinion have been set forth in the Letter from the Independent Board Committee below in this circular after considering the advice from the Independent Financial Adviser) consider that, although the Subscription Agreements and the transactions contemplated thereunder are not conducted in the ordinary and usual course of business of the Group, the terms of the Subscription Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the members of the Independent Board Committee whose opinion have been set forth in the Letter from the Independent Board Committee below in this circular after considering the advice from the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Subscription Agreements and the transactions contemplated thereunder. You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser as mentioned above before deciding on how to vote on the resolution to be proposed at the EGM.

LETTER FROM THE BOARD

WARNING

As the Subscription is subject to the fulfillment of the conditions set out in the respective Subscription Agreements and may or may not proceed, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company, and should consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position or as to actions they should take.

Yours faithfully,
By order of the Board
Top Standard Corporation
Chuk Stanley
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders regarding the Subscription, which has been prepared for the purpose of inclusion in this circular.

Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8510)

To the Independent Shareholders

Dear Sir or Madam,

(1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE; AND (2) CONNECTED TRANSACTIONS

We refer to the circular dated 24 August 2026 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether (i) the entering of the Subscription Agreements are in the ordinary and usual course of the Group’s business; and (ii) the terms of the Subscription Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendation of the Independent Financial Adviser.

Dakin Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Subscription Agreements and the transactions contemplated thereunder. Details of the advice from the Independent Financial Adviser, together with the reasons for its opinion, the key assumptions made and the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages IFA-1 to IFA-29 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 17 of the Circular and the additional information set out in the appendix to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the information as set out in the letter from the Board, the terms of the Subscription Agreements and the transactions contemplated thereunder, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as set out in its letter of advice, we are of the view that, notwithstanding that the entering of the Subscription Agreements are not in the ordinary and usual course of the Group's business, the terms of the Subscription Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Subscription Agreements and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully

For and on behalf of the Independent Board Committee of
Top Standard Corporation

Mr. Tang Chiu Ming, Jeremy

*Independent non-executive
Director*

Mr. Lynch Stephen Joseph Chor

*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Dakin Capital Limited, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreements, the Subscription, the allotment and issue of the Subscription Shares and the transactions contemplated thereunder (including the grant of the specific mandate).



24 August 2026

*To: the Independent Board Committee and the Independent Shareholders
of Top Standard Corporation*

Dear Sirs,

(1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE; AND (2) CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreements, the Subscription, the allotment and issue of the Subscription Shares and the transactions contemplated thereunder (including the grant of the specific mandate), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 24 August 2026 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

On 1 June 2026 (after trading hours), the Company, as the issuer, entered into two separate Subscription Agreements with the respective Subscribers, pursuant to which the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, an aggregate of 62,500,000 Subscription Shares at the Subscription Price of HK\$0.16 per Subscription Share. The Subscription is subject to the conditions set out under the paragraph headed “Conditions precedent” in the Letter from the Board.

Pursuant to the Subscription Agreement A, the Company has conditionally agreed to allot and issue, and the Subscriber A has conditionally agreed to subscribe for, 31,250,000 Subscription Shares at the Subscription Price of HK\$0.16 per Subscription Share. 31,250,000 Subscription Shares under the Subscription Agreement A represent (i) approximately 13.1% of the issued Shares as at the Latest Practicable Date; and (ii) approximately 10.4% of the issued Shares as enlarged by the allotment and issue of all the Subscription Shares under the Subscription Agreements (assuming that there are no other changes in the share capital of the Company between the Latest Practicable Date and the date of Completion).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the Subscription Agreement B, the Company has conditionally agreed to allot and issue, and the Subscriber B has conditionally agreed to subscribe for, 31,250,000 Subscription Shares at the Subscription Price of HK\$0.16 per Subscription Share. 31,250,000 Subscription Shares under the Subscription Agreement B represent (i) approximately 13.1% of the issued Shares as at the Latest Practicable Date; and (ii) approximately 10.4% of the issued Shares as enlarged by the allotment and issue of all the Subscription Shares under the Subscription Agreements (assuming that there are no other changes in the share capital of the Company between the Latest Practicable Date and the date of Completion).

According to the Subscription, 62,500,000 Subscription Shares in aggregate under the Subscription Agreements represents (i) approximately 26.2% of the issued Shares as at the Latest Practicable Date; and (ii) approximately 20.7% of the issued Shares as enlarged by the allotment and issue of all the Subscription Shares under the Subscription Agreements (assuming that there are no other changes in the share capital of the Company between the Latest Practicable Date and the date of Completion).

The Subscription Agreement A and the Subscription Agreement B are not inter-conditional upon each other, and the completion of each Subscription Agreement is independent of and not contingent upon completion of the other. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber A and the Subscriber B are independent of each other and there is no arrangement, understanding or relationship between them in connection with the Subscription and the transactions contemplated thereunder.

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

As stated in the Letter from the Board, the gross proceeds of the Subscription are expected to be HK\$10 million. The net proceeds of the Subscription, after deduction of all relevant expenses, are estimated to be approximately HK\$9.9 million, representing a net price of approximately HK\$0.158 per Subscription Share.

According to the Letter from the Board, as at the Latest Practicable Date, (i) the Subscriber A, who is interested in 59,013,120 Shares, representing approximately 24.7% of the issued Shares is a substantial shareholder of the Company; and (ii) the Subscriber B, who is the father of Ms. Ding Weiyu (the independent non-executive Director) is a connected person of the Company. As such, the Subscriber A and the Subscriber B are connected persons of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Subscription Agreements, the Subscription, the allotment and issue of the Subscription Shares and the transactions contemplated thereunder (including the grant of the specific mandate) constitute a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rule.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Ms. Ding Weiyu (the independent non-executive Director), who is the daughter of the Subscriber B has a material interest in the transactions contemplated in the Subscription Agreement B and has abstained from voting on (and has not been counted in the quorum for) the relevant resolutions of the Board. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed above, none of the other Directors has material interest in the Subscription Agreements, the Subscription, the allotment and issue of the Subscription Shares and the transactions contemplated thereunder (including the grant of the specific mandate) or is otherwise required to abstain from voting on the relevant resolutions of the Board.

The Company will seek approval from the Independent Shareholders in respect of the Subscription Agreements, the Subscription, the allotment and issue of the Subscription Shares and the transactions contemplated thereunder (including the grant of the specific mandate) by way of a poll at the EGM. As at the Latest Practicable Date, the Subscriber A, who is interested in 59,013,120 Shares, representing approximately 24.7% of the issued Shares is required to abstain from voting in respect of the relevant resolutions to approve the Subscription Agreement A and the transactions contemplated thereunder at the EGM. As the Subscription Agreement A and the Subscription Agreement B are not inter-conditional upon each other, the Subscriber A is not required to abstain from voting on the resolution to approve the Subscription Agreement B and the transactions contemplated thereunder at the EGM, notwithstanding its interest in the Subscription Agreement A. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed above, none of the other Shareholders has material interest in the Subscription Agreements, the Subscription, the allotment and issue of the Subscription Shares and the transactions contemplated thereunder (including the grant of the specific mandate) or is otherwise required to abstain from voting on the relevant resolutions at the EGM.

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

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising two independent non-executive Directors, namely Mr. Tang Chiu Ming, Jeremy and Mr. Lynch Stephen Joseph Chor, has been formed to advise the Independent Shareholders on whether (i) the entering of the Subscription Agreements is in the ordinary and usual course of the Group's business; and (ii) the Subscription Agreements, the Subscription, the allotment and issue of the Subscription Shares and the transactions contemplated thereunder (including the grant of the specific mandate) are on normal commercial terms, fair and reasonable, so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendation of the Independent Financial Adviser. Ms. Ding Weiyu (the independent non-executive Director), who is the daughter of the Subscriber B has a material interest in the transactions contemplated in the Subscription Agreement B, and she is therefore not considered independent to be a member of the Independent Board Committee and has declared her interest to the Board accordingly.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

We, Dakin Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. During the past two years immediately preceding the Latest Practicable Date, we did not act as the financial adviser or the independent financial adviser to the other transactions of the Company. Save for the appointment as the Independent Financial Adviser in respect of the Subscription Agreements, the Subscription, the allotment and issue of the Subscription Shares and the transactions contemplated thereunder (including the grant of the specific mandate), there were no other engagements between the Company and us during the past two years immediately preceding the Latest Practicable Date. Apart from normal professional fees for our services to the Company in connection with the appointment as the Independent Financial Adviser, no other arrangements exist whereby we will receive any fees and/or benefits from the Group. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company, or its substantial Shareholders, Directors, chief executive, or any of their respective associates. We are independent 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 Subscription Agreements, the Subscription, the allotment and issue of the Subscription Shares and the transactions contemplated thereunder (including the grant of the specific mandate).

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things (i) the Company's annual reports for the three years ended 31 December 2023 ("FY2023"), 31 December 2024 ("FY2024") (the "Annual Report 2024") and 31 December 2025 ("FY2025") (the "Annual Report 2025"); (ii) the statistics published by General Administration of Customs of the PRC* (中華人民共和國海關總署) (<http://www.customs.gov.cn/>); (iii) the historical daily closing price and trading volume of Shares published on the Stock Exchange (www.hkex.com.hk); (iv) the Announcement; and (v) other information as set out in this Circular. We have also relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular, the information and representations provided to us by the Company, the Directors and the management of the Company and our review of the relevant public information. 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 material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date. Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is our responsibility to ensure that such information are true, accurate and complete in all material respects and not misleading or deceptive and has been correctly extracted from the relevant sources.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Subscription Agreements, the Subscription, the allotment and issue of the Subscription Shares and the transactions contemplated thereunder (including the grant of the specific mandate). Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreements, the Subscription, the allotment and issue of the Subscription Shares and the transactions contemplated thereunder (including the grant of the specific mandate), we have considered the following principal factors and reasons:

1. Background and financial information of the Group

As stated in the Letter from the Board, the Group is principally engaged in catering and wine sales business. The Company operates its business through two segments. The catering services segment is engaged in the operation of restaurants providing dine-in and takeaway services and managing menu design and food procurement. The online sales of wines segment is engaged in the online sales of wine products including wines, spirits and other alcoholic beverages and providing delivery services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below summarises the general financial information of the Group for the financial years ended 31 December 2023, 2024 and 2025 which are extracted from the Annual Report 2024 and the Annual Report 2025:

	For the year ended 31 December		
	2023	2024	2025
	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000
Financial performance			
Revenue	9,072	14,326	19,708
Other income	886	634	1,782
Other gains	1,377	1,163	84
Gain on deconsolidation of a subsidiary	13,400	–	–
Raw materials and consumables used	(4,180)	(5,666)	(7,878)
Staff costs	(4,186)	(4,958)	(6,709)
Depreciation of property and equipment	(1,858)	(1,826)	(206)
Depreciation of right-of-use assets	(1,209)	(1,556)	(254)
Impairment loss on			
goodwill	(109)	–	–
property and equipment	(2,429)	(5,103)	(9)
right-of-use assets	–	(4,583)	(954)
trade receivables	–	–	(119)
Rental and related expenses	(762)	(762)	(781)
Utilities expenses	(328)	(533)	(544)
Other expenses	(5,113)	(5,064)	(3,983)
Finance costs	(626)	(1,061)	(878)
Share of result of associates	87	(71)	(183)
Profit/(Loss) before taxation	4,022	(15,060)	(924)
Income tax expense	–	(316)	–
Profit/(Loss) for the year	<u>4,022</u>	<u>(15,376)</u>	<u>(924)</u>
As at 31 December			
	2023	2024	2025
	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000
Financial position			
Total assets	15,472	6,412	10,537
Total liabilities	23,741	26,903	29,511
Net liabilities	<u>(8,269)</u>	<u>(20,491)</u>	<u>(18,974)</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Annual results of the Group for the year ended 31 December 2024

The Group's revenue increased from approximately HK\$9.1 million for FY2023 to approximately HK\$14.3 million for FY2024, representing an increase of approximately 57.9%. As stated in the Annual Report 2024, such increase in the Group's revenue was mainly attributable to the increase in revenue generated from the operation of restaurants in Malaysia.

The Group recorded other income of approximately HK\$0.6 million for FY2024, representing a decrease of approximately 28.4% as compared with FY2023 of approximately HK\$0.9 million. According to the management of the Company, such decrease in the Group's other income was mainly due to the decrease in sundry income from approximately HK\$0.8 million for FY2023 to approximately HK\$0.6 million for FY2024.

The Group recorded other gains of approximately HK\$1.2 million for FY2024, representing a decrease of approximately 15.5% as compared with FY2023 of approximately HK\$1.4 million. According to the management of the Company, such decrease in the Group's other gain was mainly due to the loss on disposal of property, plant and equipment of approximately HK\$0.3 million for FY2024 (FY2023: nil).

The Group's raw materials and consumables used increased from approximately HK\$4.2 million for FY2023 to approximately HK\$5.7 million for FY2024, representing an increase of approximately 35.6%. Pursuant to the Annual Report 2024, such increase in the Group's raw materials and consumables was mainly due to the number of operating months for Malaysian restaurants for FY2024 increased as compared to FY2023 and hence the consumption of raw materials for FY2024 also increased.

The Group's staff costs increased from approximately HK\$4.2 million for FY2023 to approximately HK\$5.0 million for FY2024, representing an increase of approximately 18.4%. Pursuant to the Annual Report 2024, such increase in the Group's staff costs was mainly due to the new staff hired for the new restaurants.

The Group's depreciation of property and equipment remained stable at approximately HK\$1.9 million and HK\$1.8 million for FY2023 and FY2024 respectively.

The Group's depreciation of right-of-use assets increased from approximately HK\$1.2 million for FY2023 to approximately HK\$1.6 million for FY2024, representing an increase of approximately 28.7%. As stated in the Annual Report 2024, such increase in the Group's depreciation of right-of-use assets was mainly due to the open of new restaurants in Malaysia.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group recorded an increase of impairment loss on goodwill, property and equipment and right-of-use assets of approximately HK\$7.1 million from approximately HK\$2.5 million for FY2023 to approximately HK\$9.6 million for FY2024, representing an increase of approximately 281.6%. As stated in the Annual Report 2024, such increase in the Group's impairment loss on goodwill, property and equipment and right-of-use assets was mainly due to the increase in the Group's estimation on certain restaurants with impairment indicators which may not generate a net cash inflow in the future.

The Group's rental and related expenses remained stable at approximately HK\$0.8 million for FY2023 and FY2024 respectively.

The Group's utilities expenses increased from approximately HK\$0.3 million for FY2023 to approximately HK\$0.5 million for FY2024, representing an increase of approximately 62.5%. Pursuant to the Annual Report 2024, such increase in the Group's utilities expenses was mainly due to the setup of new restaurants and the full operation for Malaysian restaurants for FY2024.

The Group's other expenses remained stable at approximately HK\$5.1 million for FY2023 and FY2024 respectively.

The Group's finance costs increased from approximately HK\$0.6 million for FY2023 to approximately HK\$1.1 million for FY2024, representing an increase of approximately 69.5%. As advised by the management of the Company, (i) such increase in the Group's finance costs was mainly due to the increase in finance costs of other borrowing which was obtained in November 2023 from approximately HK\$42,000 (representing two months of finance costs of other borrowing incurred) for FY2023 to approximately HK\$0.4 million (representing full year of finance costs of other borrowing incurred) for FY2024 and the fluctuation of foreign exchange rate between Malaysian Ringgit and Hong Kong Dollars; and (ii) the other borrowing (with a fixed interest rate of 8% per annum) represented a single loan obtained in November 2023 and was repayable within 24 months by installment.

The Group recorded a share of loss in associates of approximately HK\$71,000 for FY2024 (FY2023: a share of profit in associates of approximately HK\$87,000). According to the management of the Company, such turnaround performance of share of result in associates was mainly due to the increase in operating costs of associates, resulting in loss-making position in the associates for FY2024.

The Group recorded a loss before taxation of approximately HK\$15.1 million for FY2024 (FY2023: a profit before taxation of approximately HK\$4.0 million). As advised by the management of the Company, such loss before taxation of the Group for FY2024 was mainly due to the combined effect of the increase in the Group's revenue from approximately HK\$9.1 million for FY2023 to approximately HK\$14.3 million for FY2024; and partially offset by (a) nil recognition of gain on deconsolidation of a subsidiary for FY2024 (FY2023: approximately HK\$13.4 million); (b) the increase in impairment loss on goodwill, property and equipment and right-of-use assets of approximately HK\$7.1 million from approximately HK\$2.5 million for FY2023 to approximately HK\$9.6 million for

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FY2024; (c) the increase in raw materials and consumables of approximately HK\$1.5 million from approximately HK\$4.2 million for FY2023 to approximately HK\$5.7 million for FY2024; (d) the increase in staff costs of approximately HK\$0.8 million from approximately HK\$4.2 million for FY2023 to approximately HK\$5.0 million for FY2024; (e) the increase in finance costs of approximately HK\$0.4 million from approximately HK\$0.6 million for FY2023 to approximately HK\$1.1 million for FY2024; and (f) the increase in depreciation of right-of-use assets of approximately HK\$0.3 million from approximately HK\$1.2 million for FY2023 to approximately HK\$1.6 million for FY2024.

The Group recorded an income tax expense of approximately HK\$0.3 million for FY2024 (FY2023: nil) which represented the change in deferred taxation.

Overall, the Group recorded a turnaround performance from profit for the year of approximately HK\$4.0 million for FY2023 to loss for the year of approximately HK\$15.4 million for FY2024.

Annual results of the Group for the year ended 31 December 2025

The Group's revenue increased from approximately HK\$14.3 million for FY2024 to approximately HK\$19.7 million for FY2025, representing an increase of approximately 37.6%. As stated in the Annual Report 2025, such increase in the Group's revenue was mainly attributable to the increase in revenue generated from the operation of restaurants in Malaysia.

The Group recorded other income of approximately HK\$1.8 million for FY2025, representing an increase of approximately 181.1% as compared with FY2024 of approximately HK\$0.6 million. According to the management of the Company, such increase in the Group's other income was mainly due to (i) the recognition of marketing service income of approximately HK\$1.0 million for FY2025 (FY2024: nil); and (ii) the increase in sundry income from approximately HK\$0.6 million for FY2024 to approximately HK\$0.8 million for FY2025.

The Group recorded other gains of approximately HK\$84,000 for FY2025, representing a decrease of approximately 92.8% as compared with FY2024 of approximately HK\$1.2 million. According to the management of the Company, such decrease in the Group's other gain was mainly due to the combined effect of no recognition of gain on termination of lease for FY2025 (FY2024: approximately HK\$1.4 million gain on termination of lease) and partially offset by the turnaround performance from loss on disposal of property, plant and equipment of approximately HK\$0.3 million for FY2024 to gain on disposal of property, plant and equipment of approximately HK\$12,000 for FY2025.

The Group's raw materials and consumables used increased from approximately HK\$5.7 million for FY2024 to approximately HK\$7.9 million for FY2025, representing an increase of approximately 39.0%. Pursuant to the Annual Report 2025, such increase in the Group's raw materials and consumables was in line with the increase in the Group's revenue from approximately HK\$14.3 million for FY2024 to approximately HK\$19.7 million for FY2025.

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The Group's staff costs increased from approximately HK\$5.0 million for FY2024 to approximately HK\$6.7 million for FY2025, representing an increase of approximately 35.3%. Pursuant to the Annual Report 2025, such increase in the Group's staff costs was mainly due to the new staff hired for the restaurants.

The Group's depreciation of property and equipment decreased from approximately HK\$1.8 million for FY2024 to approximately HK\$0.2 million for FY2025, representing a decrease of approximately 88.7%. According to the Annual Report 2025, such decrease in the Group's depreciation of property and equipment was mainly due to the impairment loss already recognised for certain of the Group's property and equipment as at 31 December 2024.

The Group's depreciation of right-of-use assets decreased from approximately HK\$1.6 million for FY2024 to approximately HK\$0.3 million for FY2025, representing a decrease of approximately 83.7%. As stated in the Annual Report 2025, such decrease in the Group's depreciation of right-of-use assets was mainly due to the impairment loss already recognised for certain of the Group's right-of-use assets as at 31 December 2024.

The Group recorded a decrease of impairment loss on property and equipment, right-of-use assets and trade receivables of approximately HK\$8.6 million from approximately HK\$9.7 million for FY2024 to approximately HK\$1.1 million for FY2025, representing a decrease of approximately 88.8%. As stated in the Annual Report 2025, such decrease in the Group's impairment loss on property and equipment, right-of-use assets and trade receivables was mainly due to the significant impairment loss was already made to the assets in the previous financial years.

The Group's rental and related expenses remained stable at approximately HK\$0.8 million for FY2024 and FY2025 respectively.

The Group's utilities expenses remained stable at approximately HK\$0.5 million for FY2024 and FY2025 respectively.

The Group's other expenses decreased from approximately HK\$5.1 million for FY2024 to approximately HK\$4.0 million for FY2025, representing a decrease of approximately 21.3%. According to the Annual Report 2025, such decrease in the Group's other expenses was mainly attributable to the tightened cost control policies implemented by the management of the Company.

The Group's finance costs decreased from approximately HK\$1.1 million for FY2024 to approximately HK\$0.9 million for FY2025, representing a decrease of approximately 17.2%. As stated in the Annual Report 2025, such decrease in the Group's finance costs was mainly due to the settlement of the interest-bearing borrowings during FY2025.

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The Group's share of loss in associates increased from approximately HK\$71,000 for FY2024 to approximately HK\$0.2 million for FY2025, representing an increase of approximately 157.7%. According to the management of the Company, such widen in the Group's share of loss in associates was mainly due to the decrease in revenue of associates, resulting in widen of the loss-making position in the associates for FY2025.

The Group recorded a decrease of loss before taxation of approximately HK\$14.1 million from approximately HK\$15.1 million for FY2024 to approximately HK\$0.9 million for FY2025. As advised by the management of the Company, such improvement of loss before taxation of the Group for FY2025 was mainly due to (i) the increase in the Group's revenue from approximately HK\$14.3 million for FY2024 to approximately HK\$19.7 million for FY2025; and (ii) the decrease in impairment loss on property and equipment, right-of-use assets and trade receivables from approximately HK\$9.7 million for FY2024 to approximately HK\$1.1 million for FY2025.

There was no income tax expense recorded for FY2025 (FY2024: approximately HK\$0.3 million).

Overall, the Group recorded an improvement of financial performance from loss for the year of approximately HK\$15.4 million for FY2024 to loss for the year of approximately HK\$0.9 million for FY2025.

Financial position of the Group

Total assets of the Group as at 31 December 2025 amounted to approximately HK\$10.5 million whereas total liabilities of the Group amounted to approximately HK\$29.5 million, resulting in a net liabilities position of approximately HK\$19.0 million.

2. Background of the Subscribers

Subscriber A

Subscriber A is a company incorporated in Hong Kong with limited liability. It is a wholly owned subsidiary of Focus Dynamics Group Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on the ACE Market of Bursa Malaysia (stock code: 0116 and stock name: FOCUS). Subscriber A is principally engaged in food and beverage business and investment holding. As at the Latest Practicable Date, Subscriber A holds approximately 24.7% of issued Shares.

Subscriber B

Subscriber B is an investor with extensive investment experience in the capital markets of the PRC and Malaysia. He is the father of Ms. Ding Weiyu who is an independent non-executive Director, and therefore Subscriber B is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

3. Reasons for the Subscription and use of proceeds

Proposed expansion into mushroom products business

As stated in the Letter from the Board, the Group is principally engaged in catering services and the online sales of wines, operating restaurants that provide dine-in and takeaway services and overseeing menu design and food procurement. The Board considers that, having regard to the challenging operating environment in the food and beverage sector and the Group's net liabilities position, it is important for the Group to proactively diversify its business and revenue streams into complementary areas within the broader food value chain, rather than relying solely on its existing businesses. We understand from the Directors that the Group would like to expand the business into wild mushroom cultivation and processing which represents a logical extension of the Group's existing business.

According to the Letter from the Board, the wild mushroom segment in the PRC has seen sustained demand growth in recent years, driven by a structural shift in consumer preferences toward natural, high-protein, and functional foods. Yunnan Province, the PRC holds a dominant position in the country's wild fungi supply chain, benefiting from unmatched species diversity, established processing infrastructure, and active government support through fiscal subsidies for cultivation projects. Premium Yunnan species also command well-established export markets in East Asia, where declining domestic supply in key importing countries has created persistent demand and strong pricing premiums. On the domestic side, rising disposable incomes, the premiumisation of food gifting culture, and the growing presence of wild mushroom products across major e-commerce platforms and restaurant chains have collectively broadened the addressable market with the Yunnan wild mushroom market having recorded significant year-on-year growth in recent years and projected to continue expanding at a healthy compound annual growth rate in the near term.

The Directors consider that premium fungi are increasingly featured ingredients across upscale dining and hotpot concepts in Greater China. By establishing direct exposure to mushroom cultivation and supply, the Group would seek to strengthen control over procurement costs and ingredient quality for its restaurant operations, while creating an incremental revenue channel through the wholesale supply of premium mushroom products to third-party catering operators and food retailers. The Directors believe that it is well-aligned with the Group's operational expertise and existing customer relationships in the food services sector. For details of the business model and operation of mushroom products business, please refer to the sub-paragraphs headed "Business model" and "Operation of the business" under the paragraph headed "Reasons for the Subscription and use of proceeds" in the Letter from the Board.

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Use of proceeds from the Subscription

Assuming that all the Subscription Shares are fully subscribed, the gross proceeds from the Subscription amount to HK\$10 million. The net proceeds of the Subscription, after deduction of all relevant expenses, are estimated to be approximately HK\$9.9 million, representing a net price of approximately HK\$0.158 per Subscription Share. Pursuant to the Letter from the Board, the Company intends to apply the net proceeds from the Subscription of approximately HK\$9.9 million (the “**Net Proceeds**”) in the following manner:

- (i) approximately HK\$7.5 million (approximately 75.8%) for procurement and installation of equipment;
- (ii) approximately HK\$1.0 million (approximately 10.1%) for procurement of quality mushroom spores in quantities sufficient to support the Group’s planned cultivation requirements;
- (iii) approximately HK\$0.5 million (approximately 5.0%) for leasing of cultivation base within an edible mushroom industrial park in Yunnan Province, the PRC; and
- (iv) approximately HK\$0.9 million (approximately 9.1%) for general working capital, including day-to-day operational expenses, staff costs, cold-chain logistic arrangements and other expenses incidental to establishment and initial operation of the wild mushroom cultivation and processing business.

As stated in the Letter from the Board, in respect of utilising the item (i) above of the Net Proceeds, the planned allocation of these funds is detailed as follows:

- (1) approximately HK\$5.5 million (approximately 55.6%) of the Net Proceeds, will be allocated for procurement of smart cultivation pods forming the core infrastructure of the cultivation facility;
- (2) approximately HK\$1.2 million (approximately 12.1%) of the Net Proceeds, will be allocated for procurement and installation of sterilisation boilers and inoculation equipment necessary for the preparation of growing substrate and maintenance of sterile cultivation conditions; and
- (3) approximately HK\$0.8 million (approximately 8.1%) of the Net Proceeds, will be allocated for procurement of freeze-drying, grading and packaging equipment for post-harvest processing, together with cold-chain storage facilities at the cultivation base.

According to the Letter from the Board and the Directors, based on the Group’s existing business plan, the above-planned use of the Net Proceeds for item (i) is expected to be fully utilised by the end of December 2026. Based on the business plan provided by the Directors, the Group is projected to identify the supplier and procure the equipment by the end of September 2026 and complete the installation of equipment by the end of December 2026.

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Pursuant to the Letter from the Board and the Directors, based on the Group's existing business plan, (a) the above-planned use of the Net Proceeds for item (ii) is expected to be fully utilised by the end of January 2027, and (b) the above-planned use of the Net Proceeds for items (iii) and (iv) are expected to be fully utilised by the end of September 2027. Based on the business plan provided by the Directors, the Group is projected to (a) start procuring the quality mushroom spores approximately one month before the completion of principal equipment installation (i.e. by the end of November 2026), with the budgeted amount of approximately HK\$1.0 million and commencing the cultivation by the end of January 2027; (b) enter into lease agreement for cultivation base within an edible mushroom industrial park in Yunnan Province, the PRC by the end September 2026; and (c) fully utilised the day-to-day operational expenses, staff costs, cold-chain logistic arrangements and other expenses by the end of September 2027.

In assessing the fairness and reasonableness of the proposed use of the Net Proceeds, we have also obtained and reviewed the projections provided by the Company, which detail (i) the estimated amounts to be utilised for meeting the immediate funding needs identified for the expansion of mushroom products business, including but not limited to the procurement and installation of the equipment, the procurement of quality mushroom spores, leasing of cultivation base within an edible mushroom industrial park in Yunnan Province, the PRC and the Group's general working capital for the expansion of mushroom products business; and (ii) the timeline for usage of the Net Proceeds. We consider these projections to be aligned with the Group's expansion and funding needs, which support the likelihood of significant rise in the operating expenses to facilitate the expansion into mushroom products business.

Reference to the financial information of the Group in the Annual Report 2024 and the Annual Report 2025, we noted that the Group only had cash and cash equivalents of approximately HK\$2.4 million, HK\$2.6 million and HK\$1.7 million as at 31 December 2023, 31 December 2024 and 31 December 2025 respectively. According to the Annual Report 2024 and the Annual Report 2025, the Group had (i) net cash used in the operating activities of approximately HK\$2.1 million for FY2023; and (ii) low net cash generated from the operating activities of approximately HK\$1.1 million and HK\$1.3 million for FY2024 and FY2025 respectively. The Group's principal source of net cash flows in the past three years mainly came from the net cash from financing activities of approximately HK\$9.8 million and HK\$1.5 million for FY2023 and FY2024 (FY2025: net cash used in financing activities of approximately HK\$1.8 million) but partially offset by the net cash used in investing activities of approximately HK\$6.5 million, HK\$2.4 million and HK\$0.3 million for FY2023, FY2024 and FY2025 respectively.

Based on (i) the existing cash position of the Group; and (ii) the expected Group's expansion into mushroom products business, we concur with the Directors' view that there is a likelihood of significant rise in operating expenses to facilitate the Group's business expansion. Accordingly, we concur with the Directors' view that the Group has immediate funding needs to conduct the Subscription for funding the use of the Net Proceeds set out above.

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Market outlook of the mushroom products in Southeast Asia

We have discussed with the Directors and been advised that the Group would like to firstly cultivate and process of the wild mushroom in the PRC. Then, the mushroom products will (i) supply to the Group's restaurants located in Malaysia; (ii) distribute to third-party catering and restaurant operators through the Group's existing customer relationships in the food services sector, supermarkets and specialty food retailers; and (iii) be sold through e-commerce platforms. The Directors advised that premium Yunnan species command well-established export markets in East Asia, where declining domestic supply in key importing countries has created persistent demand and strong pricing premiums. To assess the outlook of the demand of mushroom products from the PRC, we have reviewed the statistics published by General Administration of Customs of the PRC* (中華人民共和國海關總署) with findings set out as follows:

Statistics of the PRC's export of vegetables and edible mushroom to worldwide

	2021	2022	2023	2024	2025	Compound annual growth rate
	tonnes '000	tonnes '000	tonnes '000	tonnes '000	tonnes '000	(%)
Export volume of vegetables and edible mushroom	8,990	9,400	10,570	12,070	12,760	9.2
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	
Export amount of vegetables and edible mushroom	79,419	82,904	93,997	105,107	95,585	4.7

Source: General Administration of Customs of the PRC (中華人民共和國海關總署) (<http://www.customs.gov.cn/>)*

As shown in the above table, the export volume of vegetables and edible mushroom to worldwide demonstrated an increasing trend from approximately 9.0 million tonnes for the year of 2021 to approximately 12.8 million tonnes for the year of 2025, representing a compound annual growth rate of approximately 9.2%. Also, the export amount of vegetables and edible mushroom to worldwide was on an increasing trend from approximately RMB79.4 billion for the year of 2021 to approximately RMB105.1 billion for the year of 2024. There was a decrease of approximately RMB9.5 billion of the export amount of vegetables and edible mushroom to worldwide from approximately RMB105.1 billion for the year of 2024 to approximately RMB95.6 billion for the year of 2025, representing a decrease of approximately 9.1%. Such decrease in export amount of vegetables and edible mushroom to worldwide was mainly due to the outbreak of the PRC-US trade war. The compound annual growth rate of the export amount of vegetables and edible mushroom to worldwide was approximately 4.7% during the past five years.

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Statistics of the PRC's export of vegetables and edible mushroom to Malaysia

	2021	2022	2023	2024	2025	Compound annual growth rate
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	(%)
Export amount of vegetables and edible mushroom to Malaysia	4,433	4,737	5,556	6,355	5,776	6.8

Source: General Administration of Customs of the PRC (中華人民共和國海關總署) (<http://www.customs.gov.cn/>)*

As review on the Annual Report 2025, we also noted that all the Group's revenue generated from providing catering service is located in Malaysia. We have further studied the statistics of the PRC's export of vegetables and edible mushroom to Malaysia in order to further understand the demand of mushroom products in Malaysia. As shown in the above table, the export amount of vegetables and edible mushroom to Malaysia was also on an increasing trend from approximately RMB4.4 billion for the year of 2021 to approximately RMB6.4 billion for the year of 2024. There was a decrease of approximately RMB579.0 million of the export amount of vegetables and edible mushroom to Malaysia from approximately RMB6.4 billion for the year of 2024 to approximately RMB5.8 billion for the year of 2025, representing a decrease of approximately 9.1%. Such decrease in export amount of vegetables and edible mushroom to Malaysia was mainly due to the outbreak of the PRC-US trade war, which was in line with the decrease in export amount of vegetables and edible mushroom to worldwide for the same period. The compound annual growth rate of the export amount of vegetables and edible mushroom to Malaysia was approximately 6.8% during the past five years.

Having considered, (i) the increasing trend of the PRC's export volume of vegetables and edible mushroom to worldwide; (ii) the general increasing trend of the PRC's export amount of vegetables and edible mushroom to worldwide (except for the year of 2025); and (iii) the general increasing trend of the PRC's export amount of vegetables and edible mushroom to Malaysia (except for the year of 2025), we are of the view that the demand for the PRC's mushroom products to worldwide and Malaysia would remain positive.

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Other financing alternatives

As discussed with the Directors, they also consider other financing alternatives apart from the Subscription, such as debt financing, rights issue or open offer to meet the funding needs. However, the Directors consider that debt financing will increase the Group's gearing ratio and incur additional interest burden to the Group, which would affect the Group's financial position. As at 31 December 2025, the Group was in net current liabilities and net liabilities of approximately HK\$15.8 million and HK\$19.0 million respectively. The Directors further advised us that given that the Group was in net liabilities position, it is difficult for the Group to obtain debt financing from the bank and financial institutions. Therefore, we concur with the Directors' view that debt financing is not a suitable way of financing.

In respect of pre-emptive issues such as rights issue and open offer, despite the fact that it allows existing Shareholders to subscribe for their entitlements, they would require a longer preparation period and more resources to complete as compared to the Subscription. Such longer preparation period and more resources include, among other things, the preparation and dispatch of circular and prospectus, the minimum subscription period of rights issue and open offer of not less than 10 business days, the requirement for notice of book closure period and the arrangement of placing/underwriting. Furthermore, the Directors advised us that rights issue and open offer would incur additional costs such as placing/underwriting commission, documentation costs of filing of a prospectus and the printing and handling of application forms and other professional fees (including engagement of reporting accountants, financial advisers and/or brokerage agents) of approximately three to four times than that of the Subscription and take a relatively longer timeframe of over two to three months from the dispatch of the circular to commencement of dealing in the offer shares or rights shares (as the case may be) when compared to the Subscription of normally one month from the dispatch of the circular pertaining to an issue of Subscription Shares. In view of the current market conditions, the Directors consider that the amount of funds to be raised by ways of rights issue or open offer is also subject to uncertainty, and a deeper discount may be required in order to encourage the existing Shareholders and potential investors. Taking into account (i) the immediate funding needs for the implementation of the business plan as discussed above in this paragraph; and (ii) the lower cost to be incurred for the Subscription as compared to the rights issue and open offer, we concur with the Directors' view that rights issue and open offer may not be the most appropriate methods for its fundraising exercise and is comparatively less advantageous than the Subscription.

Having considered (i) the factors as discussed in this paragraph for the reasons for the Subscription and the use of the Net Proceeds; (ii) debt financing would inevitably impose further interest burden and increase the Group's gearing ratio; and (iii) other equity financing methods such as open offer or rights issue incur higher costs and relatively longer timeframe, we are of the view that the Subscription is the best option of fundraising activity.

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Our view

Taking into account (i) the immediate funding needs for the proposed expansion of the Group's business into mushroom products which represents a logical extension of the Group's existing business; (ii) all the Net Proceeds are expected to be used for the mushroom products business; (iii) the prospect of the demand for the PRC's mushroom products to worldwide and Malaysia would remain positive; (iv) the Subscription would strengthen the Group's financial position and broaden the capital base; (v) the funds raised from the Subscription demonstrate the confidence and support from the Subscriber A (the substantial shareholder of the Company) and the Subscriber B to the Group's business expansion; (vi) other financing alternatives may not be feasible as discussed above in this paragraph; (vii) the Subscription Price is fair and reasonable as discussed in the paragraph headed "4. Principal terms of the Subscription Agreements" below in this letter; and (viii) the positive impact on the financial position of the Group as a result of the Subscription as discussed in the paragraph headed "6. Possible financial effect of the Subscription" below in this letter, we concur with the Directors' view that the Subscription would benefit the Group's long-term business development and broaden the Group's capital base to facilitate the future business expansion, which is fair and reasonable and in the interests of the Company and the Shareholder as a whole.

4. Principal terms of the Subscription Agreements

Pursuant to the terms and conditions of the Subscription Agreements, the Company entered into two separate Subscription Agreements with the respective Subscribers, pursuant to which the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, an aggregate of 62,500,000 Subscription Shares at the Subscription Price of HK\$0.16 per Subscription Share.

Pursuant to the Subscription Agreement A, the Company has conditionally agreed to allot and issue, and the Subscriber A has conditionally agreed to subscribe for, 31,250,000 Subscription Shares at the Subscription Price of HK\$0.16 per Subscription Share. Pursuant to the Subscription Agreement B, the Company has conditionally agreed to allot and issue, and the Subscriber B has conditionally agreed to subscribe for, 31,250,000 Subscription Shares at the Subscription Price of HK\$0.16 per Subscription Share.

According to the Subscription, 62,500,000 Subscription Shares in aggregate under the Subscription Agreements represents (i) approximately 26.2% of the issued Shares as at the Latest Practicable Date; and (ii) approximately 20.7% of the issued Shares as enlarged by the allotment and issue of all the Subscription Shares under the Subscription Agreements (assuming that there are no other changes in the share capital of the Company between the Latest Practicable Date and the date of Completion). Shareholders are reminded to take reference to the paragraph headed "Subscription Agreements" in the Letter from the Board for further details of the Subscription Agreements.

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We have reviewed the following terms of the Subscription Agreements. In order to assess the fairness and reasonableness of the Subscription Price, we have compared with reference to (i) the recent price performance of Shares; (ii) the trading liquidity of Shares; and (iii) the market comparables analysis, as follows:

The Subscription Price

The Subscription Price is the same for the Subscription Agreement A and the Subscription Agreement B at HK\$0.16 per Subscription Share, representing

- (i) a premium of approximately 3.9% over the closing price of HK\$0.154 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of 20.0% to the closing price of HK\$0.2 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of 20.0% to the average of the closing prices of HK\$0.2 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day;
- (iv) a discount of approximately 20.8% to the average of the closing prices of HK\$0.202 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the Last Trading Day;
- (v) a premium of approximately HK\$0.2 over the Group's audited consolidated net liabilities per Share (the "**NL per Share**") of approximately HK\$0.04, based on the audited consolidated net liabilities attributable to the Shareholders of approximately HK\$10,738,000 as at 31 December 2025 and 238,878,720 Shares in issue; and
- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 4% represented by the theoretical diluted price of approximately HK\$0.192 to the benchmarked price of approximately HK\$0.2 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.20 and the average closing price of HK\$0.20 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Announcement).

As stated in the Letter from the Board, the net price of each Subscription Share is approximately HK\$0.158. According to the Letter from the Board, the Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the recent market prices of the Shares, current market conditions and the funding needs as mentioned in the paragraph headed "Reasons for the Subscription and use of proceeds" in the Letter from the Board.

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In determining the Subscription Price, the Board has considered that the Group recorded net liabilities as at 31 December 2025 and the practical need to secure equity funding in a timely and efficient manner to support its business expansion and diversification within the broader food sector without incurring additional debt and interest burden. The Board also considers the recent trading performance of the Shares and notes that, during the six-month period immediately prior to the Last Trading Day, the closing price of the Shares ranged from HK\$0.118 to HK\$0.22 per Share, with an average closing price of approximately HK\$0.169 per Share. On this basis, the Subscription Price of HK\$0.16 per Subscription Share represents a discount of approximately 5.3% to the six-month average closing price of the Shares, which the Board regards as appropriate, particularly in light of the Group's financial position and low trading liquidity of the Shares. The Board further notes that the theoretical dilution effect of the Subscription is approximately 4%, which is minimal and acceptable. Taking into account (i) the limited discount to the recent average trading price of the Shares; (ii) the minimal theoretical dilution effect on existing Shareholders; and (iii) the importance of raising funds expeditiously to support the implementation of the Group's proposed business plan and diversification into new business streams in view of its net liabilities position, the Board considers that the Subscription (including the Subscription Price) is on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

On the other hand, the daily closing price of the Share during the period from 2 June 2025 to 1 June 2026, being the twelve-month period prior to the date of the Subscription Agreements (i.e. 1 June 2026) (the "**Review Period**") range from the highest of HK\$0.220 per Share to the lowest of HK\$0.078 per Share, with an average of approximately HK\$0.134 per Share. We consider that the Review Period as mentioned above is fair and reasonable to illustrate the general trend and movement of recent closing prices of the Shares.

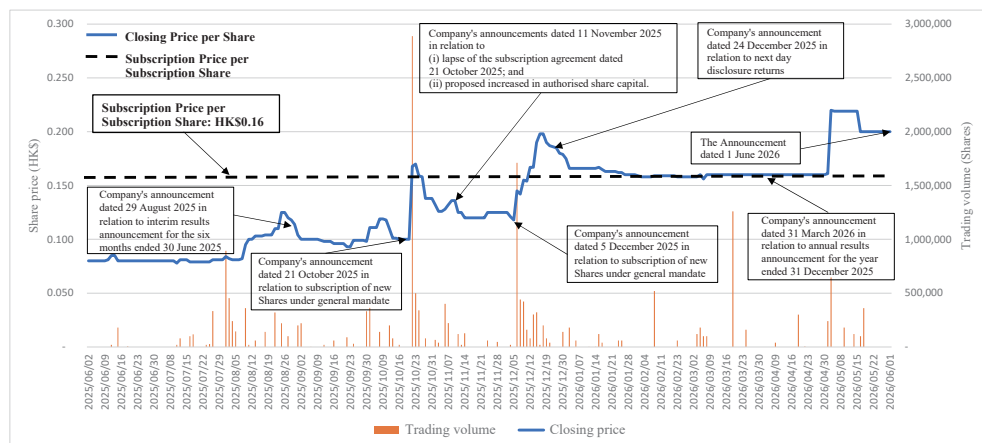
We also noted that (i) the Subscription Price represents a premium of approximately HK\$0.2 over the NL per Share of approximately HK\$0.04; and (ii) the average closing price of Shares of approximately HK\$0.134 during the Review Period also represents a premium of approximately HK\$0.174 over the NL per Share of approximately HK\$0.04. Such premium reflects that (i) the Subscription Shares are priced at a higher value than the NL per Share; and (ii) the Shares are traded at a higher value than the NL per Share during the Review Period.

Historical price of the Shares

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the Review Period. We consider that the Review Period is fair, adequate, representative and sufficient to illustrate the general trend and level of movement of recent closing prices of the Shares for conducting a reasonable comparison among the historical closing prices of the Shares and the Subscription Price.

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Movement of the daily closing price of the Shares during the Review Period



Source: Website of the Stock Exchange (<https://www.hkex.com.hk>)

The Subscription Price of HK\$0.16 represents

Review Period

- (i) a premium of approximately 105.1% over the lowest closing price of HK\$0.078 on 10 July 2025 during the Review Period;
- (ii) a discount of approximately 27.3% to the highest closing price of HK\$0.220 on 5 May 2026 during the Review Period;
- (iii) a premium of approximately 19.4% over the average closing price of approximately HK\$0.134 during the Review Period;

The date of the Subscription Agreements

- (iv) a discount of 20.0% to the closing price of HK\$0.2 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements;

The Group's audited consolidated net liabilities per Share

- (v) a premium of approximately HK\$0.2 over the Group's audited consolidated net liabilities per Share of approximately HK\$0.04, based on the audited consolidated net liabilities attributable to the Shareholders of approximately HK\$10,738,000 as at 31 December 2025 and 238,878,720 Shares in issue as at the Latest Practicable Date; and

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Latest Practicable Date

- (vi) a premium of approximately 3.9% over the closing price of HK\$0.154 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

As depicted in the above chart, 195 out of 246 trading days of the Shares were closed at or below the Subscription Price of HK\$0.16 per Share throughout the Review Period. During the Review Period, the closing prices of Shares range from HK\$0.078 on 10 July 2025 to HK\$0.22 on 5 May 2026, with an average of approximately HK\$0.134. The closing prices of Shares demonstrated a general increasing trend from 2 June 2025 to 18 December 2025, representing the first half of the Review Period. There were four price surges of Shares during the period from 2 June 2025 to 18 December 2025. The first price surge and second price surge were observed during the period from 7 August 2025 to 26 August 2025 and the period from 30 September 2025 to 9 October 2025 respectively. The closing prices of Shares (i) increased from HK\$0.082 per Share on 7 August 2025 to HK\$0.125 on 26 August 2025, representing an increase of approximately 52.4%; and (ii) increased from HK\$0.098 per Share on 30 September 2025 to HK\$0.119 on 9 October 2025, representing an increase of approximately 21.4%. We have discussed with the Directors and be advised that no particular news or announcement were made by the Company on that periods and the Directors are not aware of any reason for such increase of the Share price.

The third price surge was observed during the period from 21 October 2025 to 23 October 2025. The closing prices of Shares increased from HK\$0.10 per Share on 21 October 2025 to HK\$0.17 on 23 October 2025, representing an increase of approximately 70.0%. We have discussed with the Directors and be advised that save for the publication of announcement in relation to the subscription of new Shares under general mandate dated 21 October 2025, no particular news or announcement were made by the Company on that period and the Directors are not aware of any reason for such increase of the Share price and trading volume. The fourth price surge was observed during the period from 5 December 2025 to 18 December 2025. The closing prices of Shares increased from HK\$0.118 per Share on 5 December 2025 to HK\$0.198 on 18 December 2025, representing an increase of approximately 67.8%. We have discussed with the Directors and be advised that save for the publication of announcement in relation to the subscription of new Shares under general mandate dated 5 December 2025, no particular news or announcement were made by the Company on that period and the Directors are not aware of any reason for such increase of the Share price and trading volume.

During the period from 18 December 2025 to 27 January 2026, the closing prices of Shares demonstrated a decreasing trend, representing a decrease of approximately 19.2% from HK\$0.198 per Share on 18 December 2025 to HK\$0.160 per Share on 27 January 2026. We have discussed with the Directors and be advised that save for the publication of the next day disclosure returns in relation to the subscription of new shares under general mandate dated 24 December 2025, no particular news or announcement were made by the Company on that period and the Directors are not aware of any reason for such decrease of the Share price. Then, the closing prices the Shares was generally on a sideways position during the period from 27 January 2026 to 4 May 2026, ranging from HK\$0.156 per Share to HK\$0.161 per Share, with an average of approximately HK\$0.159 per Share. During the

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period from 4 May 2026 to the date of the Subscription Agreements, the closing prices of Shares fluctuated from HK\$0.161 per Share on 4 May 2026 to HK\$0.220 per Share on 5 May 2026 and then dropped back to HK\$0.200 per Share on the date of the Subscription Agreements. We have also discussed with the Directors and be advised that no particular news or announcement were made by the Company on that period and the Directors are not aware of any reason for such fluctuation of the Share price.

Historical liquidity of the Shares

We also considered the trading liquidity of the Shares from the average daily trading volume (the “ADTV”) as a percentage to (i) the total number of issued Shares as at the end of the corresponding months/period; and (ii) the total number of issued Shares held by public Shareholders as at the end of the corresponding months/period.

Months/Period	Number of trading days	ADTV of Shares during the months/period	Percentage of ADTV to the issued Shares % (Note 1)	Percentage of ADTV to the issued Shares held by public Shareholders % (Note 2)
2025				
June	21	9,790	0.005	0.010
July	22	72,255	0.036	0.075
August	21	97,981	0.049	0.101
September	22	43,309	0.022	0.045
October	20	230,560	0.116	0.239
November	20	55,040	0.028	0.057
December	21	187,447	0.078	0.187
2026				
January	21	24,876	0.010	0.025
February	17	34,118	0.014	0.034
March	22	87,273	0.037	0.087
April	19	18,105	0.008	0.018
May	19	86,568	0.036	0.086
1 June 2026	1	—	—	—
The Review Period	246	79,127	0.033	0.079
		Maximum	0.116	0.239
		Minimum	—	—
		Mean	0.034	0.074

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

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Notes:

1. It is calculated by dividing the average daily trading volume of Shares for the month/period by the total number of Shares in issue at the end of month/period.; and
2. It is calculated by dividing the average daily trading volume of Shares for the month/period by the total number of Shares in issue held by the public Shareholders at the end of month/period.

As illustrated in the table above, the ADTV of Shares during the Review Period ranged from nil Shares to approximately 230,560 Shares, representing (i) from nil to approximately 0.116% of the total number of Shares in issue; or (ii) from approximately nil to approximately 0.239% of the total number of Shares held by the public Shareholders. The ADTV of Shares was approximately 79,127 Shares during the Review Period, representing approximately 0.033% and 0.079% of the total number of Shares in issue and the total number of Shares held by the public Shareholders respectively. We noted that (i) 190 out of 246 trading days of Shares were closed below 79,127 Shares, representing approximately 77.2% of the trading days during the Review Period; and (ii) 161 out of 246 trading days of Shares were even no trading, representing approximately 65.4% of the trading days during the Review Period.

We also noted that (i) the percentage of ADTV to the issued Shares of the months/period were less than 1%; and (ii) the percentage of ADTV to the issued Shares held by public Shareholders of the months/period were also less than 1%. We are of the view that the historical trading volume of Shares during the Review Period is thin.

Comparable analysis of the Subscription Price

In assessing whether the Subscription Price is fair and reasonable, we have performed an analysis on the comparison between the Subscription and other placing and subscription conducted by other listed companies on the Stock Exchange which were announced from 1 December 2025 to 1 June 2026 (i.e. the date of the Subscription Agreements), being the six months period from the date of the Subscription Agreements. We identified an exhaustive list of 16 comparables (the “**Shares Issue Comparables**”) based on the selection criteria that (i) the shares of the company are listed on the Stock Exchange; (ii) the placing and subscription of new shares are issued on specific mandate; and (iii) the transactions are not involving in (a) the issue of new shares for restructuring scheme, creditors’ scheme, emolument or acquisition purposes, or A shares or domestic shares; and (b) the application for whitewash waiver or general offer obligations under the Takeovers Code.

We consider that the abovementioned selection criteria of the Shares Issue Comparables during the six months allows us to (i) capture the Shares Issue Comparables, which could provide a general reference for the recent market practice in relation to the principal terms for placing/subscription of new shares under specific mandate; and (ii) generate a sufficient sample size for the purpose of our comparable analysis. Shall the Shares Issue Comparables be different in their principal activities, business nature, market capitalisations, financial performance and financial positions as compared to the Company, having considered that our analysis is mainly concerned of the principal terms for placing/subscription of new shares under specific mandate under the prevailing market condition and

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sentiment, we consider that the Shares Issue Comparables can provide a general reference in relation to the terms for placing/subscription of new shares under specific mandate under recent market condition and sentiment. In view of the above, we are of the view that the Shares Issue Comparables are fair and representative.

No.	Name of company (stock code)	Date of initial announcement	Premium/ (Discount) of subscription price over/to closing price per share on the last trading day/on the date of the relevant announcement/ agreement (%)	Premium/ (Discount) of subscription price over/to average closing price per share on the last 5 consecutive trading days prior to the date of the relevant announcement/ agreement (%)	Premium/ (Discount) of subscription price over/to average closing price per share on the last 10 consecutive trading days prior to the date of the relevant announcement/ agreement (%)	Connected transaction (Y/N)
1.	China Strategic Technology Group Limited (1725)	5/12/2025	(20.00)	(20.68)	(20.57)	N
2.	Sunshine Oilsands Ltd. (2012)	21/12/2025	(10.00)	(17.81)	(21.74)	N
3.	Energy International Investments Holdings Limited (353)	24/12/2025	(18.33)	(19.67)	(20.97)	Y
4.	Elife Holdings Limited (223)	9/1/2026	(17.07)	(17.74)	(19.11)	N
5.	Gome Retail Holdings Limited (493)	16/1/2026	0.00	5.63	6.38	N
6.	ITC Properties Group Limited (199)	20/1/2026	(19.72)	(14.80)	(10.31)	Y
7.	Virtual Mind Holding Company Limited (1520)	20/1/2026	(8.60)	(11.64)	(15.34)	N
8.	Smart Fish Wealthlink Holdings Limited (formerly known as Central Wealth Group Holdings Limited) (139)	22/1/2026	(8.57)	(13.04)	(14.62)	N
9.	Prosperity Investment Holdings Limited (310)	10/2/2026	(16.67)	(19.79)	(25.05)	N
10.	China Silver Group Limited (815)	16/2/2026	(17.74)	(19.30)	(21.30)	N
11.	Synertone Communication Corporation (1613)	5/3/2026	(20.00)	(20.00)	(24.84)	N
12.	China Financial International Investments Limited (721)	11/3/2026	(29.82)	(26.47)	(27.80)	N

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No.	Name of company (stock code)	Date of initial announcement	Premium/ (Discount) of subscription price over/to closing price per share on the last trading day/on the date of the relevant announcement/ agreement (%)	Premium/ (Discount) of subscription price over/to average closing price per share on the last 5 consecutive trading days prior to the date of the relevant announcement/ agreement (%)	Premium/ (Discount) of subscription price over/to average closing price per share on the last 10 consecutive trading days prior to the date of the relevant announcement/ agreement (%)	Connected transaction (Y/N)
13.	Mediwelcome Healthcare Management & Technology Inc. (2159)	30/3/2026	(7.00)	(9.97)	(5.97)	N
14.	Congyu Intelligent Agricultural Holdings Limited (875)	1/4/2026	(11.80)	(18.50)	(26.59)	N
15.	Tesson Holdings Limited (1201)	17/4/2026	(21.05)	(33.63)	(37.45)	N
16.	Cai Corp. (80)	29/5/2026	10.00	6.80	3.45	Y
		Maximum	10.00	6.80	6.38	
		Minimum	(29.82)	(33.63)	(37.45)	
		Mean	(13.52)	(15.66)	(17.61)	
		Median	(16.87)	(18.16)	(20.77)	
	The Company (8510)	1/6/2026	(20.00)	(20.00)	(20.80)	Y

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

Based on the above Shares Issue Comparables, we can summarise our findings:

- (i) the subscription price to the closing price prior on the respective date of the relevant announcement/agreement of the Shares Issue Comparables ranged from a premium of approximately 10.00% to a discount of approximately 29.82%, with an average and median discount of approximately 13.52% and 16.87% respectively. The Subscription Price represents a discount of approximately 20.00% to the closing price per Share on the date of the Subscription Agreements, which is deeper than the average and median discount of the Share Issue Comparables but within the range of the Shares Issue Comparables;

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- (ii) the subscription price to the average closing price for the last five consecutive trading days immediately prior to the respective date of the relevant announcement/agreement of the Shares Issue Comparables ranged from a premium of approximately 6.80% to a discount of approximately 33.63%, with an average and median discount of approximately 15.66% and 18.16% respectively. The Subscription Price represents a discount of approximately 20.00% to the average closing price per Share for the last five consecutive trading days immediately prior to the date of the Subscription Agreements, which is also deeper than the average and median discount of the Share Issue Comparables but within the range of the Shares Issue Comparables; and
- (iii) the subscription price to the average closing price for the last ten consecutive trading days immediately prior to the respective date of the relevant announcement/agreement of the Shares Issue Comparables ranged from a premium of approximately 6.38% to a discount of approximately 37.45%, with an average and median discount of approximately 17.61% and 20.77% respectively. The Subscription Price represents a discount of approximately 20.80% to the average closing price per Share for the last ten consecutive trading days immediately prior to the date of the Subscription Agreements, which is within the range of the Shares Issue Comparables and close to the median discount of the Shares Issue Comparables.

Other terms of the Subscription Agreements

Furthermore, we have also reviewed other terms of the Subscription Agreements, including, among others, the conditions precedent, and nothing has come to our attention that they are not on normal commercial terms. For details, please refer to the paragraph headed “Conditions precedent” in the Letter from the Board.

Our view

Despite the discounts represented by the Subscription Price to the closing price per Share on the date of the Subscription Agreements and the average closing price per Share for the last five consecutive trading days immediately prior to the date of the Subscription Agreements are deeper than the average and median discount of the Share Issue Comparables, having considered that,

- (i) 195 out of 246 trading days of the Shares were closed at or below the Subscription Price of HK\$0.16 per Share throughout the Review Period, representing that the Subscription Price is priced at premium over the majority of the closing prices per Share throughout the Review Period;
- (ii) the Subscription Price represents a premium of approximately 19.4% over the average closing price of approximately HK\$0.134 during the Review Period;
- (iii) the Subscription Price represents a premium of approximately HK\$0.2 over the NL per Share of approximately HK\$0.04;
- (iv) the historical trading volume of Shares during the Review Period is thin;

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- (v) the discount represented by the Subscription Price to the closing price per Share on the date of the Subscription Agreements is within the range of the Shares Issue Comparables;
- (vi) the discount represented by the Subscription Price to the average closing price per Share for the last five consecutive trading days immediately prior to the date of the Subscription Agreements is also within the range of the Shares Issue Comparables;
- (vii) the discount represented by the Subscription Price to the average closing price per Share for the last ten consecutive trading days immediately prior to the date of the Subscription Agreements is close to the median discount of the Share Issue Comparables and within the range of the Share Issue Comparables;
- (viii) the Subscription would strengthen the capital base and financial position of the Group;
- (ix) the reasons for the Subscription as discussed in the paragraph headed “3. Reasons for the Subscription and use of proceeds” above in this letter; and
- (x) the conditions precedent of the Subscription Agreements are on normal commercial terms,

we are of the view that the principal terms of the Subscription Agreements (including the Subscription Price) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned.

5. Potential dilution on shareholdings of the Shareholders

As illustrated in the paragraph headed “Effect on the shareholding structure” in the Letter from the Board, assuming that the Subscription Shares are issued in full and there will be no change to the total number of issued Shares other than the allotment and issue of the Subscription Shares from the Latest Practicable Date to the date of Completion, immediately after Completion, the shareholding of the Company’s existing other public Shareholders will be diluted from approximately 32.4% as at the Latest Practicable Date to approximately 25.7%, representing a dilution effect on shareholding of approximately 6.7%.

We are aware of the potential dilution effect as a result of the Subscription. Nonetheless, we consider that the foregoing should be balanced by the following factors (i) the factors as discussed in the paragraph headed “3. Reasons for the Subscription and use of proceeds” above in this letter; (ii) the principal terms of the Subscription Agreements (including the Subscription Price) are on normal commercial terms, fair and reasonable as discussed in the paragraph headed “4. Principal terms of the Subscription Agreements” above in this letter; (iii) the Subscription would strengthen the capital base and financial position of the Group; and (iv) the positive impact on the financial position of the Group as a result of the Subscription as discussed in the paragraph headed “6. Possible financial effect of the Subscription” below in this letter. Having considered the above, we consider that the dilution effect on the shareholding interests of the Company’s existing other public Shareholders as a result of the Subscription is acceptable.

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6. Possible financial effect of the Subscription

Upon completion of the Subscription, it is anticipated that the Group's net liabilities position would be improved and the cash and cash equivalents would increase by approximately HK\$9.9 million, representing the estimated net proceeds from the Subscription. Based on the above analysis, we anticipate that the Subscription would have a positive impact on the Group's financial position.

For illustration purpose only, as at 31 December 2025, the Group had audited consolidated net liabilities attributable to owners of the Company of approximately HK\$10,738,000. Assuming the Completion took place on 31 December 2025, the audited consolidated net liabilities attributable to owners of the Company would decrease from approximately HK\$10,738,000 to HK\$838,000.

Shareholders should be noted that the abovementioned analysis is for illustrative purpose only and does not purport to represent how the financial position of the Company would be upon Completion.

RECOMMENDATION

Having taken into consideration of the above factors and reasons, we concur with the Directors' view that although the entering of the Subscription Agreements, including the Subscription, the allotment and issue of the Subscription Shares and the transactions contemplated thereunder (including the grant of the specific mandate) are not in the ordinary and usual course of the Group's business, the Subscription Agreements, the Subscription, the allotment and issue of the Subscription Shares and the transactions contemplated thereunder (including the grant of the specific mandate) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution(s) at the EGM to approve the Subscription Agreements, the Subscription, the allotment and issue of the Subscription Shares and the transactions contemplated thereunder (including the grant of the specific mandate).

Yours faithfully,
For and on behalf of
Dakin Capital Limited
Tam Kin Fong
Managing Director

Note: Mr. Tam Kin Fong is a responsible officer of Dakin Capital Limited, which is licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has been active in the field of corporate finance advisory for over 20 years, and has been involved in and completed various corporate finance advisory transactions.

* *for identification purpose only*

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. DISCLOSURE OF INTEREST

(i) Directors' and chief executives' interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she has taken or deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity or nature of interests <i>Note</i>	Number of Share/ underlying Shares held	Long/Short Positions	Approximate percentage of total issued share capital of the Company
Mr. Chuk Stanley	<i>1</i> Interest in controlled corporation (<i>Note 1</i>)	46,188,800	Short	19.34%

Note 1

46,188,800 Shares were held by JSS Group Corporation, which is wholly owned by Mr. Stanley Chuk. As such, Mr. Stanley Chuk was deemed to be interested in all the shares held by JSS Group Corporation pursuant to Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of SFO) which (i) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) will be required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Name	Name of associated corporation	Capacity/ Nature of Interest	Number of Shares	Long/short position	Approximate percentage of shareholding in associated corporation (%)
Mr. Chuk Stanley	JSS Group Corporation	Director	1,000	Short	100

Save as disclosed above, at the Latest Practicable Date, none of the Directors or chief executive of the Company was a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(ii) Substantial and other Shareholder's interests in the Shares, underlying Shares or debenture

As at the Latest Practicable Date, the interests or short positions of the persons, other than a Director or chief executive of the Company, in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholders	Capacity or nature of interests	Number of Shares/ underlying shares held	Long/short position	Approximate percentage of total issued share capital of the Company
Focus Dynamic Group Berhad	Beneficial owner	59,013,120	Long	24.70%
Lazarus Securities Pty Ltd	Beneficial owner	46,188,800	Long	19.34%
JSS Group Corporation	Beneficial owner	46,188,800	Short	19.34%
Hng Bok Chuan	Beneficial owner	33,177,600	Long	13.89%
Lau Wing Kee	Interest in controlled corporation (Note 2)	23,040,000	Long	9.65%

Note 2

23,040,000 Shares were held by Axis Motion Limited, which is wholly and beneficially owned by Mr. Lau Wing Kee.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company or the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

3. DIRECTORS' SERVICE CONTRACTS

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

4. INTEREST IN ASSETS AND CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, (i) none of the Directors had any interest, direct or indirect, in any assets which have since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

6. MATERIAL ADVERSE CHANGE

The Directors confirm there is no material adverse change in the financial or trading position of the Group since 31 December 2025 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

7. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
Dakin Capital Limited	a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

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

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was 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 audited financial statements of the Group was made up.

8. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Chu Pui Ki, Dickson, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.
- (c) The headquarters and principal place of business of the Company in Hong Kong is situated at Unit 3C, 3/F., Yue Xiu Industrial Building, 87 Hung To Road, Kwun Tong, Kowloon, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong
- (e) This circular has been prepared in both English and Chinese. In the case of any discrepancies, the English text shall prevail over the respective Chinese text.

9. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.topstandard.hk>) from the date of this circular up to and including the date of the EGM:

- (1) Subscription Agreement A;
- (2) Subscription Agreement B;
- (3) the letter of the Independent Board Committee, the text of which is set out on pages IBC-1 to IBC-2 of this circular;
- (4) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-29 of this circular; and
- (5) the written consent of the expert referred to in the paragraph headed “7. Qualification and Consent of Expert” in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8510)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Top Standard Corporation (the “**Company**”) will be held at Suite 707, 7/F., 12 Taikoo Wan Road, Taikoo, Hong Kong on Thursday, 24 September 2026 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT:** Subscription Agreement A (a copy of Subscription Agreement A has been produced to the EGM and marked “**A**” for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved and confirmed; and any one of the Directors be and is hereby authorised to sign, execute, seal (where required) and deliver all such documents and take such action as he/she may deem necessary, desirable, expedient or appropriate in connection with or to implement or give effect to Subscription Agreement A and the transactions contemplated thereunder.”
2. “**THAT:** Subscription Agreement B (a copy of Subscription Agreement B has been produced to the EGM and marked “**B**” for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved and confirmed; and any one of the Directors be and is hereby authorised to sign, execute, seal (where required) and deliver all such documents and take such action as he/she may deem necessary, desirable, expedient or appropriate in connection with or to implement or give effect to Subscription Agreement B and the transactions contemplated thereunder.”

By order of the Board

Top Standard Corporation

Chuk Stanley

Chairman and Executive Director

Hong Kong, 24 August 2026

Registered office:

4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

Principal Place of Business in Hong Kong:

Unit 3C, 3/F
Yue Xiu Industrial Building
87 Hung To Road, Kwun Tong
Kowloon, Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her and vote on his/her behalf. A proxy need not be a member of the Company. A proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he/she/they represent as such member could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. The instrument appointing a proxy (if required by the Board) together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of authority, must be delivered to the offices of the Company's branch share registrar, Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the registered office or the branch registrar of the Company (or such other place as may be specified for the delivery of the instruments of proxy in the notice convening the meeting) two (2) hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.
6. The register of members will be closed from Monday, 21 September 2026 to Thursday, 24 September 2026 (both dates inclusive), during which period no transfer of Shares will be effected. The record date for ascertaining Shareholders' eligibility to participate in and vote at the EGM is Thursday, 24 September 2026. In order to qualify for attending and voting at the aforesaid meeting, all transfer forms of shares accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar, Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Friday, 18 September 2026.
7. If tropical cyclone warning signal number 8 or above or a "black" rainstorm warning or "extreme conditions" announced by the Government of Hong Kong is/are in effect any time and remains in force 3 hours before the time of the above meetings, the meeting will be adjourned. The Company will post an announcement on the websites of Stock Exchange at www.hkexnews.hk and the Company at www.topstandard.hk to notify shareholders of the date, time and place of the adjourned meeting.