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SHENGLONG

盛 龙

SHENGLONG SPLENDECOR INTERNATIONAL LIMITED

盛龍錦秀國際有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8481)

MAJOR TRANSACTION
ACQUISITION OF THE LAND USE RIGHT IN LIN'AN DISTRICT,
HANGZHOU CITY, ZHEJIANG PROVINCE, THE PRC
THROUGH PUBLIC TENDER

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

A letter from the Board is set out on pages 3 to 12 of this circular.

The transaction being the subject matter of this circular has been approved by written Shareholders' approval pursuant to the Rule 19.44 of the GEM Listing Rules and this circular is being despatched to the Shareholders for information only.

30 September 2026

CHARACTERISTICS OF GEM

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

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

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DEFINITIONS

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

“Announcement”	the announcement published by the Company in respect of acquisition of the land use right in Lin’An District, Hangzhou City, Zhejiang Province, the PRC through public tender on 6 May 2026
“Board”	the board of Directors
“Company”	Shenglong Splendecor International Limited (盛龍錦秀國際有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (stock code: 8481)
“Contract Price”	the consideration payable under the Land Acquisition, being RMB55.92 million
“Director(s)”	the director(s) of the Company
“GDP”	Gross Domestic Product
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries from time to time
“Hangzhou Shenglong”	Hangzhou Shenglong Tourism Development Co., Ltd (杭州盛龍旅遊發展有限公司), an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Land Acquisition”	Hangzhou Shenglong’s acquisition of the parcel of land at (East to Jinxiu Park, South to South Tiaoxi Green Belt, West to Changqiao Road, North to Tiaoxi North Street), Binhu Unit LA020501-34, Lin’an District, the PRC (中國臨安區濱湖單元LA020501-34)

DEFINITIONS

“Latest Practicable Date”	29 September 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m.”	square meters
“%”	per cent.

* *For identification purpose only*

LETTER FROM THE BOARD



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SHENGLONG SPLENDECOR INTERNATIONAL LIMITED

盛龍錦秀國際有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8481)

Executive Directors:

Mr. Sheng Yingming

(Chairman, Chief Executive Officer)

Ms. Han Jianping

Ms. Lyu Miaoling

Registered office:

P.O. Box 1350

Windward 3, Regatta Office Park

Grand Cayman KY1-1108

Cayman Islands

Independent non-executive Directors:

Mr. Ma Lingfei

Mr. Tso Ping Cheong Brian

Mr. Zheng Yong

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

No. 25 Xin'anjiang Avenue

She County Economic Development Zone

Huangshan City

Anhui Province, PRC

Principal place of business

in Hong Kong:

Room 3201, 32/F, Alexandra House

18 Chater Road, Central

Hong Kong

30 September 2026

To the Shareholders,

Dear Sir and Madam,

**MAJOR TRANSACTION
ACQUISITION OF THE LAND USE RIGHT IN LIN'AN DISTRICT,
HANGZHOU CITY, ZHEJIANG PROVINCE, THE PRC
THROUGH PUBLIC TENDER**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Announcement of the Company dated 6 May 2026 in relation to: -

- (1) entering into a transaction confirmation letter* (成交確認書) (the “**Confirmation Letter**”) and the State-owned Construction Land Use Right Grant Contract* (國有建設用地使用權出讓合同) (the “**Land Use Right Contract**”) with the Hangzhou Municipal Planning and Natural Resources Bureau Lin'an Branch* (杭州市規劃和自然資源局臨安分局) (“**Lin'an Bureau**”) in relation to the Land Acquisition at a consideration of RMB55.92 million (tax inclusive).

The purpose of this circular is to provide you with, among other things, further information on the Land Use Right Contract, the valuation report on the Land and other information as required under the GEM Listing Rules.

ACQUISITION OF LAND USE RIGHT

On 20 April 2026, Hangzhou Shenglong (the “**Purchaser**”) has successfully won the public tender (the “**Land Acquisition**”) in respect of the land use right of a parcel of recreational and commercial land totaling approximately 23,278 sq.m. (or 34.92 mu) located at (East to Jinxiu Park, South to South Tiaoxi Green Belt, West to Changqiao Road, North to Tiaoxi North Street), Binhu Unit LA020501-34, Lin'an District, the PRC (中國臨安區濱湖單元LA020501-34) (the “**Land**”) offered for sale by the Lin'an Bureau. On 24 April 2026, the Purchaser and the Lin'an Bureau entered into the Confirmation Letter in relation to the Land Acquisition at a consideration of RMB55.92 million. The Purchaser entered into the Land Use Right Contract with the Lin'an Bureau on 6 May 2026 (after trading hours).

A summary of the principal terms of the Land Use Right Contract is as follows:

- | | |
|---------------------|---|
| (1) Date: | 6 May 2026 |
| (2) Parties: | (i) The Purchaser; and

(ii) The Lin'an Bureau. |

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Directors confirm that as at the Latest Practicable Date, the Lin'an Bureau and its ultimate beneficial owner(s) are independent third parties of the Group and its connected persons (as defined under the GEM Listing Rules).

- | | |
|-----------------------------------|--|
| (3) Assets to be acquired: | The Company has agreed to acquire and Lin'an Bureau has agreed to dispose of, the land use rights of the Land. |
|-----------------------------------|--|

LETTER FROM THE BOARD

- (4) **Consideration:** The consideration, i.e. the unit price, being RMB55.92 million, is equivalent to the official initial price of the bid of RMB55.92 million (tax inclusive).
- (5) **Payment terms:** Pursuant to the Confirmation Letter, the consideration for the Land Acquisition shall be payable in the following manner:
- (i) 50% of the Contract Price (RMB27.96 million) will be paid on or before 6 June 2026; and
 - (ii) 50% of the Contract Price (RMB27.96 million) will be paid on or before 6 May 2027.
- As of the Latest Practicable Date, 50% of the Contract Price (RMB27.96 million) had been paid.
- (6) **Term of grant of the land use rights and use of the Land:** For commercial and recreational purposes with a term of 40 years.
- (7) **The Land:** The Land is situated at (East to Jinxiu Park, South to South Tiaoxi Green Belt, West to Changqiao Road, North to Tiaoxi North Street), Binhu Unit LA020501-34, Lin'an District, the PRC (中國臨安區濱湖單元 LA020501-34) with a site area of 23,278 sq.m. The Land is designated for recreational and commercial use for a term of grant of 40 years, with an overall plot ratio between 1.3 to 1.5.
- (8) **Further obligations of the Purchaser:** The site must be developed as a sports service complex with commercial amenities, incorporating both a gymnasium and a hotel. The sports service functional area must amount to 50%–55% of the above-ground plot ratio calculated floor area.

BASIS OF CONSIDERATION

The consideration was determined based on the successful bid of the land use right of the Land by the Purchaser through a public tender held by the Lin'an Bureau.

LETTER FROM THE BOARD

In assessing the fairness and reasonableness of the consideration, the Board took into account:

1. **Public Tender Process & Market Factors:** The bidding price was dictated by (i) the public tender process organized by the Lin'an Bureau; (ii) the prevailing property market conditions in Lin'an District, the PRC, and the surrounding areas; (iii) the location and development potential of the Land; and (iv) the feasibility report conducted by the Company (the "**Feasibility Report**").
2. **Subsequent valuation report:** The Board engaged Peak Vision Appraisals Limited, an independent professional valuer, to conduct a valuation on the Land. According to the valuation report set out in Appendix II, the appraised market value of the Land as at 30 June 2026 was RMB57.60 million. The consideration of RMB55.92 million represents a discount of approximately 2.92% of the appraised market value.

Based on the above, the Directors (including the independent non-executive Directors) consider that the consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE LAND ACQUISITION

The Company acquired the land use right of a parcel of recreational and commercial land totaling approximately 23,278 sq.m. located at (East to Jinxiu Park, South to South Tiaoxi Green Belt, West to Changqiao Road, North to Tiaoxi North Street), Binhu Unit LA020501-34, Lin'an District, the PRC* (中國臨安區濱湖單元 LA020501-34) for the construction of a hotel and a stadium.

Hangzhou's leisure tourism industry has undergone a rapid transformation, from a traditional "sightseeing tourism" to a "leisure and vacation" destination. As a well-known tourist city in PRC, Hangzhou is committed to building an "international tourism and leisure center". Tourism in Hangzhou continues to expand year-over-year, playing an increasingly important role in the city's economy as its contribution to GDP grows. This is particularly true for the zone of Lin'an, where the tourism industry is developing towards rural cultural tourism and in-depth experience, relying on landscape resources to create a "back garden in the city" and a health resort. With its unique ecological environment, Lin'an is positioned as a summer retreat and health care center in the region, attracting customers from other zones and cities in PRC. The added value of the industry has maintained rapid growth, and the cultural tourism industry has a significant position in the economic development of the whole region. Therefore, the construction of a hotel in Lin'an District will definitely meet the growing demand for tourist accommodation. In addition, we will also build a large-scale stadium. The stadium will feature a wide range of athletic facilities designed to accommodate the sporting and leisure needs of local residents. Overall, the Group will build a recreation and holiday center in the district that integrates accommodation and sports activities and facilities. Therefore, the Group believes that investing in the recreation and holiday center can benefit shareholders with an aim to optimize opportunities and diversify investment risks.

LETTER FROM THE BOARD

Development plan of the Land

The Land is currently idle. The Company plans to build an integrated sports and hotel complex on the Land with an aggregated above-ground Gross Floor Area (“GFA”) of 30,261.4 sq.m. to 34,917 sq.m., comprising stadium and sports facilities (featuring badminton courts, table tennis courts, squash courts, basketball courts, tennis courts and a football pitch). The hotel complex aims to offer up to 500 guest rooms. The Company also intends to include commercial ancillary space to be allocated for food beverage, sports retail leasing usage.

The following is the projected implementation table for the Land:

Milestone/Phase	Target schedule/Completion date
Planning Phase	November 2026
Architectural & Project Design	March 2027
Land Preparation	June 2027
Commencement of Construction	January 2028
Project Completion & Commissioning	December 2029
Commencement of Operations	Early 2030

According to the Land Use Right Contract, the Land shall be held by the Company for a period of 40 years. The project comprises three primary operational components:

1. **Sports complex and facilities:** Occupying a gross floor area of approximately 15,500 sq.m. to 18,500 sq.m. (representing approximately 53% of the total plot-ratio gross floor area), designated to host sports events, athletic training and corporate team-building activities.
2. **Hotel rooms and facilities:** Occupying a gross floor area of approximately 12,000 sq.m. to 14,000 sq.m.
3. **Commercial ancillary space:** Occupying a gross floor area of approximately 1,500 sq.m. to 2,000 sq.m. allocated for food, beverage and sports retail leasing.

The total estimated development cost of the project (excluding land premium) ranges from approximately RMB150.0 million to RMB200.0 million. The total project investment (inclusive of the price of the Land) is estimated at around RMB206.0 million to RMB256.0 million.

LETTER FROM THE BOARD

The Company intends to fund up to RMB150 million through commercial project loans/debt facilities, whereas the remaining RMB40 million to RMB50 million will be covered by internal cash reserves. This arrangement will raise the Group's gearing ratio to 2.47, but leverage will remain controlled within target thresholds.

Feasibility report conducted by the Company

Prior to signing the Land Use Right Contract, the Board conducted preliminary market research and commissioned the Feasibility Report to assess the commercial viability and strategic fit of the acquisition. The Feasibility Report was done by the Board on 30 April 2026, and made reference to (i) urban development plan and related industrial policies released by local government authorities in Hangzhou; (ii) published local land transaction records and prevailing commercial property rental rates in surrounding areas; and (iii) internal operational cost estimates and industry comparables for mid-scale hotel and indoor sports facility developments. Key strategic factors evaluated by the Board include:

1. Prime location and transit advantage

The Land is situated in the Binhu Unit of Lin'an District, Hangzhou, which features direct metro station access. It is located adjacent to Zhejiang A&F University (浙江農林大學), within the Qingshan Lake scenic area, adjacent to the Nanshaoxi riverfront and Jinxiu park, and directly connects to the expressway network and the start of the Qingshan Lake Greenway. This location offers high accessibility and visible scenic advantages essential for driving event attendance and hotel occupancy.

2. Local market gap and supply shortage in the surrounding area

Lin'an District experiences rising demand for sports events, training and corporate team-building. The surrounding area lacks large-scale indoor sports venues and integrated multi-functional hotel facilities capable of catering to sports, conferences and resort demand simultaneously. The proposed development hopes to fill a distinct local market need by offering a sports and hospitality service model.

3. Strategic rationale and long-term business diversification

While the Group's historical principal business is the manufacturing and sales of decorative printing materials products comprising (i) decorative paper; (ii) melamine impregnated paper; and (iii) PVC flooring film, the Board routinely evaluates strategic opportunities to broaden revenue streams and build long-term asset value. The acquisition allows the Group to enter the growing sports and cultural tourism sector in the Hangzhou metropolitan area, generating stable operational and rental cash flows over the land tenure of 40 years.

LETTER FROM THE BOARD

Future plans

The Company intends to finalize design specification by March 2027 and commence construction of the complex by January 2028. Construction of the hotel is scheduled to be completed in December 2029.

Pre-leasing for commercial ancillary space and trial operations for the overall sports complex and hotel facilities are expected to commence between the second and third quarters of 2029.

The complex is expected to commence operations in early 2030.

While Hangzhou Shenglong manages tourism and hospitality operations, this project represents its initial development of an integrated hotel and stadium complex. The Group shall engage experienced external project managers, contractors and specialized architects to oversee construction. In addition Mr. Sheng Yingming, Chairman, Chief Executive Officer and Executive Director of the Company, will actively oversee key development milestones, and ensure operational synergy across the hotel and sports facilities. Pursuant to the Feasibility Report conducted by the Company, the Company expects that the construction cost (excluding cost of the Land) to be approximately RMB150 million to RMB200 million. This includes building construction and installation engineering, decoration and electromechanical works, equipment procurement, and preliminary expenses. The Company expects that the complex can commence operations in early 2030. The potential key operational and development risks identified by the Company, and the relevant measures that the Company is prepared to adopt, are as follows:

Potential problem	Solution
(i) construction risks regarding potential schedule delays or cost overruns	strengthening project management and implementing strict procurement and cost controls
(ii) market risks from intensified local hotel competition	attracting customer traffic through a combined offering of hotel and athletic facilities
(iii) operational risks concerning potential underutilization of the stadium	engaging professional sports facilities management teams to enhance operational efficiency

LETTER FROM THE BOARD

The consideration of RMB55.92 million represents the exact initial bidding floor price established by the Lin'an Bureau, which equates to a floor land price of approximately RMB1,602 per sq.m. based on the maximum permitted gross floor area of 34,917 sq.m. mandated under the planning conditions.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement and the transaction contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. For the reasons stated under "Basis of Consideration" and "Reasons For And Benefits of the Land Acquisition" of this circular, it is believed that the Company can generate profit within 5 years following commencement of operations.

INFORMATION ON THE COMPANY, HANGZHOU SHENGLONG AND LIN'AN BUREAU

The Company

The Company together with its subsidiaries are principally engaged in the manufacturing and sales of decorative printing materials products which mainly comprise of (i) decorative paper; (ii) melamine impregnated paper; and (iii) PVC flooring film. The Group served over 500 customers in both domestic and overseas markets.

Hangzhou Shenglong

Hangzhou Shenglong is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It was incorporated on 29 April 2025. It is an investment holding company, which was incorporated for the sole intention of carrying out the subject project of land tender of Lin'an land and subsequent construction of hotel and stadium.

Lin'an Bureau

Lin'an Bureau, a PRC government bureau, is the vendor of the Land and is responsible for the related work of the transfer of the Land, including information disclosure, data review, confirmation of transaction eligibility and signing of the land use rights grant contract in respect of the sale of the Land.

FINANCIAL EFFECTS OF THE ACQUISITION

Given that the Land is yet to be developed, the Company considers that there will not be any effect on the earnings of the Group immediately after execution of the Land Use Rights Contract with the Lin'an Bureau pursuant to the Confirmation Letter.

As the consideration was financed by the Group's internal resources, the right-of-use assets of the Group increased by approximately RMB55.92 million and the cash and cash equivalents of the Group decreased by approximately RMB55.92 million accordingly.

LETTER FROM THE BOARD

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated for the Land Acquisition in accordance with the GEM Listing Rules exceed 25% but are all not more than 100%, the transaction contemplated under the Land Acquisition constitutes a major transaction on the part of the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this circular and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the Land Acquisition and the transaction contemplated thereunder, and therefore no Shareholder is required to abstain from voting under the GEM Listing Rules if the Company were to convene a general meeting for the approval of the Land Acquisition.

WRITTEN SHAREHOLDERS' APPROVAL

As at the date of this circular, Bright Commerce Investment Limited, a company wholly owned by Mr. Sheng, holds 239,950,000 Shares, representing approximately 48.93% of the shareholding of the Company. Mr. Sheng directly holds 58,330,000 Shares as beneficial owner, representing approximately 11.89% of the shareholding of the Company. Therefore, Bright Commerce Investment Limited and Mr. Sheng, being a closely allied group of Shareholders, are interested in an aggregate of 298,280,000 shares of the total issued shares of the Company, representing approximately 60.82% of the shareholding of the Company.

In accordance with Rule 19.44 of the GEM Listing Rules, a written Shareholders' approval from Bright Commerce Investment Limited and Mr. Sheng has been obtained and may be accepted in lieu of holding a general meeting of the Company to approve the Land Acquisition and the transaction contemplated thereunder. As such, no general meeting of the Company will be convened.

RECOMMENDATIONS

The Directors, including the independent non-executive Directors, consider that while the Acquisition is not in the ordinary and usual course of business of the Group, the terms thereof were entered into respectively upon normal commercial terms following arm's length negotiations between Hangzhou Shenglong and the Lin'an Bureau and that the terms of Acquisition are fair and reasonable and are in the interests of the Company and its Shareholders as a whole. If a general meeting were to be convened for the approval of the Land Acquisition, the Board would recommend its Shareholders to vote in favour of the resolution to approve the Land Acquisition at such general meeting.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the financial and general information as set out in the appendices to this circular.

By Order of the Board
Shenglong Splendecor International Limited
Sheng Yingming
Chairman, Chief Executive Officer and Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2023, 2024 and 2025 and its relevant notes have been disclosed in the relevant annual reports of the Company for the years ended 31 December 2023, 2024 and 2025, respectively, which have been published and are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.splendecor.com):

- the annual report 2023 of the Company for the year ended 31 December 2023 which was published on 12 April 2024 (available on: <https://www1.hkexnews.hk/listedco/listconews/gem/2024/0412/2024041200404.pdf>), please refer to pages 69 to 135 in particular;
- the annual report 2024 of the Company for the year ended 31 December 2024 which was published on 3 April 2025 (the “**Annual Report 2024**”) (available on: <https://www1.hkexnews.hk/listedco/listconews/gem/2025/0403/2025040301015.pdf>), please refer to pages 67 to 133 in particular;
- the annual report 2025 of the Company for the year ended 31 December 2025 which was published on 8 April 2026 (the “**Annual Report 2025**”) (available on: <https://www1.hkexnews.hk/listedco/listconews/gem/2026/0408/2026040801733.pdf>), please refer to pages 66 to 132 in particular; and
- the interim report of the Company for the six months ended 30 June 2026, published on 25 August 2026 (<https://www1.hkexnews.hk/listedco/listconews/gem/2026/0825/2026082500402.pdf>).

2. INDEBTEDNESS STATEMENT

As at the close of business of 31 August 2026, being the latest practicable date for the purpose of determining the indebtedness of the Group prior to the printing of this circular, the indebtedness of the Group primarily included:

Interest-bearing bank borrowings

	As at 31 August 2026 RMB'000
Non-current:	
Secured and unguaranteed long-term bank borrowings (maturing in 2028, 2029, 2034)	378,440
Unsecured and unguaranteed long-term bank borrowings (maturing in 2027, 2028)	109,880
	<u>488,320</u>
Current:	
Secured and unguaranteed short-term bank borrowings (maturing in 2026, 2027)	25,325
Unsecured and unguaranteed short-term bank borrowings (maturing in 2026, 2027)	100,060
	<u>125,385</u>
Total interest-bearing bank borrowings	<u><u>613,705</u></u>

As at 31 August 2026, being the latest practicable date for the preparation of the indebtedness statement prior to the printing of this circular, the Group had total bank facilities of RMB1,200,000,000, of which RMB586,295,000 were unutilised and can be drawn down.

The secured bank borrowings were secured by certain patents, land use rights of approximately RMB71,313,000 and property, plant and equipment of approximately RMB401,773,000 held by subsidiaries of the Group.

Lease liabilities

As at 31 August 2026, the Group had lease liabilities with carrying amount of RMB43,000, which was secured by our rental deposits and unguaranteed.

Save as aforesaid and apart from intra-group liabilities, as at the close of business on 31 August 2026, the Group did not have any debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Company or by third parties) or unsecured, other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities, whether guaranteed, unguaranteed, secured or unsecured.

3. MATERIAL ADVERSE CHANGE

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

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances, other internal resources and available existing unutilised credit facilities, the Group has sufficient working capital for its present requirements and to satisfy its requirements for at least the next 12 months from the date of publication of this circular. The Company has obtained the relevant confirmation as required under Rule 19.66(13) of the GEM Listing Rules.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in the manufacturing and sales of decorative printing materials products which mainly comprise of (i) decorative paper; (ii) melamine impregnated paper; and (iii) PVC flooring film. The Group served over 500 customers in both domestic and overseas markets.

During the year ended 31 December 2025, the Middle East war crisis, geo-political tensions and Sino-US trade conflicts still clouded the global economy despite the emergence of positive signals. The global business environment is consistently challenging in the short run and the geopolitical uncertainties have brought increased challenges to the Group. Looking forward, the Group will be more proactively integrating into this dynamic market. The decorative printing material industry may keep on the growth track in the coming year as demand for decorative paper will increase due to the economy recovery.

To strengthen its strategy, the company is moving toward vertical integration – shifting from supplying materials to providing full solutions. The Group continued to optimize its production framework and actively enhance capacity expansion. The new manufacturing plants established in other industrial zones in China will commence production and operation within the coming year. At the new Guigang factory, new impregnation and veneer pressing steps are being added, placing it inside the panel manufacturing cluster. This allows faster service and enables the company to offer high-value decorative wood veneers to customers. The new factory will cover key parts of the supply chain, helping the company respond quicker to the market, keep customers loyal, improve profits, and deliver long-term value to shareholders. In Guangdong, the company is adding impregnation and particleboard pressing to serve the custom furniture hub, supplying top brands directly with finished decorative panels. This deepens supply chain partnerships and helps set design trends.

As the production plant and industrial research center with a total area of about 122,836 sq.m. was established in She County, which will commence production and operation within the coming year. The Group's research and development capabilities will be further enhanced with new product mix, color pattern and specification to be developed in future. The establishment of the production plant in She County is in line with the business plan of the Group and will further enhance its production capacity and flexibility to facilitate the Group's business expansion in She County, Huangshan City, Anhui Province, the PRC. The Directors believe that all the new manufacturing plants align with the development strategy of the Group, and will further enhance the profitability and promote the long-term sustainable development of the Group.

The Group will stick to its proven business strategies to maintain and strengthen its growth and performance. To sustain its well-recognised reputation in the market, the Group is exploring opportunities for expanding its business presence in the global decorative printing material market as well as developing other business partnerships that would be beneficial to the overall business development of the Group. The Group has no intention to downsize or to dispose of its assets relating to its principal business.

The following is the text of a letter and property valuation report prepared for the purpose of incorporation in this circular received from Peak Vision Appraisals Limited, an independent property valuer, in connection with its opinion of market value of the Land as at 30 June 2026.



Peak Vision
Appraisals Limited

Unit 702, 7th Floor, Capital Centre
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Wanchai, Hong Kong
www.peakval.com

Tel (852) 2187 2238
Fax (852) 2187 2239

30 September 2026

The Board of Directors
Shenglong Splendecor International Limited
Room 3201, 32nd Floor
Alexandra House
18 Chater Road
Central
Hong Kong

Dear Sirs,

Re: Property interest of a parcel of land (LA020501-34) located on the southern side of Tiaoxi North Street at its junction with Changqiao Road, Lin'an District, Hangzhou City, Zhejiang Province, the People's Republic of China

In accordance with the instruction from Shenglong Splendecor International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for us to value the property interest of the captioned property located in the People's Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of value of the property as at 30 June 2026 (the “**Valuation Date**”) for public documentation purpose.

This letter, forming part of our valuation report, identifies the property being valued, explains the basis and methodology of our valuation and lists out the assumptions and title investigations, which we have made in the course of our valuation, as well as the limiting conditions.

Our valuation is our opinion of market value which is defined to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing the property, we have adopted the Direct Comparison Method assuming that the property is capable of being sold in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market.

Our valuation has been made on the assumption that the owner sells the property on the open market in its existing state without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which could serve to affect the value of the property. No forced sale situation in any manner is assumed in our valuation. In addition, we have been advised by the Group that the property is not subject to any option or right of pre-emption which would concern or affect the sale of the property unless otherwise specified in this report.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have been provided by the Group with extract copies of documents in relation to the title to the property located in the PRC. We have not examined the original documents to verify the ownership and to ascertain the existence of any amendments which do not appear on the copies handed to us. In the course of our valuation, we have relied on the advice given by the Group and the legal opinion prepared by Zhejiang Houlai Law Firm, the Group’s legal adviser on the PRC law (the “**PRC Legal Adviser**”), regarding the title to the property.

The property was inspected during June 2026 by Mr. Nick C. L. Kung, a director of our firm who has over 20 years of experience in the inspection of properties in Hong Kong and the PRC. We have inspected the exterior and, where possible, the interior of the property. In the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the property is free from rot, infestation or any other defects. No tests were carried out on any of the services.

We have not carried out on-site measurements to verify the correctness of the site and floor areas of the property but have assumed that the site and floor areas shown on the documents and floor plans available to us are correct. Dimensions, measurements and areas included in the attached property valuation report are based on information contained in the documents provided to us and are, therefore, only approximations.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any development.

As advised by the Group, there are no material environmental, social, and governance (“ESG”) factors expected to impact the valuation of the valuation subject(s). Accordingly, and as agreed with the Group, ESG related considerations have not been incorporated into the valuation. In the course of our valuation, we have assumed that no significant ESG factors exist that would affect the valuation. This valuation does not constitute an ESG risk assessment or ESG rating.

We have relied to a considerable extent on the information provided by the Group and the PRC Legal Adviser regarding the title to the property, and we have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy, tenancy agreements, site and floor areas and all other relevant materials regarding the property.

This valuation reflects facts and conditions existing as at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld. The management of the Company has reviewed and confirmed the factual content and has agreed to the assumptions and limiting conditions of this report.

In valuing the property, we have complied with all the requirements set out in Chapter 8 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2024 published by the Hong Kong Institute of Surveyors (the “HKIS”), the RICS Valuation – Global Standards (Effective from 31 January 2025) published by the Royal Institution of Chartered Surveyors (the “RICS”) and the International Valuation Standards (Effective 31 January 2025) published by the International Valuation Standards Council, where applicable, and under generally accepted valuation procedures and practices.

For the subject valuation, Peak Vision Appraisals Limited does not yet adopt a rotation policy, and instead, our valuation will be periodically reviewed by another member of the HKIS and/or the RICS, where applicable.

In accordance with the RICS Valuation – Global Standards (Effective from 31 January 2025), we are also required to draw your attention to the possibility that this valuation may be investigated by the RICS for compliance with such standards.

The proportion of total fees payable by the Company during the preceding year relative to the total fee income of Peak Vision Appraisals Limited is minimal.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

We hereby confirm that we have no material connection or involvement with the Group, the property or the value reported herein and that we are in a position to provide an objective and unbiased valuation.

Our property valuation report is enclosed herewith.

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited

Nick C. L. Kung
*MRICS, MHKIS, R.P.S. (GP),
RICS Registered Valuer, MCIREA
Director*

Chern Sung Lee
*CFA, CPA, MRICS, RICS
Registered Valuer
Director*

Notes:

- (1) Mr. Nick C. L. Kung is a RICS Registered Valuer and a Registered Professional Surveyor (General Practice) who has over 20 years of experience in the valuation of properties in Hong Kong and the PRC.
- (2) Mr. Chern Sung Lee is a CFA Charterholder, a member of the Hong Kong Institute of Certified Public Accountants, a member of the Royal Institution of Chartered Surveyors and a RICS Registered Valuer and has more than 10 years of experience in the valuation of properties in Hong Kong and the PRC.

Property Valuation Report

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2026
A parcel of land (LA020501-34) located on the southern side of Tiaoxi North Street at its junction with Changqiao Road, Lin'an District, Hangzhou City, Zhejiang Province, the PRC	The property comprises an irregular-shaped parcel of land with a site area of approximately 23,278.00 sq.m. It is located on the southern side of Tiaoxi North Street at its junction with Changqiao Road, within Lin'an District, Hangzhou City, which is planned to be developed into entertainment and commercial development. The land use rights of the property are to be granted for a term of 40 years commencing from the date of land delivery for entertainment and commercial uses.	As advised by the Group, as at the Valuation Date, the property was a vacant site.	RMB57,600,000 (RENMINBI FIFTY SEVEN MILLION SIX HUNDRED THOUSAND ONLY)

Notes:

- (i) Pursuant to the Grant Contract of State-owned Construction Land Use Rights No. 3301852026A21003 (the “**Land Grant Contract**”) entered into between Hangzhou City Planning and Natural Resources Bureau Lin'an Branch (the “**Bureau**”) and Hangzhou Shenglong Tourism Development Company Limited (“**Hangzhou Shenglong**”), an indirect wholly-owned subsidiary of the Company, dated 6 May 2026, the Bureau agreed to grant the land use rights of the property to Hangzhou Shenglong. The salient conditions stipulated in the said contract are summarised as follows:

- | | | | |
|-----|------------------|---|---|
| (a) | Location | : | Binhu Unit LA020501-34, Lin'an District (East to Jinxiu Park, South to South Tiaoxi Green Belt, West to Changqiao Road, North to Tiaoxi North Street) |
| (b) | Site area | : | 23,278.00 sq.m. |
| (c) | Land use | : | Entertainment and commercial uses |
| (d) | Gross floor area | : | Not more than 34,917.00 sq.m. and not less than 30,261.40 sq.m. |
| (e) | Plot ratio | : | Not more than 1.5 and not less than 1.3 |
| (f) | Height limit | : | Not more than 40m and the minimum height for the commercial building (excluding podiums and ancillary facilities) shall not be less than 15m |

- (g) Site coverage : Not more than 50%
- (h) Greenery ratio : Not less than 20%
- (i) Construction requirement : The land parcel shall be constructed as a sports service complex with commercial supporting facilities, comprising a stadium and a hotel, in which the gross floor area attributable to sports functions (counted towards plot ratio) shall account for not less than 50% and not more than 55% of the total gross floor area. The construction of apartment-style offices, hotel-style offices or any other premises with residential functions shall not be permitted.
- (j) Transfer restriction : The land parcel shall be held as a whole for a term of 40 years. It may be transferred as a whole during the holding period, but no subdivision of the land for transfer shall be permitted.
- (k) Land use term : 40 years
- (l) Land grant consideration : RMB55,920,000
- (m) Construction period : Construction work to be commenced before 6 May 2028 and completed before 6 May 2031
- (ii) We have been provided with a legal opinion on the property by the PRC Legal Adviser, which contains, *inter alia*, the following information which has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- (a) The Land Grant Contract executed between Hangzhou Shenglong and the Bureau is legally established and valid. The land transaction procedures, subject qualifications, and planned land use all comply with mandatory legal provisions, with no statutory circumstances that would render it invalid. Accordingly, Hangzhou Shenglong legally enjoys the expectant right to the land use right of the involved plot;
- (b) The property is currently in the performance stage of the Land Grant Contract. Hangzhou Shenglong has not yet completed the full payment of the land premium, the handover of the land, and the registration of the state-owned construction land use rights;
- (c) The registration path for the state-owned construction land use rights regarding the property plot is clear. The core prerequisites for completing the registration are the full and timely payment of all land premium and the lawful payment of relevant taxes and fees; and
- (d) Based on the lawful public auction and the Land Grant Contract, Hangzhou Shenglong will, upon full performance of its obligations and completion of the registration of land use rights, legally enjoy full state-owned construction land use rights and derivative rights over the land. These encompass, but are not limited to, the rights of possession, use, profit, disposal, and enforcement, subject to strict compliance with statutory and contractual restrictions regarding planning, development, and disposal.
- (iii) In valuing the property, we have adopted the Direct Comparison Method, which provides an indication of value by comparing the asset with identical or similar assets for which price information is available. Adjustments were made to reflect differences in various aspects between the subject property and the comparables to arrive at the adopted unit rate of the property.
- (iv) In our valuation, we have adopted accommodation value (AV) of approximately RMB1,651 per sq.m. for the property, which is based on the simple average of the following land sales comparables after adjustments.

In our valuation, we have made reference to land sales comparables in the vicinity, i.e. land sales comparables in cities surrounding Hangzhou. These land sales comparables are properties with the same use, transfer restrictions and transacted within 6 months* from the Valuation Date, which are deemed sufficient, appropriate, and reasonable to derive a reliable opinion of value of the property as at the Valuation Date. The prices of those land sales transaction references accommodation value (AV) of about RMB1,379 to RMB1,651 per sq.m. The accommodation value (AV) adopted by us is consistent with the said sales comparable references after due

adjustments. Due adjustments to those sales comparables have been made to reflect factors including but not limited to time, size and shape, and location in arriving at our opinion of value.

- * Generally, comparables that are closer to the Valuation Date offer a more accurate reflection of market conditions as at the Valuation Date, and the time frame of comparables depends on the availability of relevant comparables. Typically, we incorporate 3 comparables or more than 3 comparables in our valuation whenever possible. In the course of our valuation, given that transactions occurred within 6 months from the Valuation Date are sufficient to derive an objective and reliable opinion of value, we deemed the 6-month time frame to be reasonable.

In our valuation, the land sales comparables adopted for the property are exhaustive based on the selection criteria. We consider these comparables are located in the vicinity, are of the same use, transfer restrictions, thus are representative and comparable to the property. The details are as follows:

Comparable	1	2	3
Property address	Land (C-01-05-2), South of Wengjin Highway, West of Shangtang River, Haining Yanguan Tourist Resort, Haining City	Land (C-01-05-3), South of Wengjin Highway, West of Shangtang River, Haining Yanguan Tourist Resort, Haining City	Land No. 4-2, South of Zhongyang Avenue, Xintang Village, Taihu Subdistrict, Changxing County, Huzhou City
Land use	Entertainment and commercial retail uses	Entertainment and commercial retail uses	Entertainment, commercial retail, and catering uses
Site area (sq.m.)	23,179.00	25,946.00	15,133.00
Land use term	40	40	40
Transaction price (RMB)	44,750,000	50,100,000	32,480,000
Plot ratio	1.40	1.40	1.30
Accommodation value (AV) (RMB/sq.m.)	1,379	1,379	1,651
Transaction date	27 March 2026	27 March 2026	30 January 2026
Adjustments ^(note)			
Time*	approximately 0%	approximately 0%	approximately 0%
Location**	approximately 20%	approximately 18%	approximately 3%
Size and shape***	approximately 0%	approximately 2.3%	approximately -3.8%
Total adjustment	20%	20.3%	-0.8%
Adjusted accommodation value (RMB/sq.m.)	1,655	1,659	1,638
Average accommodation value (a) (RMB/sq.m.)			1,651
Proposed maximum gross floor area (b) (sq.m.)			34,917
Market value of the property ((a)*(b)) (rounded)			RMB57,600,000

- * Time Adjustment (Adjustment Applied: 0%): The time adjustment reflects changes in general market prices between the transaction dates of the comparable transactions and the Valuation Date. As all three comparables were transacted between January and March 2026, which is relatively close to the Valuation Date, and the major land price data in the locality indicates the changes of land prices during the 1Q and 2Q of 2026 are minimal. Therefore, a time adjustment of 0% has been adopted.

** Location Adjustment (Quantitative Range: 3% to 20%): This adjustment reflects geographical differences between the subject property and the comparable transactions. The adjustment is based on the differences in the benchmark land prices (基準地價) applicable to the respective properties, which are considered broadly reflect prevailing land values within the relevant zones or districts.

Further adjustments have been made to account for specific locational characteristics, including proximity to major tourist attractions, scenic views, and the overall attractiveness of the surrounding environment. The comparable properties are all located adjacent to either the Qiantang River (錢塘江) or Taihu Lake (太湖), both of which are well-known tourist destinations and generally regarded as desirable locations.

By contrast, the subject property does not offer a comparable level of tourism appeal or scenic amenity. Accordingly, a downward adjustment of approximately 8% to 10% has been applied to the comparable transactions to reflect their superior locational advantages.

The breakdown of the adjustment is as follows :

	Benchmark land prices (per sq.m.)	Differences in the benchmark land prices	Adjustment for other locational advantages	Total Location
Subject property	RMB1,640 (Lin'an District)			
Comparable 1	RMB1,282 (Haining City)	+28%	-8%	+20%
Comparable 2	RMB1,282 (Haining City)	+28%	-10%	+18%
Comparable 3	RMB1,462 (Changxing County)	+12%	-9%	+3%

*** Size and Shape Adjustment (Quantitative Range: -3.8% to 2.3%): This adjustment is applied to reflect the market relationship between site scale as well as the plot shape of the site, whereby a larger size generally corresponds to a lower unit rate, while a smaller size typically commands a higher unit rate. In addition, adjustments for plot shape have also been considered. In this valuation, a size adjustment of 1% has been adopted for every 10,000 sq.m. difference in size. The adjustment is further supplemented by consideration of the shape differences between the subject property and the comparable properties. For Comparable 1, no adjustment was required, as both its size and shape are broadly comparable to the subject property. For Comparable 2, an upward adjustment of 0.3% was applied due to the smaller size of the subject property, together with an upward adjustment of 2.0% to reflect its shape differences, resulting in a net adjustment of 2.3%. Conversely, Comparable 3 has a significantly larger size when compared to the subject property, accordingly, a downward adjustment of 0.8% was applied, together with a downward adjustment of 3.0% to reflect its shape differences, resulting in a net adjustment of -3.8%.

- (v) As at the valuation date, the property comprises a parcel of vacant land designated for entertainment and commercial uses. Upon acquisition by the Group, the property will be developed into a hotel and a stadium in accordance with the provisions of the Land Grant Contract.

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

As at the Latest Practicable Date, the interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (with the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have been 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 were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long position in ordinary Shares of the Company

Name of Directors	Capacity/ nature of interest	Number of ordinary Shares held/interested	Approximate percentage of shareholding (Note 2)
Mr. Sheng ^(Note 1)	Beneficial owner and interest in controlled corporation	298,280,000 Shares	60.82%

Notes:

- (1) There are 239,950,000 shares held by Bright Commerce Investment Limited which is wholly owned by Mr. Sheng and hence, Mr. Sheng is deemed or taken to be interested in all the shares held by Bright Commerce Investment Limited for the purpose of SFO.
- (2) The percentage is calculated on the basis of 490,420,000 shares in issue at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company, any of its Group members or its associated corporations (within the meaning of Part XV of the SFO) which would 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 were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

(b) Interests and short positions of the substantial shareholders in the shares and underlying shares of the Company

So far as was known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons/entities (not being the Director or chief executive of the Company) had, or deemed to have, interests or short positions in the shares or underlying shares of the Company, its Group members and/or associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders	Capacity/ nature of interest	Number of Shares held/interested (Note 1)	Approximate percentage of shareholding (Note 3)
Bright Commerce Investment Limited	Beneficial owner	239,950,000 shares	48.93%
Mr. Sheng	Beneficial interest and interest in controlled corporation	298,280,000 shares	60.82%
Ms. Chen Deqin (Note 2)	Interest of spouse	298,280,000 shares	60.82%

Notes:

1. All interests stated are long positions.
2. Ms. Chen Deqin is the spouse of Mr. Sheng. She is deemed, or taken to be, interested in all shares in which Mr. Sheng is interested for the purposes of SFO.
3. The percentage is calculated on the basis of 490,420,000 shares in issue at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person or corporation (other than the Directors and chief executive of the Company) who had any interests or short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, the controlling Shareholders, substantial shareholders or its/his/her respective close associates (as defined under the GEM Listing Rules) was considered to have an interest in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors, the controlling Shareholders, substantial shareholders or his or her close associates were appointed to represent the interests of the Company and/or the Group.

4. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, save as disclosed in the Annual Report 2025,

- (a) none of the Directors were materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following are contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which had been entered into by the members of the Group within the two years immediately preceding and including the Latest Practicable Date:

- (a) State-owned Construction Land Use Right Grant Contract* (國有建設用地使用權出讓合同) entered into between Huangshan Shenglong and the Natural Resources and Planning Bureau of She County* (歙縣自然資源和規劃局) on 26 June 2024 in respect of the land use right of a parcel of industrial land totaling approximately 122,836 sq.m. (or 184 mu) located at Chengdong Park of She County Economic Development Zone* (歙縣經濟開發區城東園區) at the total consideration of RMB36,850,890;

- (b) Construction Contract entered into between Huangshan Shenglong and the Contractor on 25 July 2024 in respect of the construction of the Factory and Industry Research Center on the Land at the Total Contract Price of RMB220.0 million (tax inclusive) (equivalent to approximately HK\$236.1 million), subject to the adjustment of the project settlement auditing;
- (c) Construction Contract 1 entered into between Guigang Shenglong and the Contractor on 28 December 2024;
- (d) Construction Contract 2 entered into between Guangdong Shenglong and the Contractor on 28 March 2025; and
- (e) Land Use Right Contract in relation to the Land Acquisition entered into between Hangzhou Shenglong and Lin'an Bureau on 6 May 2026.

6. LITIGATION

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

7. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of three years and will continue thereafter subject to termination by either party giving not less than three month's written notice.

Each of the independent non-executive Directors has entered into a service contract with the Company for a term of one year, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service contract and until terminated by either party giving not less than three months' written notice.

Save as disclosed aforesaid, none of our Directors has or is proposed to enter into a service contract/letter of appointment with the Company or any member of the Group (other than contracts expiring or determinable by any member of the Group within one year without payment of compensation (other than statutory compensation)).

8. GENERAL

- (a) The registered office of the Company is at P.O. Box 1350, Windward 3, Regatta Office Park, Grand Cayman KY1-1108, Cayman Islands.
- (b) The Cayman Islands principal share registrar and transfer office of the Company is Ocorian Trust (Cayman) Limited, P.O. Box 1350, Windward 3, Regatta Office Park, Grand Cayman KY1-1108, Cayman Islands.

- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The Company's headquarters and principal place of business of the Company in the PRC is located at No. 25 Xin'anjiang Avenue, She County Economic Development Zone, Huangshan City, Anhui Province, PRC.
- (e) The Company's principal place of business in Hong Kong is at Room 3201, Alexandra House, 18 Chater Road, Central, Hong Kong.
- (f) The company secretary of the Company is Mr. Chan Wai Lung (陳偉龍). Mr. Chan Wai Lung has approximately 25 years of experience in financial and accounting management, corporate governance and compliance affairs. Mr. Chan Wai Lung holds a master's degree in Professional Accounting from The Hong Kong Polytechnic University and is a member of the Hong Kong Institute of Certified Public Accountants.
- (g) The compliance officer of the Company is Ms. Han Jianping. She is responsible for the Group's risk control management. She joined Hangzhou Splendor Decoration Co., Ltd, a wholly-owned subsidiary of the Group, in January 1999, and has been the financial manager of Group since then. Ms. Han has over 45 years of experience in accounting and finance. From September 1979 to February 1992, she served as the financial director of Lin'an Wujiaohua Company* (臨安五交化公司). From March 1992 to December 1998, she served as the financial manager of the Jiangnan Branch of Hainan Development Bank* (海南發展銀行江南支行). Ms. Han completed her junior college studies at Jiangsu University of Technology* (江蘇理工大學) in February 1998.
- (h) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

9. AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) on 22 June 2017 with written terms of reference in compliance with Rules 5.28, 5.29 and 5.33 of the GEM Listing Rules and code provisions D.3.3 and D.3.7 of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three members, namely Mr. Tso Ping Cheong Brian, Mr. Ma Lingfei and Mr. Zheng Yong. Mr. Tso Ping Cheong Brian is the chairman of the Audit Committee, who holds the appropriate qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules. The biographical details of the members of the Audit Committee are set out below:

- (a) Mr. Tso Ping Cheong Brian (曹炳昌) (“**Mr. Tso**”), aged 46, was appointed as an independent non-executive Director on 1 June 2018. He is responsible for providing independent advice to the Board. He is the chairman of the audit committee, and a member of the nomination committee and remuneration committee of the Company. Mr. Tso has over 20 years of experience in accounting and financial management. From September 2003 to November 2008, he worked in Ernst & Young with last position as manager. From December 2008 to May 2010, he was the financial controller of Greenheart Group Limited (formerly known as Omnicorp Limited) (Stock code: 94). From May 2010 to August 2012, He was the senior vice president of Maxdo Project Management Company Limited. From January 2013 to present, he has been the sole proprietor of Teton CPA Company, an accounting firm. Mr. Tso obtained his bachelor’s degree in accountancy from the Hong Kong Polytechnic University in November 2003. He obtained his master’s degree in corporate governance from the Hong Kong Polytechnic University in October 2013. Mr. Tso is currently a practising and fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Chartered Governance Institute. Mr. Tso served as an independent non-executive director of Asia-Pac Financial Investment Company Limited (Stock code:8193) from July 2014 to January 2018, a non-executive director of Kong Shum Smart Management Group (Holdings) Limited (Stock code: 8181) from July 2014 to February 2015, an independent non-executive director of Larry Jewelry International Company Limited (Stock code: 8351) from October 2014 to September 2019, Guoen Holdings Limited (formerly known as Guru Online (Holdings) Limited) (Stock code: 8121) from May 2014 to May 2023 and EFT Solutions Holdings Limited (Stock code: 8062) from September 2019 to January 2024. He is currently an independent non-executive director of Huasheng International Holding Limited (formerly known as Newtree Group Holdings Limited) (Stock code: 1323) since February 2015, Maxicity Holdings Limited (Stock code: 2295) since November 2019 and Thelloy Development Group Limited (Stock code: 1546) since 10 April 2026.

- (b) Mr. Ma Lingfei (馬靈飛) (“**Mr. Ma**”), aged 67, was appointed as an independent non-executive Director on 22 June 2017. He is responsible for providing independent advice to the Board. He is the chairman of the nomination committee, and a member of the audit committee and remuneration committee of the Company. Mr. Ma, who has currently retired, was engaged in wood science and technology research before retirement. He worked as a professor at School of Engineering, Zhejiang A & F University* (浙江農林大學), and served as a deputy director of National Engineering Research Center for Comprehensive Utilisation of Wood Resources* (國家木質資源綜合利用工程技術研究中心) who was primarily engaged in the research of processing plate. Mr. Ma graduated from Zhejiang A & F University majoring in forestry in January 1982. He obtained a doctorate degree in agriculture from Kyoto University in Japan in November 1998. Since January 1982, Mr. Ma worked at Zhejiang A & F University as a lecturer and researcher of wood science and technology research. During the period from April 1999 to May 2002, Mr. Ma joined the Institute of Wood Technology, Akita Prefectural University in Japan as a temporary research scientist. From September 2007 to March 2008, he was a foreign visiting scholar* (招聘外國人學者) of Research Institute for Sustainable Humanosphere, Kyoto University in Japan.
- (c) Mr. Zheng Yong (鄭永) (“**Mr. Zheng**”), aged 53, was appointed as an independent non-executive Director on 1 June 2022. He is responsible for providing independent advice to the Board. He is the chairman of the remuneration committee, and a member of the audit committee and nomination committee of the Company. Mr. Zheng is mainly engaged in teaching and research in the areas of accounting, taxation, higher education studies, and corporate management. Mr. Zheng was a visiting scholar at the University of Toledo in July 2011. Since June 2016, Mr. Zheng has acted as the director of the accounting department social service center* (會計學院社會服務中心) of Zhejiang University of Finance and Economics and deputy director of Zhejiang Province College Finance and Accounting Information Contest Office* (浙江省大學生財會資訊化競賽辦公室副主任), respectively.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the respective websites of the Company (www.splendecor.com) and the Stock Exchange (www.hkexnews.hk) for a period of fourteen (14) days from the date of this circular (both days inclusive):

- (a) the Confirmation Letter;
- (b) the Land Use Right Contract;
- (c) the valuation report by Peak Vision Appraisals Limited, the text of which is set out in Appendix II to this circular; and
- (d) the letter from the Board as set forth in this circular.