THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **LAI GROUP HOLDING COMPANY LIMITED**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale 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 shares of the Company.

Lai Group Holding Company Limited
禮建德集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8455)

(1) PROPOSED CAPITAL REORGANISATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(4) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY ONE ADJUSTED SHARE HELD ON THE RECORD DATE ON NON-FULLY UNDERWRITTEN BASIS;
(5) CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT;
AND
(6) NOTICE OF EGM

Placing Agent

一盈證券有限公司
I WIN SECURITIES LTD.

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

華安證券(香港)
HUAAN SECURITIES (HONG KONG)

Capitalised terms used in this circular shall have the same meanings as defined in the section headed "Definitions" in this circular unless the context otherwise requires.

A letter from the Board is set out on pages 12 to 50 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 51 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 52 to 80 of this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Wednesday, 23 December 2026. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 8 January 2027 to Friday, 15 January 2027 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 8 January 2027 to Friday, 15 January 2027 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the EGM to be held at 9/F, 33 Des Voeux Road Central, Central, Hong Kong on Friday, 11 December 2026 at 10:30 a.m. is set out on pages EGM-1 to EGM-5 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof (as the case may be) should you so desire and in such event, the form of proxy shall be deemed to be revoked. Treasury Shares, if any, and registered under the name of the Company shall have no voting rights at the Company's general meetings. For the avoidance of doubt and for the purpose of the GEM Listing Rules, treasury shares held under the name of CCASS shall abstain from voting at the Company's general meeting.

The Rights Issue will proceed on a non-fully underwritten basis irrespective of the acceptance of the provisionally allotted Rights Shares and is subject to fulfillment of conditions. Please refer to the section headed "Conditions of the Rights Issue" in this circular. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid rights together with the ES Unsold Rights Shares will be placed to independent placees on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares, which are not placed under the Compensatory Arrangements and remain untaken by the Underwriter, as a result of the maintenance of the minimum Public Float Requirement upon completion of the Rights Issue or not triggering mandatory general offer under the Takeovers Code, will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Save for the Rights Shares undertaken to be subscribed by the Underwriter pursuant to the Irrevocable Undertaking and the Underwriting Agreement, there is no minimum amount to be raised under the Rights Issue. It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right in its absolute discretion to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. Such events are set out in the section headed "Termination of the Underwriting Agreement" of this circular. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled.

This circular will remain on the "Latest Company Announcements" page of the website of the Stock Exchange at http://www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at www.dic.hk.

20 November 2026

CHARACTERISTICS OF GEM

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

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

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EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Capital Reorganisation, the Change in Board Lot Size, the Increase in Authorised Share Capital and the Rights Issue. Subject to the approval of the Shareholders at the EGM, the Increase in Authorised Share Capital will become effective immediately upon the Capital Reorganisation becoming effective, which is expected to be on Tuesday, 22 December 2026. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Capital Reorganisation, the Increase in Authorised Share Capital and the Rights Issue and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to the Hong Kong local times and dates.

Event	**Time and Date**
Despatch of circular and notice of EGM	Friday, 20 November 2026
Latest time for lodging share transfer documents in order to qualify for attending and voting at the EGM	4:00 p.m. on Monday, 7 December 2026
Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive)	Tuesday, 8 December 2026 to Friday, 11 December 2026
Latest time for lodging forms of proxy for the EGM	10:30 a.m. on Wednesday, 9 December 2026
Record date for attendance and voting at the EGM	Friday, 11 December 2026
Date and time of the EGM	10:30 a.m. on Friday, 11 December 2026
Announcement of voting results of the EGM	Friday, 11 December 2026
Register of members re-opens	Monday, 14 December 2026

The following events are conditional on the fulfillment of the conditions for the implementation of the Capital Reorganisation and the Rights Issue and therefore the dates are tentative only:

Effective date of the Capital Reorganisation	Tuesday, 22 December 2026
Commencement of dealings in the Adjusted Shares	9:00 a.m. on Tuesday, 22 December 2026
Original counter for trading in Existing Shares in board lot of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 22 December 2026

Temporary counter for trading in the Adjusted Shares in board lot of 500 Adjusted Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 22 December 2026
First day of free exchange of existing share certificates for new share certificates for Adjusted Shares	Tuesday, 22 December 2026
Last day of dealings in the Adjusted Shares on a cum-rights basis relating to the Rights Issue	Tuesday, 22 December 2026
First day of dealings in the Adjusted Shares on an ex-rights basis relating to the Rights Issue	Wednesday, 23 December 2026
Latest time for the Shareholders to lodge transfer documents of Adjusted Shares in order to be qualified for the Rights Issue	4:00 p.m. on Monday, 28 December 2026
Closure of register of members to determine the entitlements to the Rights Issue (both dates inclusive)	Tuesday, 29 December 2026 to Tuesday, 5 January 2027
Record date for the Rights Issue	Tuesday, 5 January 2027
Expected despatch date of the Prospectus Documents (including the PAL and the Prospectus), and in case of the Excluded Shareholders, the Prospectus for information purpose only	Wednesday, 6 January 2027
Register of members of the Company re-opens	Wednesday, 6 January 2027
Original counter for trading in the Adjusted Shares in board lots of 5,000 Adjusted Shares (in the form of new share certificates) re-opens	9:00 a.m. on Thursday, 7 January 2027
Parallel trading in the Adjusted Shares (in the form of both existing share certificates in board lots of 500 Adjusted Shares and new share certificates in board lots of 5,000 Adjusted Shares) commences	9:00 a.m. on Thursday, 7 January 2027
Designated broker starts to stand in the market to provide matching services for odd lot of the Adjusted Shares	9:00 a.m. on Thursday, 7 January 2027

First day of dealings in nil-paid Rights Shares in the board lot size of 5,000 Rights Shares	Friday, 8 January 2027
Latest time for splitting the PAL	4:00 p.m. on Tuesday, 12 January 2027
Last day of dealings in nil-paid Rights Shares	Friday, 15 January 2027
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain	4:00 p.m. on Wednesday, 20 January 2027
Latest time for acceptance and payment for the Rights Shares	4:00 p.m. on Wednesday, 20 January 2027
Announcement of the number of Unsubscribed Rights Share and ES Unsold Rights Shares subject to Compensatory Arrangements	Thursday, 21 January 2027
Commencement of placing of Unsubscribed Rights Share and ES Unsold Rights Shares by the Placing Agent	Monday, 25 January 2027
Designated broker ceases to provide matching services for odd lot of the Adjusted Shares	4:00 p.m. on Wednesday, 27 January 2027
Temporary counter for trading in the Adjusted Shares in board lot of 500 Adjusted Shares (in the form of existing share certificates) closes	4:10 p.m. on Wednesday, 27 January 2027
Parallel trading in the Adjusted Shares (in the form of both existing share certificates in board lots of 500 Adjusted Shares and new share certificates in board lots of 5,000 Adjusted Shares) ends	4:10 p.m. on Wednesday, 27 January 2027
Latest time of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agent	4:00 p.m. on Friday, 29 January 2027
Last day for free exchange of existing share certificates for new share certificates for the Adjusted Shares	Friday, 29 January 2027
Latest time for termination of the Placing Agreement	4:00 p.m. on Monday, 1 February 2027

Latest time for the termination of the Underwriting
Agreement for the Rights Issue to become unconditional. . . . . .4:00 p.m. on Tuesday, 2 February 2027

Announcement of results of the Rights Issue
(including the results of the Placing and the Net Gain) . . . . . Wednesday, 10 February 2027

Despatch of share certificates for fully-paid Rights
Shares and refund cheques (if any) . . . . . Thursday, 11 February 2027

Commencement of dealings in fully-paid Rights Shares
(in the board lot size of 5,000 Rights Shares) . . . . . Friday, 12 February 2027

Payment of Net Gain to relevant No Action Shareholders
and Excluded Shareholders (if any) . . . . . Monday, 1 March 2027

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

The Latest Time for Acceptance will not take place at the time indicated above if there is a tropical cyclone warning signal no. 8 or above, or "extreme conditions" caused by super typhoons announced by the Government of Hong Kong or a "black" rainstorm warning:

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

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

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the "Expected Timetable" above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

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

"Adjusted Shares"	ordinary share(s) with par value of HK$0.01 each in the share capital of the Company immediately following the Capital Reduction and the Sub-division becoming effective
"AFRC"	the Accounting and Financial Reporting Council in Hong Kong
"Announcement"	the announcement of the Company dated 7 October 2026 in relation to, among other things, the Capital Reorganisation, the Increase in Authorised Share Capital, the Change in Board Lot Size and the Rights Issue
"Board"	the board of Directors
"Business Day"	any day on which the Stock Exchange generally is open for business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a Number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purposes of this circular be counted as a business day
"Capital Reduction"	the reduction of the issued share capital of the Company by reducing the par value of each issued Consolidated Share from HK$0.20 to HK$0.01 by cancelling the paid up share capital to the extent of HK$0.19 per issued Consolidated Share
"Capital Reorganisation"	the Share Consolidation, the Capital Reduction and the Sub-division
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
"Change in Board Lot Size"	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 10,000 Existing Shares to 5,000 Adjusted Shares
"Companies Act"	the Companies Act (As Revised) of the Cayman Islands
"Companies (WUMP) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)

"Company"	Lai Group Holding Company Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the GEM (stock code: 8455)
"Compensatory Arrangements"	placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 10.31(1)(b) of the GEM Listing Rules
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Consolidated Share(s)"	ordinary share(s) of HK$0.20 each in the share capital of the Company immediately following the Share Consolidation becoming effective
"controlling shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Court"	the Grand Court of the Cayman Islands
"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, among other things, the Capital Reorganisation, the Increase in Authorised Share Capital and the Rights Issue
"ES Unsold Rights Shares"	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company
"Excluded Shareholder(s)"	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"Existing Share(s)"	ordinary share(s) with par value of HK$0.01 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
"GEM"	GEM of the Stock Exchange
"GEM Listing Committee"	has the meaning ascribed to it in the GEM Listing Rules
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM

"General Rules of CCASS"	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
"Group"	the Company and its subsidiaries
"HK H&Y Group"	HK H&Y Group Chain Management Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company, which as at the Latest Practicable Date, beneficially owns 217,450,000 Existing Shares, representing 22.65% of the total issued share capital of the Company, which is wholly-owned by Mr. Liu Jiasheng as at the Latest Practicable Date
"HK$" or "HKD"	Hong Kong dollar, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Increase in Authorised Share Capital"	the increase in the authorised share capital of the Company from HK$20,000,000 divided into 2,000,000,000 Adjusted Shares of HK$0.01 each to HK$200,000,000 divided into 20,000,000,000 Adjusted Shares of HK$0.01 each by creating an additional 18,000,000,000 unissued Adjusted Shares of HK$0.01 each
"Independent Board Committee"	the independent board committee of the Board, comprising all the independent non-executive Directors established for the purpose of giving a recommendation to Independent Shareholders of the Rights Issue
"Independent Financial Adviser"	Huaan Securities (Hong Kong) Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder
"Independent Shareholders"	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
"Independent Third Party(ies)"	person(s) who is(are) third party(ies) independent of the Company and connected persons of the Company

"Irrevocable Undertaking"	the irrevocable undertaking given by HK H&Y Group in favour of the Company to fully subscribe for its Rights Shares entitlement under the Rights Issue, details of which are set out in the sub-section headed "Irrevocable Undertaking" in this circular
"Last Trading Day"	7 October 2026, being the last trading day of the Existing Shares on the Stock Exchange before the release of the Announcement
"Latest Placing Date"	Friday, 29 January 2027 or such later date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares
"Latest Placing Time"	4:00 p.m. on the Latest Placing Date
"Latest Practicable Date"	18 November 2026, being the latest practicable date before the printing of this circular for the purpose of ascertaining certain information contained herein
"Latest Time for Acceptance"	4:00 p.m. on Wednesday, 20 January 2027, being the latest time for acceptance of and payment for the Rights Shares
"Latest Time for Placing Termination"	4:00 p.m. on Monday, 1 February 2027 (or such later time or date as may be agreed between the Placing Agent and the Company), being the latest time to terminate the Placing Agreement
"Latest Time for Underwriting Termination"	4:00 p.m. on Tuesday, 2 February 2027, or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
"Long Stop Date"	Monday, 1 February 2027 or such later date as may be agreed between the Placing Agent and the Company in writing
"Net Gain"	any premiums paid by the placees over the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements
"No Action Shareholders"	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renouncees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
"Overseas Letter"	a letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue

"Overseas Shareholder(s)"	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is(are) outside Hong Kong
"PAL(s)"	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
"Placee(s)"	any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement
"Placing"	the offer by way of private placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall be the Independent Third Party(ies), to the Placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
"Placing Agent"	I Win Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 10.31(1)(b) of the GEM Listing Rules
"Placing Agreement"	the placing agreement dated 7 October 2026 and entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Placee(s) on a best effort basis
"Placing Arrangement"	the placing arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares as described in the section headed "The Placing Agreement" in this circular
"Placing Period"	a period commencing from the second (2nd) Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares, which is expected to be Monday, 25 January 2027, and ending at the Latest Placing Time
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Taiwan, Hong Kong and the Macau Special Administrative Region

"Prospectus"	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
"Prospectus Documents"	collectively, the Prospectus and the PAL
"Prospectus Posting Date"	the date of despatch of the Prospectus Documents
"Public Float Requirement"	the public float requirement under Rule 11.23(7) of the GEM Listing Rules
"Qualifying Shareholder(s)"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
"Record Date"	Tuesday, 5 January 2027 or such other date as may be determined by the Company, being the date for determining entitlements of Shareholders to participate in the Rights Issue
"Rights Issue"	the proposed issue of the Rights Shares by way of rights on the basis of two (2) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents
"Rights Share(s)"	up to 96,000,000 Adjusted Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders for subscription pursuant to the Rights Issue, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
"SFC"	the Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the Existing Share(s), the Consolidated Share(s) and/or the Adjusted Share(s), as the case may be
"Share Consolidation"	the consolidation of every twenty (20) issued and unissued Existing Shares of HK$0.01 each into one (1) Consolidated Share of HK$0.20 each
"Share Registrar"	the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, the address of which is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
"Shareholder(s)"	the holder(s) of the Existing Share(s), the Consolidated Share(s) or the Adjusted Share(s), as the case may be

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Sub-division"	the sub-division of each authorised but unissued Consolidated Share of HK$0.20 each into 20 authorised but unissued Adjusted Shares of HK$0.01 each
"Subscription Price"	HK$0.34 per Rights Share (after the Capital Reorganisation has become effective)
"substantial Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Underwriter"	HK H&Y Group
"Underwriting Agreement"	the underwriting agreement dated 7 October 2026 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
"Underwritten Shares"	the Rights Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
"Unsubscribed Rights Shares"	Rights Shares that are not subscribed by the Qualifying Shareholders
"%"	per cent

Lai Group Holding Company Limited
禮建德集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8455)

Executive Directors:
Mr. Wang Guoping *(Chairman)*
Dr. Chan Lai Sin *(Vice Chairman)*

Non-executive Director:
Ms. Liu Lihui

Independent Non-executive Directors:
Dr. Chung Siu Kuen
Ms. Ma Yufei
Ms. Sun Wai Ling

Registered Office:
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Headquarters and Principal Place of Business in Hong Kong:
Office H, 19/F, Phase 01
Kings Wing Plaza
3 On Kwan Street
Shek Mun
Sha Tin
New Territories
Hong Kong

20 November 2026

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED CAPITAL REORGANISATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(4) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY ONE ADJUSTED SHARE HELD ON THE RECORD DATE ON NON-FULLY UNDERWRITTEN BASIS;
(5) CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT;
AND
(6) NOTICE OF EGM

INTRODUCTION

Reference is made to the Announcement, in relation to, among other things, the Capital Reorganisation, the Change in Board Lot Size, the Increase in Authorised Share Capital and the Rights Issue.

The purpose of this circular is to provide you with, among other things, (i) details of the Capital Reorganisation and the Change in Board Lot Size; (ii) details of the Increase in Authorised Share Capital; (iii) further details of the Rights Issue; (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; and (v) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (vi) a notice convening the EGM, in order to enable you to make an informed decision on how to vote at the EGM.

PROPOSED CAPITAL REORGANISATION

As at the Latest Practicable Date, the authorised share capital of the Company is HK$20,000,000 divided into 2,000,000,000 Shares with par value of HK$0.01 each, of which 960,000,000 Shares have been issued and are fully paid or credited as fully paid.

The Board proposes to implement the Capital Reorganisation which comprises the following:

(1) Proposed Share Consolidation

The Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares with par value of HK$0.01 each will be consolidated into one (1) Consolidated Share with par value of HK$0.20 each.

(2) Proposed Capital Reduction and the Sub-division

Immediately following the Share Consolidation, the Capital Reduction and the Sub-division will be implemented in the following manner:

(i) the Capital Reduction whereby (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be aggregated and, if possible, sold for the benefit of the Company, and (b) the par value of each issued Consolidated Share will be reduced from HK$0.20 to HK$0.01 by cancelling the paid-up capital to the extent of HK$0.19 per issued Consolidated Share, so that following such reduction, each issued Consolidated Share shall become one Adjusted Share with par value of HK$0.01 each;

(ii) the credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of the credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate; and

(iii) immediately following the Capital Reduction becoming effective, each authorised but unissued Consolidated Share will be subdivided into 20 authorised but unissued Adjusted Shares with par value of HK$0.01 each.

As at the Latest Practicable Date, 960,000,000 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming no further Existing Shares will be issued or repurchased from the Latest Practicable Date up to and including the date of which the Capital Reorganisation shall become effective, the authorised share capital of the Company shall be HK$20,000,000 divided into 2,000,000,000 Adjusted Shares with par value of HK$0.01 each, of which 48,000,000 Adjusted Shares will be in issue and fully paid or credited as fully paid.

Based on the number of the Existing Shares in issue as at the Latest Practicable Date, a credit of approximately HK$9,120,000 will arise as a result of the Capital Reduction.

Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to the date on which the Capital Reorganisation becomes effective, the share capital structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Capital Reorganisation becoming effective are summarised as follows:

	As at the Latest Practicable Date	**Immediately after the Capital Reorganisation becoming effective**
Par value	HK$0.01 per Existing Share	HK$0.01 per Adjusted Share
Amount of the authorised share capital	HK$20,000,000	HK$20,000,000
Number of authorised Shares	2,000,000,000	2,000,000,000
Amount of issued share capital	HK$9,600,000	HK$480,000
Number of issued Shares	960,000,000	48,000,000

Save for applying the credit arising from the Capital Reduction towards offsetting the accumulated losses of the Company and expenses to be incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled. The Directors are of the view that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group and is in the interest of the Company and the Shareholders as a whole.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional on the following conditions being fulfilled:

(i) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reorganisation;

(ii) the signing by the directors of the Company of a solvency statement in accordance with the requirements of the Companies Act;

(iii) registration by the Registrar of Companies in the Cayman Islands of a copy of the solvency statement and the minute containing the particulars required by the Companies Act with respect to the Capital Reduction;

(iv) the GEM Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective; and

(v) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Capital Reorganisation.

The Capital Reorganisation will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reduction at the EGM, the Company will file the requisite documents with the Registrar of Companies in the Cayman Islands.

None of the above conditions can be waived. As at the Latest Practicable Date, none of the above conditions has been fulfilled.

Fractional entitlement to the Adjusted Shares

Any fractional Adjusted Share arising from the Capital Reorganisation, if any, will be aggregated and, if possible, sold for the benefit of the Company and will not be allocated to the Shareholders otherwise entitled thereto. Fractional Adjusted Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers the possibility of buying or selling the Shares in a number sufficient to make up an entitlement to receive a whole number of Adjusted Shares.

Odd lots arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the Adjusted Shares arising from the Capital Reorganisation, the Company has appointed I Win Securities Limited as its agent to stand in the market to provide matching services for the sale and purchase of odd lots of Adjusted Shares on a best effort basis, to those Shareholders who wish to acquire odd lots of Adjusted Shares to make up a full board lot, or to dispose of their holding of odd lots of Adjusted Shares during the period from 9:00 a.m. on Thursday, 7 January 2027 to 4:00 p.m. on Wednesday, 27 January 2027 (both days inclusive). Shareholders who wish to take advantage of this service should contact Mr. Fong Wai Lok, Raymond of I Win Securities Limited at Room 3001-3002, 30/F, China Insurance Group Building, 141 Des Voeux Road Central, Central, Hong Kong or at telephone number (852) 2688 6333 during normal office hours of such period.

Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares is not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Exchange of share certificates for Adjusted Shares

Subject to the Capital Reorganisation having become effective, Shareholders may, during the specified period from Tuesday, 22 December 2026 to Friday, 29 January 2027 (both days inclusive), submit the existing share certificates for the Existing Shares to the Share Registrar, at Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Adjusted Shares.

Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Adjusted Shares at the expense of the Shareholders on payment of a fee of HK$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Adjusted Shares (whichever is higher) but are not acceptable for trading, settlement and registration purposes.

The new share certificates for the Adjusted Shares will be issued in green colour in order to distinguish them from the existing share certificates in yellow colour.

Listing and dealings

Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective.

The Adjusted Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange as well as compliance with the stock admission requirements of the HKSCC, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the Existing Shares or any debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the Adjusted Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

CHANGE IN BOARD LOT SIZE

The Existing Shares are currently traded on the Stock Exchange in board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading from 10,000 Existing Shares to 5,000 Adjusted Shares per board lot upon the Capital Reorganisation becoming effective.

Based on the closing price of HK$0.036 per Existing Share (equivalent to the theoretical closing price of HK$0.72 per Adjusted Share) as at the Latest Practicable Date, (i) the value per board lot of 10,000 Existing Shares is HK$360; (ii) the value of each board lot of 10,000 Adjusted Shares would be HK$7,200 assuming the Capital Reorganisation becoming effective; and (iii) the estimated value per board lot of 5,000 Adjusted Shares would be HK$3,600.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders.

The Shareholders' approval is not required for the Change in Board Lot Size.

REASONS FOR THE CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the share approaches the extremities of HK$0.01, the issuer may be required to proceed with a consolidation of its securities. According to the "Guide on Trading Arrangements for Selected Types of Corporate Actions" (the "**Guide**") issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated in June 2026, (i) any trading price less than HK$0.1 will be considered as trading at extremities; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK$1,000.

As at the Latest Practicable Date, the closing price of an Existing Share of the Company was HK$0.036, with a board lot size of 10,000 Existing Shares, the existing board lot value was only HK$360, which was less than HK$1,000. The closing prices of the Existing Shares were below HK$0.1 per Existing Share since 8 April 2026 and up to the Latest Practicable Date with the highest closing price of HK$0.098 per Existing Share on 8 April 2026 and the lowest closing price of HK$0.016 per Existing Share on 4 August 2026, 7 August 2026 and 12 August 2026 and the Existing Shares have been trading at below HK$0.1 per Share during the past seven months.

In view of the recent trading price of the Shares at a level below HK$0.1 and the value per board lot being substantially less than HK$1,000, the Board considers that upon the Capital Reorganisation becoming effective, the share price of the Company would be adjusted to HK$0.72 per Adjusted Share (based on the closing price of HK$0.036 per Existing Share as at the Latest Practicable Date); and with a board lot size of 5,000 Adjusted Shares, the new board lot value would be HK$3,600, which would enable the Company to comply with the trading requirements under the GEM Listing Rules. Further, the Capital Reduction will bring about a corresponding upward adjustment in the trading price per board lot of the Adjusted Shares on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in the Adjusted Shares. As a result, the Capital Reorganisation would not only enable the Company to comply with the trading requirements under the GEM Listing Rules, but would also attract more investors and hence broaden the Shareholder base.

The Directors are also of the opinion that upon the Capital Reorganisation becoming effective, it will (i) give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future; (ii) enable the nominal or par value of the Shares to be maintained at a lower level of HK$0.01 each, thus giving greater flexibility to the Company to issue Adjusted Shares in the future given that the Company is not permitted, without order of the Court, to issue new Shares below their nominal or par value.

As such, the Directors are of the view that the Capital Reorganisation and the Change in Board Lot Size will not have any material adverse effect on the financial position of the Company nor result in change in the relative rights of the Shareholders and are in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, save for the Rights Issue, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation, and the Company does not have any concrete plan to conduct any fund raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes, subject to, amongst others, the Capital Reorganisation becoming effective, to increase the authorised share capital of the Company from HK$20,000,000 divided into 2,000,000,000 Adjusted Shares of HK$0.01 each to HK$200,000,000 divided into 20,000,000,000 Adjusted Shares of HK$0.01 each by creating an additional 18,000,000,000 unissued Adjusted Shares of HK$0.01 each. Subject to passing of an ordinary resolution by Shareholders at the EGM, the Increase in Authorised Share Capital will become effective immediately upon the Capital Reorganisation becoming effective, which is expected to be on Tuesday, 22 December 2026.

In order to facilitate the Rights Issue, accommodate the future growth of the Group and to provide the Company with greater flexibility to raise funds in the future, the Board considers the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

PROPOSED RIGHTS ISSUE

The Board proposes, subject to, amongst others, the Capital Reorganisation and the Increase in Authorised Share Capital becoming effective, to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) Adjusted Share held on the Record Date at the Subscription Price of HK$0.34 per Rights Share (after the Capital Reorganisation has become effective), to raise gross proceeds of approximately HK$32.6 million before expenses (assuming no other change in the number of Shares in issue save for the Capital Reorganisation on or before the Record Date), by way of the Rights Issue of up to 96,000,000 Rights Shares (after the Capital Reorganisation has become effective) to the Qualifying Shareholders.

Further details of the Rights Issue are set out below:

Issue statistics

Basis of Rights Issue	:	two (2) Rights Shares for every one (1) Adjusted Share held at the close of business on the Record Date
Subscription Price	:	HK$0.34 per Rights Share (after the Capital Reorganisation has become effective)
Number of Shares in issue as at date of the Announcement	:	960,000,000 Existing Shares
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	:	48,000,000 Adjusted Shares (assuming there is no change in number of Shares in issue up to the effective date of the Capital Reorganisation)
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 96,000,000 Rights Shares with an aggregate nominal value of HK$960,000, assuming there is no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation becoming effective
Total number of Adjusted Shares in issue upon completion of the Rights Issue	:	Up to 144,000,000 Adjusted Shares, assuming no change in the number of Shares in issue on or before the Record Date other than from the Capital Reorganisation becoming effective
Amount to be raised:	:	Up to approximately HK$32.6 million before expenses, assuming no change in the number of Shares in issue on or before the Record Date other than from the Capital Reorganisation becoming effective and all Rights Shares will be taken up

The Company has no outstanding warrants, options or convertible securities in issue or other similar rights entitling holders thereof to convert into or exchange into or subscribe for new Shares as at the Latest Practicable Date.

Assuming no change in the number of Shares in issue on or before the Record Date, other than from the Capital Reorganisation becoming effective, the aggregate 96,000,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 200% of the total number of issued Adjusted Shares upon the Capital Reorganisation becoming effective and approximately 66.67% of the total number of issued Adjusted Shares as enlarged by the issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

Non-fully underwritten basis

The Rights Issue will proceed on a non-fully underwritten basis and be partially underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement. Save for the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

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

In determining to conduct the Rights Issue on a non-fully underwritten basis without a minimum subscription level, the Directors have considered that (i) the net proceeds are intended to meet the Group's ongoing operating expenses over the next 24 months, rather than an immediate funding requirement involving a fixed minimum amount, and the absence of a minimum subscription condition allows the Company, subject to fulfilment of the other conditions of the Rights Issue, to raise additional funds to support its operations even if the Rights Shares are not fully subscribed; (ii) the partial underwriting arrangement enables the Company to obtain support from HK H&Y Group without incurring any underwriting commission, while limiting its subscription to avoid triggering a mandatory general offer obligation under the Takeovers Code and to maintain compliance with the Public Float Requirement; and (iii) the Rights Issue provides all Qualifying Shareholders with the opportunity to maintain their respective proportionate shareholding interests in the Company and to participate in the future growth of the Company in proportion to their shareholdings.

If the net proceeds from the Rights Issue are insufficient to meet the intended uses, the Company will apply the net proceeds in the order of priority set out in the section headed "USE OF PROCEEDS" in this circular. Any remaining shortfall may be bridged by alternative methods, including (i) seeking financial assistance from Directors; and (ii) the implementation of stringent operational cost-control measures such as freezing and minimizing operational headcounts and administrative expenses. Currently, a director of the Company, namely Dr. Chan Lai Sin, has provided a loan of approximately HK$2 million. As at the Latest Practicable Date, no agreement had been entered into with Dr. Chan Lai Sin in respect of any further loan financing. The Company may approach other Directors for further loan financing as and when necessary to meet the Group's general working capital. In this connection, Ms. Liu Lihui, a non-executive Director, has verbally agreed to provide financial assistance to the Group should the need arise, including where the actual net proceeds from the Rights Issue are insufficient to meet the intended uses.

Having considered the foregoing, the Directors (including the members of the Independent Board Committee whose opinion is set forth in this circular after having been advised by the Independent Financial Adviser) consider that conducting the Rights Issue on a non-fully underwritten basis without a minimum subscription level is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Subscription Price

The Subscription Price for the Rights Shares is HK$0.34 per Rights Share (after the Capital Reorganisation has become effective), payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 52.8% to the theoretical closing price of HK$0.72 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.036 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 29.2% to the theoretical closing price of HK$0.48 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.024 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 12.1% to the theoretical ex-rights price of approximately HK$0.387 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.024 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

(iv) a discount of approximately 30.3% to the theoretical closing price of HK$0.488 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of HK$0.0244 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days prior to and excluding the Last Trading Day;

(v) a discount of approximately 29.5% to the theoretical closing price of approximately HK$0.482 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of approximately HK$0.0241 per Existing Share as quoted on the Stock Exchange for the 10 consecutive trading days prior to and excluding the Last Trading Day;

(vi) a premium of approximately HK$0.48 over the audited consolidated net liabilities value attributable to the owners of the Company of approximately HK$0.14 per Adjusted Share (based on (i) the Company's audited consolidated net liabilities attributable to the owners of the Company of approximately HK$6,874,000 as at 31 March 2026; (ii) the total number of 960,000,000 Existing Shares as at the Latest Practicable Date; (iii) the Capital Reorganisation has become effective) as at 31 March 2026; and

(vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 20.3%, represented by the theoretical diluted price of approximately HK$0.389 per Adjusted Share to the theoretical benchmarked price of HK$0.488 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK$0.024 per Share and the average of the closing prices of the Existing Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK$0.0244 per Share).

The Subscription Price was determined by the Company with reference to, among other things, (i) the market price of the Shares under the prevailing market conditions; (ii) the current business performance and financial position of the Group; (iii) the amount of funds and capital needs; and (iv) the reasons for the Rights Issue as set out in the section headed "REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS" in this circular.

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

The Subscription Price of HK$0.34 per Rights Share represents discounts of approximately 29.2%, 30.3% and 29.5% to the theoretical closing price per Adjusted Share on the Last Trading Day and the theoretical average closing prices per Adjusted Share for the five and ten consecutive trading days immediately preceding and excluding the Last Trading Day, respectively, after taking into account the effect of the Capital Reorganisation. In view of the Group's financial performance and position described below, the Directors considered that offering the Rights Shares at a discount to the prevailing market prices would provide an incentive for Qualifying Shareholders and other investors to subscribe. In assessing the extent of the discount, the Directors sought to balance the attractiveness of the subscription terms against the amount of funds to be raised and the potential dilution impact on the shareholding interests of the Shareholders.

In assessing the theoretical dilution effect of approximately 20.3% referred to in paragraph (vii) above, the Directors have balanced the potential dilution impact against the Group's funding needs. Given the Group's financial position, the Directors consider that the discounted Subscription Price provides an incentive for participation, while the two-for-one entitlement facilitates the raising of additional equity capital to support ongoing operations. Accordingly, the Directors consider the theoretical dilution effect acceptable and the Subscription Price and issue size to strike a reasonable balance between facilitating the fundraising and limiting dilution.

In particular, the Group recorded net current liabilities of approximately HK$14.3 million and net liabilities attributable to the owners of the Company of approximately HK$6.9 million as at 31 March 2026. The Group had also recorded total comprehensive expenses for eight consecutive financial years from the year ended 31 March 2019 to the year ended 31 March 2026 and net cash used in operating activities for four consecutive financial years since the year ended 31 March 2023, while its cash balance was approximately HK$9.4 million as at 31 March 2026. These circumstances demonstrate the need to strengthen the Group's capital base and obtain additional funding to support its ongoing operations.

At the Subscription Price of HK$0.34 per Rights Share, the issue of up to 96,000,000 Rights Shares on the basis of two Rights Shares for every one Adjusted Share would raise gross proceeds of up to approximately HK$32.6 million and estimated net proceeds of approximately HK$30.9 million, assuming full subscription. These proceeds are intended to support the payment of the Group's staff costs and directors' remuneration, professional fees and other office-related expenses over the next 24 months, as described in the section headed "USE OF PROCEEDS" in this circular. The Directors have therefore assessed the potential dilution impact in the context of the additional equity funding that the proposed Subscription Price and issue size would enable the Company to raise for these identified operating expenses. In view of the Group's financial performance and position described above, the Directors consider that the benefits of obtaining such funding without creating additional interest or principal repayment obligations justify the theoretical dilution effect in the circumstances.

Having considered the above, the Directors (including the members of the Independent Board Committee whose opinion is set forth in this circular after having been advised by the Independent Financial Adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair, reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotments

The basis of the provisional allotment shall be two (2) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders as at the close of business on the Record Date.

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

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfer documents of the Adjusted Shares (together with the relevant share certificate(s)) must be lodged with the Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:00 p.m. (Hong Kong time) on Monday, 28 December 2026.

It is expected that the last day of dealings in the Adjusted Shares on a cum-rights basis for the Rights Issue is Tuesday, 22 December 2026, and the Adjusted Shares will be dealt with on an ex-rights basis from Wednesday, 23 December 2026.

Subject to the Capital Reorganisation and the Increase in Authorised Share Capital having become effective, the passing of the resolution to approve the Rights Issue and the transaction contemplated thereunder (including the Underwriting Agreement and the Placing Agreement) by the Independent Shareholders at the EGM and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus (without the PAL(s)) to the Excluded Shareholders for their information only.

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

Rights of Overseas Shareholders (if any)

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Company will comply with Rule 17.41(1) of the GEM Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders.

Based on the register of members of the Company as at the Latest Practicable Date, there were 7 Shareholders with registered address in the PRC holding an aggregate of 280,000 Shares (representing approximately 0.03% of the total issued share capital of the Company). The Company has obtained advice from legal advisers and has been advised that there are no restrictions under securities law or other similar laws in the PRC or requirement of any regulatory body or stock exchange in the PRC which would prevent the Company from extending the Rights Issue to the Overseas Shareholders in the PRC. Based upon such advice, the Overseas Shareholders having registered address in the PRC will not be excluded from the Rights Issue and shall therefore be the Qualifying Shareholders. Accordingly, the Rights Issue will be extended to such Overseas Shareholders having registered address in the PRC.

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

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in the market in their nil-paid form during the period from 9:00 a.m. on Friday, 8 January 2027 to 4:00 p.m. on Friday, 15 January 2027 if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK$100 will be paid on pro-rata basis to the relevant Excluded Shareholders.

In view of administrative costs, the Company will retain individual amounts of HK$100 or less for its own benefit. Any unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing Arrangement together with the Unsubscribed Rights Shares.

Any Unsubscribed Rights Shares and ES Unsold Rights Shares that remain unplaced after completion of the Placing Arrangement and remain untaken by the Underwriter as a result of (i) avoidance of triggering a mandatory general offer obligation under the Takeovers Code or (ii) the maintenance of the minimum Public Float Requirement upon completion of the Rights Issue, will not be allotted and issued in fully-paid form by the Company, and the size of the Rights Issue will be reduced accordingly. For the nil-paid Rights Shares that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

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

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Status of Rights Shares

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid, on or after the date of allotment of the Rights Shares in their fully-paid form. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy or any other applicable fees and charges in Hong Kong.

Fractions of the Rights Shares

On the basis of provisional allotment of two (2) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

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

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

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Friday, 29 January 2027, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares at a price not less than the Subscription Price.

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

(i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);

(ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below);

(iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

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

Irrevocable Undertaking

As at the Latest Practicable Date, HK H&Y Group, a substantial Shareholder, beneficially owns an aggregate of 217,450,000 Existing Shares, representing approximately 22.65% of the total issued share capital of the Company. Pursuant to the Irrevocable Undertaking, HK H&Y Group has provided irrevocable and unconditional undertakings to the Company that (a) all the above Shares held by it will continue to be beneficially owned by it on the Record Date; and (b) it will accept and pay for all the Rights Shares to be provisionally allotted to it under the Rights Issue pursuant to the terms and conditions of the Prospectus Documents, provided that (i) the total number of Rights Shares to be subscribed by HK H&Y Group under the Rights Issue will be scaled down to the extent that HK H&Y Group will not trigger a general offer obligation in accordance to the note to Rule 10.26(2) of the GEM Listing Rules or (ii) the Company will not fall below the minimum Public Float Requirement upon completion of the Rights Issue.

As at the Latest Practicable Date, save for HK H&Y Group, the Company has not received any indication from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue.

As at the Latest Practicable Date, save for the Underwriting Agreement and the Irrevocable Undertaking, the Company has not entered into any agreement, arrangement, understanding or undertaking in relation to the Rights Issue with HK H&Y Group or any of its connected persons and their respective associates.

THE UNDERWRITING AGREEMENT

Date:	7 October 2026 (after trading hours)
Issuer:	the Company
Underwriter:	HK H&Y Group As at the Latest Practicable Date, HK H&Y Group is beneficially interested in 217,450,000 Existing Shares, representing approximately 22.65% of the total issued share capital of the Company and is a substantial Shareholder of the Company. As such, the Underwriter complies with Rule 10.24A(2) of the GEM Listing Rules.

Number of Rights Shares underwritten by the Underwriter:	The Rights Issue will be partially underwritten by HK H&Y Group (in addition to its obligations under the Irrevocable Undertaking) as the Underwriter for such number of Rights Shares which together with the Shares already held by HK H&Y Group and the undertaken Shares under the Irrevocable Undertaking, (i) will not reach to a percentage of enlarged issued share capital of the Company at completion of the Rights Issue, which will trigger a general offer obligation in accordance to the note to Rule 10.26(2) of the GEM Listing Rules; or (ii) the Company satisfies the minimum Public Float Requirement under Rule 11.23(7) of GEM Listing Rules upon the completion of the Rights Issue. For the avoidance of doubt, HK H&Y Group will not take up any of the Underwritten Shares in the event that the number of Shares already held by HK H&Y Group together with the undertaken Shares under the Irrevocable Undertaking will result in (i) the Company falling below the minimum Public Float Requirement upon completion of the Rights Issue; or (ii) a general offer obligation will be triggered in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.
Underwriting commission:	The Underwriter will not receive any underwriting commission.
Public Float and Mandatory General Offer:	Any of the Rights Shares which remain untaken by HK H&Y Group, as a result of the maintenance of the minimum Public Float Requirement upon completion of the Rights Issue or not triggering mandatory general offer under the Takeovers Code, will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

As at the Latest Practicable Date, the Underwriter had not entered into any sub-underwriting agreement in relation to the Rights Issue.

The terms of the Underwriting Agreement were determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, and the market conditions. It is not in the ordinary course of business of the Underwriter to underwrite shares. HK H&Y Group's role as the Underwriter in respect of the Rights Issue, together with the Irrevocable Undertaking given by it, signify strong support from the substantial Shareholder to the Group and its confidence in the development of the Group.

Having considered the above, the Directors (including the members of the Independent Board Committee whose opinion is set forth in this circular after having been advised by the Independent Financial Adviser) consider that HK H&Y Group, a substantial Shareholder who is willing to support the continuing growth of the Group, as the Underwriter for the Rights Issue is in the interests of the Company and the Shareholders as a whole, and that the terms of the Underwriting Agreement are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional upon:

(i) the Capital Reorganisation becoming effective;

(ii) the passing of the necessary resolution(s) at the EGM by the Shareholders to approve the Increase in Authorised Share Capital;

(iii) the passing of the necessary resolutions at the EGM by Independent Shareholders other than Chun Wah Limited and the Underwriter and their respective associates by way of poll to approve the Rights Issue, the Placing Agreement and the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares);

(iv) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the business day prior to the first day of their dealings;

(v) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorized in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;

(vi) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;

(vii) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Underwriting Termination;

(viii) the Placing Agreement having been duly executed;

(ix) the compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;

(x) there being no event which would have rendered any of the warranties given by the Company under the Underwriting Agreement untrue or incorrect in any material respect occurring prior to the Latest Time for Underwriting Termination; and

(xi) the Shares remaining listed on GEM of the Stock Exchange at all times prior to the settlement date and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than ten (10) trading days at any time prior to the Latest Time for Underwriting Termination.

Save for the condition (ix) above which can be waived by the Underwriter, none of the above conditions can be waived. If any of the conditions referred to above is not satisfied or waived (as the case may be) by the Latest Time for Underwriting Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches and the Rights Issue will not proceed.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Underwriting Termination (provided that if the date of the Latest Time for Underwriting Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or "extreme conditions" caused by super typhoons is announced by the Government of Hong Kong or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m. on that day, the date of the Latest Time for Underwriting Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above and no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m. on that day):

(i) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

(ii) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

(iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter shall affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(iv) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(vi) the Prospectus Documents in connection with the Rights Issue when published contain information (either as to business prospects or the financial condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a reasonably prudent investor not to apply for its assured entitlements of Rights Shares under the Rights Issue; or

(vii) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or

(viii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten (10) consecutive business days, excluding any suspension in connection with the clearance of this circular or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or

(ix) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Underwriting Termination, to terminate the Underwriting Agreement. If prior to the Latest Time for Underwriting Termination any such notice as is referred to above is given by the Underwriter, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches. If the Underwriter exercises such right, the proposed Rights Issue will not proceed.

THE PLACING AGREEMENT

On 7 October 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date:	7 October 2026 (after trading hours)
Issuer:	The Company
Placing Agent:	I Win Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO, was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. The Placing Agent confirmed that it is independent of and not connected with the Company and its connected persons or any of their respective associates.
Commission:	2.0% of the amount which is equal to the Placing Price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement. The commission is not payable by the Company to the Placing Agent if the Placing Agreement has not become unconditional or is otherwise terminated in accordance with its terms.

Placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case may be):	The placing price of each of the Unsubscribed Rights Shares and/or the ES Unsold Rights Share (as the case maybe) shall be at least equal to the Subscription Price. The final placing price is expected to be determined during the Placing Period and no later than the Latest Placing Time, which will be influenced by the number of Unsubscribed Rights Shares and/or ES Unsold Rights Shares successfully placed, the demand for the remaining Unsubscribed Rights Shares and/or ES Unsold Rights Shares, and any necessary adjustments to the placing price for the remaining Unsubscribed Rights Shares and/or ES Unsold Rights Shares. Any adjustments will be assessed in terms of their associated costs and benefits. If adjustments to the placing price are made, the final placing price will be mutually agreed upon between the Company and the Placing Agent.
Placees:	The Unsubscribed Rights Shares and the ES Unsold Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies). The Placing Agent will use reasonable endeavour to, and the Company will ensure that (i) the Company satisfies the minimum Public Float Requirement under Rule 11.23(7) of GEM Listing Rules upon the completion of the Rights Issue and the Placing; and (ii) the Placing shall not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.
Ranking of the Unsubscribed Rights Shares and the ES Unsold Rights Shares:	The Unsubscribed Rights Shares and the ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

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

(i) the Rights Issue having become unconditional;

(ii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion;

(iii) the GEM Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;

(iv) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and

(v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

In the event the conditions above are not fulfilled on or before the Latest Time for Placing Termination (or such later date as may be agreed between the Placing Agent and the Company in writing), all rights, obligations and liabilities of the parties under the Placing Agreement shall cease and terminate and neither of the parties shall have any claim against the other, save for any antecedent breach under the Placing Agreement prior to such termination.

Placing Period: The Placing Arrangement shall commence from the second (2nd) Business Day immediately after the announcement of the number of Unsubscribed Rights Shares and ES Unsold Rights Shares (i.e. on Monday, 25 January 2027) and shall end at 4:00 p.m. on Friday, 29 January 2027, or any other date by mutual written agreement between the Placing Agent and the Company.

Termination:

The Latest Time for Placing Termination shall be at 4:00 p.m. on Monday, 1 February 2027 (or such later time or date as may be agreed between the Placing Agent and the Company), being the latest time to terminate the Placing Agreement.

The Placing Agent may terminate the Placing Agreement without any liability to the Company, save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to the Latest Time for Placing Termination upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions of the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

(i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a material adverse development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or

(ii) the imposition of any moratorium, suspension (for more than seven (7) trading days other than in connection with the Rights Issue) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or

(iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or

(iv) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong; or

(v) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of completion which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or

(vi) the Unsubscribed Rights Shares and ES Unsold Rights Shares are not approved by the relevant regulatory bodies and/or regulatory authorities to be placed to any placees as contemplated in the Placing Agreement.

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

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

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

The Directors (including the members of the Independent Board Committee whose opinion is set forth in this circular after having been advised by the Independent Financial Adviser) consider that the terms of the Placing Agreement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares (including the commission payable) are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Company; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Directors (including the members of the Independent Board Committee whose opinion is set forth in this circular after having been advised by the Independent Financial Adviser) consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

Application for listing

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. The nil-paid Rights Shares shall have the same board lot size as the Adjusted Shares, i.e. 5,000 Rights Shares in one board lot. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Rights Shares will be eligible for admission in CCASS

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

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

Stamp duty and other applicable fees

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

Taxation

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

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on Thursday, 11 February 2027 by ordinary post to the allottees, at their own risk, to their registered addresses. Each Shareholder will receive one share certificate for all allotted Shares. If the Rights Issue is terminated, refund cheques are expected to be posted on Thursday, 11 February 2027 by ordinary post to the allottees, at their own risk, to their registered addresses.

Conditions of the Rights Issue

The Rights Issue is conditional upon the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and that the Underwriting Agreement not being terminated in accordance with its terms. Please refer to the section headed "Conditions of the Underwriting Agreement" in this circular for further details.

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

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 960,000,000 Existing Shares in issue. The following table sets out the possible changes in the Company's shareholding structure arising from the Capital Reorganisation and the Rights Issue, which are for illustrative purposes only. Below is the illustration of the Company's shareholding structure, including:

(i) as at the Latest Practicable Date;

(ii) immediately upon completion of the Capital Reorganisation, assuming there is no change to the total issued share capital of the Company on or before the effective date of the Capital Reorganisation ("**Scenario 1**");

(iii) immediately after completion of the Rights Issue, assuming (a) all Qualifying Shareholders will take up their respective entitlements of the Rights Issue in full; and (b) there is no change to the total issued share capital of the Company on or before the Record Date ("**Scenario 2**");

(iv) immediately after the completion of the Rights Issue, assuming (a) except for the Underwriter, no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue; (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent placee(s) under the Compensatory Arrangements; (c) there is no change to the total issued share capital of the Company on or before the Record Date; and (d) the subscription of the Underwriter pursuant to the Underwriting Agreement has been scaled down to a level that does not result in triggering the obligation of making a mandatory general offer under the Takeovers Code or a non-compliance of the Public Float Requirement ("**Scenario 3**"); and

(v) immediately after the completion of the Rights Issue, assuming (a) the Underwriter fully subscribes for the Rights Shares for its assured entitlement under the Rights Issue pursuant to the Irrevocable Undertaking; (b) except for the Underwriter, none of the Qualifying Shareholders will take up their respective entitlements of the Rights Shares; (c) the Placing Agent will successfully place all the Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Placing; (d) there is no change to the total issued share capital of the Company on or before the Record Date ("**Scenario 4**").

	As at the Latest Practicable Date		**Scenario 1**		**Scenario 2**		**Scenario 3**		**Scenario 4**	
	Number of Shares	*Approx.% (note i)*	*Number of Adjusted Shares*	*Approx.% (note i)*	*Number of Adjusted Shares*	*Approx.% (note i)*	*Number of Adjusted Shares*	*Approx.% (note i)*	*Number of Adjusted Shares*	*Approx.% (note i)*
HK H&Y Group	217,450,000	22.65%	10,872,500	22.65%	32,617,500	22.65%	15,902,500	29.99%	32,617,500	22.65%
Chun Wah Limited	184,370,000	19.21%	9,218,500	19.21%	27,655,500	19.21%	9,218,500	17.38%	9,218,500	6.40%
Public Shareholders	558,180,000	58.14%	27,909,000	58.14%	83,727,000	58.14%	27,909,000	52.63%	27,909,000	19.38%
Independent Placees	–	–	–	–	–	–	–	–	74,255,000	51.57%
Total Public Shareholders	558,180,000	58.14%	27,909,000	58.14%	83,727,000	58.14%	27,909,000	52.63%	102,164,000	70.95%
Total	**960,000,000**	**100.00%**	**48,000,000**	**100.00%**	**144,000,000**	**100.00%**	**53,030,000**	**100.00%**	**144,000,000**	**100.00%**

Notes:

(i) The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

(ii) HK H&Y Group has provided under the Underwriting Agreement to underwrite such number of Rights Shares, which together with the Shares already held by it and the undertaken shares under the Irrevocable Undertaking, provided that (i) its shareholding will not reach to a percentage of enlarged issued share capital of the Company at completion of the Rights Issue, which will trigger an obligation to make a mandatory general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules; or (ii) the Company satisfies the minimum Public Float Requirement under Rule 11.23(7) of GEM Listing Rules upon the completion of the Rights Issue.

The Company undertakes to comply with the Public Float Requirements at all times. Shareholders and potential investors of the Company should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the provision of interior design and fit-out services in Hong Kong and health industry supply chain business in PRC.

The Company has considered the Group's business and financial position as well as the cash level of the Group, in particular:

(i) The Company has recorded net current liabilities and net liabilities since the financial year ended 31 March 2025. As set out in the Company's annual report (the "**2026 Annual Report**") for the financial year ended 31 March 2026 ("**FY2026**"), the consolidated net current liabilities as at 31 March 2026 were approximately HK$14.3 million, representing an increase of approximately 40.2% as compared to that of HK$10.2 million as at 31 March 2025 (which is primarily driven by (a) decrease in cash and bank balances from approximately HK$12.1 million to HK$9.4 million as existing liquid funds were utilised to support continuous working capital requirements due to increased staff costs and general expenses; and (b) reclassification of loan from a director from non-current liabilities to current liabilities). Further, the consolidated net liabilities attributable to the owners of the Company as at 31 March 2026 were approximately HK$6.9 million, representing an increase of approximately 56.8% as compared to that of approximately HK$4.4 million as at 31 March 2025;

(ii) The Group has recorded total comprehensive expenses for 8 consecutive financial years since the financial year ended 31 March 2019, which was primarily attributable to the fact that the Group's gross profit, ranging from approximately HK$14.9 million to HK$33.3 million during the respective financial years, was insufficient to cover its administrative and other operating expenses, ranging from approximately HK$28.2 million to HK$36.4 million during the respective financial years. In particular:

(a) The Group provides interior design and fit-out services for both residential and commercial premises in Hong Kong. Its services include interior design provided by its in-house design team and the implementation of such designs through subcontractors. Residential interior design and fit-out services constitute the Group's principal source of revenue. For the FY2026, revenue from residential interior design and fit-out services amounted to approximately HK$92.0 million, representing approximately 90.1% of the Group's total revenue, whereas revenue from commercial interior design and fit-out services amounted to approximately HK$10.0 million, representing approximately 9.8% of the Group's total revenue. Demand for these services is influenced by residential property purchases and customers' decisions to renovate their homes, as well as corporate office relocations and expenditure on fitting out commercial premises;

(b) During the relevant period, property market sentiment and customers' willingness to commit to property purchases, office relocations and renovation expenditure were adversely affected at different times by, among other factors, the COVID-19 pandemic, the tightening of United States monetary policy and trade tensions between the United States of America (the "**USA**") and the PRC;

(c) The COVID-19 pandemic and the associated restrictions on social and business activities increased uncertainty over household income and business prospects, prompting customers to adopt a more cautious approach to property purchases and non-essential renovation or relocation expenditure;

(d) The interest rate increases implemented by the Federal Reserve of the USA during 2022 and 2023 contributed to a higher interest rate environment in Hong Kong. Higher mortgage financing costs increased the financial burden of purchasing residential properties, thereby discouraging prospective purchasers from entering into property transactions and reducing the associated demand for renovation and fit-out services. Higher borrowing costs also encouraged households and businesses to exercise greater caution in committing funds to renovations and office relocations;

(e) Separately, trade tensions between the USA and the PRC increased uncertainty over the outlook for trade and business activity, which weighed on business confidence and encouraged businesses to adopt a more cautious approach to expansion, office relocation and related fit-out expenditure. Such uncertainty also affected households' confidence in their income and employment prospects and their willingness to undertake discretionary renovation expenditure. These factors constrained demand for interior design and fit-out services during the affected periods;

(f) In addition to the demand-side pressures described above, the Group faced keen competition from industry peers offering competitive prices, which constrained its ability to increase project prices. The combined effect of these competitive pressures and subdued demand placed pressure on the Group's project pricing and volume, resulting in its gross profit margin ranging from approximately 15.9% to 21.8% for the financial years ended 31 March 2021 to 31 March 2026, compared with approximately 25.0% and 25.7% for the financial years ended 31 March 2019 and 31 March 2020, respectively, thereby limiting the gross profit generated by the Group. Nevertheless, market conditions and the Group's performance varied during the relevant period. In particular, increased corporate office relocations contributed to growth in the Group's commercial interior design and fit-out revenue for the FY2026, while its overall gross profit margin improved from approximately 15.9% for the preceding financial year to approximately 21.6%, mainly attributable to the relatively higher profit margin of commercial projects and the delivery of high-margin projects during the year;

(g) Meanwhile, the Group's administrative and other operating expenses remained relatively high throughout the relevant period. These expenses included administrative staff costs and directors' emoluments ranging from approximately HK$9.0 million to HK$12.3 million per annum and advertising and promotional expenses ranging from approximately HK$5.0 million to HK$7.6 million per annum, which are essential fixed and recurring expenses required to support the Group's daily operations, project execution capabilities and market presence;

(h) For the FY2026, the Group's administrative and other operating expenses increased by approximately 13.5% from approximately HK$28.2 million for the preceding financial year to approximately HK$32.0 million, mainly attributable to increases in staff costs, transportation and travelling costs and other general expenses. The Group's total staff costs increased by approximately 15.1% from approximately HK$13.9 million for the financial year ended 31 March 2025 to approximately HK$16.0 million for the FY2026, primarily attributable to the appointments of a business development manager to explore business opportunities in Southeast Asian markets and a deputy marketing director to explore business opportunities in the Greater Bay Area of the PRC. Both appointments were made during the FY2026. Of the total staff costs for the FY2026, approximately HK$5.0 million was included in direct costs, compared with approximately HK$4.9 million for the preceding financial year, while approximately HK$11.0 million was included in administrative and other operating expenses, compared with approximately HK$9.0 million for the preceding financial year;

(i) The Group's administrative and other operating expenses were relatively fixed and recurring in nature and did not necessarily decrease in line with reductions in revenue or gross profit. Accordingly, during periods of lower revenue and/or pressure on gross profit margins, the Group generated less gross profit to cover its administrative and other operating expenses, thereby adversely affecting its profitability;

(iii) The Group has recorded net cash used in operating activities for 4 consecutive years since the financial year ended 31 March 2023; and

(iv) The Group's cash level was limited and was approximately HK$9.4 million as at 31 March 2026.

As such, having considered the Group's weak financial performance and position as well as the tight cash level of the Group as mentioned above, the Board considers that the Rights Issue represents an opportunity for the Company to strengthen its capital structure without incurring debt financing cost, improve the financial position, and provide additional financial resources.

The Rights Issue will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and therefore avoid dilution.

The Board (including the members of the Independent Board Committee whose opinion is set forth in this circular after having been advised by the Independent Financial Adviser) therefore considers that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the aforesaid factors.

USE OF PROCEEDS

It is estimated that the Company will raise gross proceeds of up to approximately HK$32.6 million from the Rights Issue. The estimated net proceeds from the Rights Issue, after deducting the relevant expenses will be approximately HK$30.9 million (equivalent to a net price of approximately HK$0.016 per Rights Share before the Capital Reorganisation or HK$0.32 per Rights Share assuming the Capital Reorganisation taking effect). The Company intends to utilise the net proceeds from the Rights Issue as follows:

Payment of staff costs and directors' remuneration

Approximately HK$26.7 million (representing approximately 86.4% of the net proceeds) will be allocated for the payment of staff costs and directors' remuneration over the next 24 months.

As at the Latest Practicable Date, the Group had 27 employees (including the Directors). The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. The total staff cost (including remuneration of the Directors and mandatory provident funds contributions) for the year ended 31 March 2025 and 2026 amounted to approximately HK$13.9 million and HK$16.0 million respectively.

In relation to the ongoing funding and current settlement status of the Group's personnel overheads, the Company provides the following supplementary disclosures to the Shareholders:

(i) The Company confirms that there were no overdue payments of staff costs or directors' remuneration to any of the Group's employees or Directors as at the Latest Practicable Date. All payroll liabilities and director fees have been settled punctually in the ordinary course of business.

(ii) As at 30 September 2026, the Group had unaudited cash and bank balances of approximately HK$15.4 million. Such balances were not earmarked for any specific purpose and were held as cash reserves of the Group. The monthly payment of staff costs and directors' remuneration of approximately HK$0.7 million is currently funded and settled through the Group's existing cash and bank balances, internal cash generated from operations and loan provided by a director from time to time.

(iii) If the Rights Issue is undersubscribed, the net proceeds actually raised will be applied by the Company in a strict order of priority, under which absolute priority will be given to the payment of staff costs and directors' remuneration to sustain core operations. Any remaining shortfall may be bridged by alternative methods, including (i) seeking financial assistance from Directors; and (ii) the implementation of stringent operational cost-control measures such as freezing and minimizing operational headcounts and administrative expenses, as further described in the section headed "Non-fully underwritten basis" in this circular. However, no concrete plan for such cost-control measures has been formulated as at the Latest Practicable Date.

Payment of (a) recurring professional fees and (b) other office related expenses

Approximately HK$1.9 million (representing approximately 6.1% of the net proceeds) will be allocated for the payment of ongoing statutory legal, company secretarial compliance of approximately HK$0.9 million, and regular annual auditor's remunerations of approximately HK$1.0 million incurred in the ordinary course of business over the next 24 months.

Approximately HK$2.3 million (representing approximately 7.5% of the net proceeds) will be allocated for the payment of other office related expenses, including the office rental expenses and management fees as well as regular corporate expenses (such as corporate insurance, utility and office consumables) over the next 24 months. As at the Latest Practicable Date, the Company rents three offices in Hong Kong.

If the Rights Issue is undersubscribed, the above use of proceeds will be adjusted by the Company accordingly and the net proceeds from the Rights Issue will be applied by the Company in the following order of priority:

(i) for payment of staff costs and directors' remuneration of the Group's employees for the next 24 months; and

(ii) for the payment of (a) professional fees including company secretarial compliance expenses, auditor's remuneration and legal fees and (b) other office related expenses for the next 24 months.

Alternative fund-raising methods considered

The Directors have considered other financing alternatives including (i) debt financing, and (ii) equity fund raising such as placement of new Shares and open offer. Having considered the reasons as follows:

(i) The Board considers that the Rights Issue would give the Qualifying Shareholders the opportunity to maintain their respective proportionate shareholding interest in the Company and provide an opportunity to all Qualifying Shareholders to participate in the growth of the Company in proportion to their shareholdings. Although those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders may make their shareholdings diluted, the Rights Issue requires the Independent Shareholders' approval so that the Independent Shareholders are given an opportunity to decide whether the Company shall proceed to the Rights Issue by voting for or against at the EGM to approve the Rights Issue;

(ii) as for debt financing, it may incur further interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position. Accordingly, obtaining further bank financing may be relatively uncertain and time-consuming. The Group's current liquidity position (i.e. net current liabilities and net liabilities position) may also adversely affect the availability, terms and cost of external debt financing. As at 30 September 2026, the Group had outstanding bank borrowings of approximately HK$3.9 million, bearing interest at the relevant bank's Hong Kong dollar prime rate less 2.25% per annum;

(iii) as for placement of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company; and

(iv) as for open offer, similar to a rights issue, it also offers Qualifying Shareholders to participate, but it does not allow the trading of rights entitlements in the open market,

the Directors (including the members of the Independent Board Committee whose opinion is set forth in this circular after having been advised by the Independent Financial Adviser) consider that raising funds by way of the Rights Issue is an appropriate fundraising method and is fair and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, save for the Rights Issue, the Company has no present intention, plan or agreement to conduct any other equity fundraising activity in the next 12 months.

If the Rights Issue is undersubscribed to the extent that the actual net proceeds are insufficient to meet the above intended uses, the remaining shortfall may be bridged by alternative methods, including (i) seeking financial assistance from Directors; and (ii) the implementation of stringent operational cost-control measures such as freezing and minimizing operational headcounts and administrative expenses. However, no concrete plan has been formulated as at the Latest Practicable Date.

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

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

INFORMATION OF THE PARTIES INVOLVED IN THE UNDERWRITING AGREEMENT

The Company

The Company is an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM (stock code: 8455). The principal activity of the Company is investment holding, whereas its subsidiaries are principally engaged in the provision of interior design and fit-out services in Hong Kong and health industry supply chain business in PRC.

HK H&Y Group

HK H&Y Group is a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company. The principal activity of HK H&Y Group is investment holding.

GEM LISTING RULES IMPLICATIONS

The Rights Issue

Since the Rights Issue will increase the issued share capital of the Company by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on, amongst other things, the approval by the Independent Shareholders at which any controlling shareholders and their respective associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the Latest Practicable Date, Dr. Chan Lai Sin ("**Dr. Chan**"), who is the executive Director of the Company, legally and beneficially owns the entire issued share capital of Chun Wah Limited and Chun Wah Limited holds 184,370,000 Existing Shares, representing approximately 19.21% of the total issued share capital of the Company. As such, Chun Wah Limited and its respective associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the Placing Agreement) at the EGM.

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

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

The Underwriting Agreement

As at the Latest Practicable Date, HK H&Y Group as the Underwriter beneficially owns 217,450,000 Existing Shares, representing approximately 22.65% of the total issued share capital of the Company, and is a substantial Shareholder. As such, HK H&Y Group as the Underwriter is a connected person of the Company under Chapter 20 of the GEM Listing Rules and the transactions contemplated under the Underwriting Agreement constitute connected transactions for the Company under the GEM Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As such, HK H&Y Group and its respective associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the Placing Agreement) at the EGM.

As at the Latest Practicable Date, none of the Directors or chief executives of the Company had any material interests in the Underwriting Agreement. Accordingly none of the Directors or chief executives of the Company has abstained from voting on the board resolution for approving the Underwriting Agreement. As at the Latest Practicable Date, none of the Directors or chief executives of the Company was a director or employee of HK H&Y Group.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 8 December 2026 to Friday, 11 December 2026 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The register of members of the Company will be closed from Tuesday, 29 December 2026 to Tuesday, 5 January 2027 (both days inclusive) for determining the entitlements to the Rights Issue.

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

GENERAL

The EGM will be convened for the Shareholders and the Independent Shareholders (as the case may be) to consider and, if thought fit, approve the Capital Reorganisation, the Increase in Authorised Share Capital, the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the Placing Agreement).

The Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 10.29A of the GEM Listing Rules.

The notice convening the EGM to be held at 9/F, 33 Des Voeux Road Central, Central, Hong Kong on Friday, 11 December 2026 at 10:30 a.m. is set out on pages EGM-1 to EGM-5 of this circular.

Subject to the approval of the Capital Reorganisation, the Increase in Authorised Share Capital by the Shareholders and the Rights Issue by the Independent Shareholders at the EGM, a Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) are expected to be despatched to the Qualifying Shareholders on Wednesday, 6 January 2027.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Conditions of the Rights Issue" in this circular. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-fully underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

Any dealings in the Shares from the date of this circular up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

RECOMMENDATIONS

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Dr. Chung Siu Kuen, Ms. Ma Yufei and Ms. Sun Wai Ling, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the Placing Agreement) are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the EGM. Huaan Securities (Hong Kong) Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the Placing Agreement) are fair and reasonable, in the interests of the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

Your attention is drawn to the letter from the Independent Board Committee set out on page 51 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from Independent Financial Adviser set out on pages 52 to 80 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the Placing Agreement) 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, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolution(s) of the Rights Issue to be proposed at the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
Lai Group Holding Company Limited
Wang Guoping
Chairman and Executive Director

Lai Group Holding Company Limited
禮建德集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8455)

20 November 2026

To the Independent Shareholders

Dear Sir/Madam

PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY ONE ADJUSTED SHARE HELD ON THE RECORD DATE ON NON-FULLY UNDERWRITTEN BASIS

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

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the Placing Agreement) are fair and reasonable and, in the interests of the Company and the Shareholders as a whole.

Huaan Securities (Hong Kong) Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of its advice together with the principal factors taken into consideration in arriving thereat, are set out in its letter on pages 52 to 80 of the Circular.

Having taken into account the terms of the Rights Issue and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the Placing Agreement) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Rights Issue.

Yours faithfully
For and on behalf of the
Independent Board Committee

Dr. Chung Siu Kuen	**Ms. Ma Yufei**	**Ms. Sun Wai Ling**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of a letter of advice from Huaan Securities (Hong Kong) Corporate Finance Limited to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the Placing Agreement), which has been prepared for the purpose of inclusion in this circular.



20 November 2026

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY ONE ADJUSTED SHARE HELD ON RECORD DATE ON NON-FULLY UNDERWRITTEN BASIS; AND CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the Placing Agreement), details of which are set out in the letter from the Board (the "**Letter from the Board**") in the circular dated 20 November 2026 (the "**Circular**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those in the Circular unless the context otherwise requires.

On 7 October 2026, the Company announced, among other things, the Capital Reorganisation, the Change in Board Lot Size, the Increase in Authorised Share Capital, the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the Placing Agreement). The Board proposed, subject to, amongst others, the Capital Reorganisation and the Increase in Authorised Share Capital becoming effective, to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) Adjusted Share held on the Record Date at the Subscription Price of HK$0.34 per Rights Share (after the Capital Reorganisation has become effective), to raise gross proceeds of approximately HK$32.6 million before expenses (assuming no other change in the number of Shares in issue save for the Share Consolidation on or before the Record Date), by way of the Rights Issue of up to 96,000,000 Rights Shares (after the Capital Reorganisation has become effective) to the Qualifying Shareholders. The Rights Issue will be partially underwritten by HK H&Y Group as the Underwriter.

On 7 October 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares.

As the Rights Issue, if proceeded with, will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to approval of the Independent Shareholders at the EGM by a resolution under Rule 10.29(1) of the GEM Listing Rules. As disclosed in the Letter from the Board, as at the Latest Practicable Date, Dr. Chan Lai Sin, who is the executive Director of the Company, legally and beneficially owns the entire issued share capital of Chun Wah Limited and Chun Wah Limited holds 184,370,000 Existing Shares, representing approximately 19.21% of the existing issued share capital of the Company. As such, Chun Wah Limited and its respective associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue and the transactions contemplated (including the Underwriting Agreement, the Placing Agreement) thereunder at the EGM.

Furthermore, as at Latest Practicable Date, HK H&Y Group as the Underwriter beneficially owns 217,450,000 Existing Shares, representing approximately 22.65% of the total issued share capital of the Company, and is a substantial Shareholder. As such, HK H&Y Group as the Underwriter is a connected person of the Company under Chapter 20 of the GEM Listing Rules and the transactions contemplated under the Underwriting Agreement constitute connected transactions for the Company under the GEM Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. As such, HK H&Y Group and its respective associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the Placing Agreement) at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been established to provide recommendations to the Independent Shareholders in connection with the Rights Issue. We, Huaan Securities (Hong Kong) Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships with or interests in the Company and any other parties that could reasonably be regarded as relevant to our independence. During the past two years, save for our appointment as the Independent Financial Adviser in connection with the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the Placing Agreement), we have not acted in the capacity of a financial adviser or an independent financial adviser to the Company or provided any other services to the Company. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Group that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Company pursuant to Rule 17.96 of the GEM Listing Rules.

BASIS OF OUR OPINION

In arriving at our recommendations, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Directors and the management of the Group; (iii) the opinions expressed by and the representation of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company and the management of the Group for which they are solely and wholly responsible, are true and accurate in all material aspects at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company.

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 document misleading.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in respect of the Rights Issue and the Underwriting Agreement.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations, we have taken into consideration the following principal factors and reasons:

1. Information of the Group

The Group is principally engaged in the provision of interior design and fit-out services in Hong Kong and health industry supply chain business in PRC.

1.1. Financial performance

Set out below is a summary of the audited consolidated financial performance of the Group for the years ended 31 March 2025 ("**FY2025**") and 31 March 2026 ("**FY2026**") as extracted from the year ended 31 March 2026 (the "**2026 Annual Report**").

	FY2026	**FY2025**	**Year-on-year change**
	HK$'000 (audited)	*HK$'000* (audited)	*%*
Revenue	102,127	93,689	9.0
Direct costs	(80,116)	(78,759)	1.7
Gross profit	22,011	14,930	47.4
Administrative and other operating expenses	(32,001)	(28,203)	13.5
Operating loss	(9,198)	(12,770)	-28.0
Loss for the year	(9,440)	(12,997)	-27.4

For FY2026, the Group's revenue increased by approximately 9.0% to approximately HK$102.1 million (2025: approximately HK$93.7 million). Such increase was mainly due to an increase in revenue generated from commercial interior design and fit out services as a result of increase in corporate office relocations. The Group's gross profit increased by approximately 47.4%, or HK$7.1 million, from approximately HK$14.9 million for FY2025 to approximately HK$22.0 million for FY2026, mainly due to the relatively higher profit margin for commercial projects and delivery of high margin projects during FY2026. The Group's administrative and other operating expenses increased by approximately 13.5% from approximately HK$28.2 million for FY2025 to approximately HK$32.0 million for FY2026. Such increase was mainly driven by the increase in staff costs, increase in transportation and travelling costs and other general expenses. The Group's total staff costs increased by approximately 15.1% from approximately HK$13.9 million for FY2025 to approximately HK$16.0 million for FY2026. The increase in total staff costs is primarily due to the appointments of a business development manager to explore the business opportunities in South-East Asian markets and a deputy marketing director to explore the business opportunities in Greater Bay Area of the PRC, both in FY2026, as advised by the Company. Of the total staff costs for FY2026, approximately HK$5.0 million (FY2025: approximately HK$4.9 million) was included in direct costs, while approximately HK$11.0 million (FY2025: approximately HK$9.0 million) was included in administrative and other operating expenses.

Notwithstanding the increase in administrative and other operating expenses, the Group's operating loss narrowed from approximately HK$12.8 million for FY2025 to approximately HK$9.2 million for FY2026, representing a decrease of approximately 28.0%, or HK$3.6 million, mainly attributable to the increases in revenue and gross profit as mentioned above. Correspondingly, the Group reported a loss for FY2026 of approximately HK$9.4 million as compared to a loss for FY2025 of approximately HK$13.0 million, representing a decrease of approximately 27.4%, or HK$3.6 million.

In terms of operating cash flows, the Group recorded net cash used in operating activities of approximately HK$7.9 million for FY2026, as compared to approximately HK$11.8 million for FY2025, representing a decrease of approximately 33.0%. Such decrease was mainly attributable to the decrease in loss before income tax during FY2026.

1.2. Financial position

Set out below is a summary of the audited consolidated financial position of the Group as at 31 March 2025 and 31 March 2026 as extracted from the 2026 AR.

	As at 31 March 2026	**As at 31 March 2025**	**Year-on-year change**
	HK$'000 (audited)	*HK$'000* (audited)	*%*
Total assets	20,355	23,572	(13.6)
Cash and cash equivalents	9,422	12,120	(22.3)
Total liabilities	27,153	27,967	(2.9)
Net current liabilities	(14,327)	(10,183)	40.7
Net liabilities	(6,798)	(4,395)	54.7

As at 31 March 2026, the Group's total assets were approximately HK$20.4 million, which primarily included, among others, (i) property, plant and equipment of approximately HK$7.6 million; and (ii) cash and cash equivalents of approximately HK$9.4 million, representing in aggregate approximately 83.6% of the total assets. The Group's total assets as at 31 March 2026 decreased by approximately 13.6% as compared to that as at 31 March 2025 mainly due to the decrease of approximately 22.3%, or HK$2.7 million, in cash and cash equivalents. Such decrease in cash and cash equivalents was primarily attributable to the utilisation of existing liquid funds to support ongoing working capital requirements due to increased staff costs and general expenses.

The Group's total liabilities stood at approximately HK$27.2 million as at 31 March 2026, which primarily included, among others, (i) contract liabilities of approximately HK$11.2 million; (ii) trade and other payables of approximately HK$8.8 million; and (iii) bank borrowings of approximately HK$4.1 million, representing in aggregate approximately 88.8% of the total liabilities. The Group's total liabilities as at 31 March 2026 remained broadly unchanged as compared to those as at 31 March 2025, while the Group's net current liabilities increased by approximately 40.7%, or HK$4.1 million, from approximately HK$10.2 million as at 31 March 2025 to approximately HK$14.3 million as at 31 March 2026, mainly due to the decrease in cash and cash equivalents and the reclassification of the loan from a director of HK$2.0 million from non-current liabilities to current liabilities. The loan is unsecured, interest-free and repayable on maturity in March 2027.

Meanwhile, the Group's net liabilities increased by approximately 54.7%, or HK$2.4 million, from HK$4.4 million as at 31 March 2025 to approximately HK$6.8 million as at 31 March 2026, mainly attributable to the loss incurred during FY2026 of approximately HK$9.4 million, partially offset by the net proceeds of approximately HK$7.0 million from issue of shares by placing in June 2025.

2. Reasons for and benefits of the Rights Issue and use of proceeds

2.1. Reasons for and benefits of the Rights Issue

As stated in the Letter from the Board, having considered the Group's weak financial performance and position as well as the tight cash level of the Group, the Board considers that the Rights Issue represents an opportunity for the Company to strengthen its capital structure without incurring debt financing cost, improve the financial position, and provide additional financial resources.

We note the Group's weak, albeit improving, financial performance and deteriorating financial position, as discussed in the section headed "Information of the Group" above. In particular, the Group (i) has incurred net losses of approximately HK$13.0 million and HK$9.4 for FY2025 and FY2026 respectively, (ii) reported an increase in its net current liabilities by approximately HK$4.1 million (or 40.7%) from approximately HK$10.2 million as at 31 March 2025 to HK$14.3 million as at 31 March 2026, and an increase in net liabilities by approximately HK$2.4 million (or 54.7%) from HK$4.4 million as at 31 March 2025 to approximately HK$6.8 million as at 31 March 2026, and (iii) recorded operating net cash used in operating activities of approximately HK$11.8 million and HK$7.9 million for FY2025 and F2026 respectively. With reference to the 2026 Annual Report, the independent auditor also drew attention to a material uncertainty related to going concern, without modifying its opinion in respect of this matter. Furthermore, the Group has recorded total comprehensive expenses for 8 consecutive years since the financial year ended 31 March 2019, primarily attributable to the fact that the Group's gross profit was insufficient to cover its administrative and other operating expenses (details of which are set out in the section headed "REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS" in the Letter from the Board), and has recorded net cash used in operating activities for 4 consecutive years since the financial year ended 31 March 2023. Having considered the above and discussed with the Directors, we consider that the Group's working capital position may come under pressure and therefore consider it appropriate for the Group to raise additional funds to replenish its working capital, primarily for the payment of staff costs and directors' remuneration over the next 24 months. In this regard, we concur with the Board that the Rights Issue represents an opportunity for the Company to strengthen its capital structure without incurring debt financing costs, improve the Group's financial position and provide it with additional financial resources.

2.2. Use of proceeds

As set out in the Letter from the Board, the Company intends to utilize the estimated net proceeds from the Rights Issue of approximately HK$30.9 million as follows:

(i) Payment of staff costs and directors' remuneration

Approximately HK$26.7 million (representing approximately 86.4% of the net proceeds) will be allocated for the payment of staff costs and directors' remuneration for the next 24 months;

As at the Latest Practicable Date, the Group had 27 employees (including the Directors). The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. The total staff cost (including remuneration of the Directors and mandatory provident funds contributions) for the year ended 31 March 2025 and 2026 amounted to approximately HK$13.9 million and HK$16.0 million respectively.

(ii) Payment of (a) recurring professional fees and (b) other office related expenses

Approximately HK$1.9 million (representing approximately 6.1% of the net proceeds) will be allocated for the payment of ongoing statutory legal, company secretarial compliance of approximately HK$0.9 million, and regular annual auditor's remunerations of approximately HK$1.0 million incurred in the ordinary course of business over the next 24 months.

Approximately HK$2.3 million (representing approximately 7.5% of the net proceeds) will be allocated for the payment of other office related expenses, including the office rental expenses and management fees as well as regular corporate expenses (such as corporate insurance, utility and office consumables) over the next 24 months. As at the Latest Practicable Date, the Company rents three offices in Hong Kong.

In assessing the fairness and reasonableness of the intended use of proceeds, we have considered:

i as to approximately HK$26.7 million, representing approximately 86.4% of the net proceeds, for the payment of staff costs and directors' remuneration over the next 24 months. According to the 2026 Annual Report, the Group incurred total staff costs of approximately HK$16.0 million for FY2026, representing an increase of approximately 15.1% when compared to that for FY2025. The proposed allocation of approximately HK$26.7 million is equivalent to approximately 1.7 times the Group's total staff costs, including directors' remuneration, for FY2026.

ii as to the remaining net proceeds, (a) approximately HK$1.9 million (representing approximately 6.1% of the net proceeds) for the payment of recurring professional fees and (b) approximately HK$2.3 million (representing approximately 7.5% of the net proceeds) for the payment of other office related expenses over the next 24 months. According to the 2026 Annual Report, fees paid or payable to the Company's external auditor and its affiliates for the annual audit and tax compliance services for FY2026 amounted to approximately HK$0.5 million. As set out in the Letter from the Board, the Company rents three offices in Hong Kong. We have discussed with the Directors and understand that the rental fee is expected to be approximately HK$1.8 million for the next 24 months.

In addition, we have considered the Group's financial position and operating performance. According to the 2026 Annual Report, as at 31 March 2026, the Group had total assets and total liabilities of approximately HK$20.4 million and HK$27.2 million, respectively, resulting in net liabilities of approximately HK$6.8 million. The Group's cash and cash equivalents amounted to approximately HK$9.4 million as at the same date, representing a decrease of approximately 22.3% from the balance as at 31 March 2025. As set out in the Letter from the Board, the Group's unaudited cash and cash equivalents amounted to approximately HK$15.4 million as at 30 September 2026. Notwithstanding the above, we note that the Group recorded improvements in certain operating indicators during FY2026, as evidenced by the narrowing of its operating loss from approximately HK$12.8 million for FY2025 to approximately HK$9.2 million for FY2026, as well as the decrease in net cash used in operating activities from approximately HK$11.8 million to approximately HK$7.9 million over the same period. Nevertheless, the Group remained loss-making and recorded net current liabilities of approximately HK$14.3 million as at 31 March 2026, indicating continued pressure on its liquidity position.

Having considered that the proposed allocation of the net proceeds is in line with the Group's funding requirements, as supported by its staff costs, directors' remuneration, professional fees and other office-related expenses, together with the Group's financial position and improvements in certain operating indicators as discussed above, we consider that the intended application of the net proceeds would provide additional working capital to facilitate the payment of these expenses, alleviate the Group's liquidity pressure and support its ongoing operations to achieve potential further improvements in its operating performance. Accordingly, we are of the view that the intended use of the net proceeds from the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2.3. Alternative fund-raising methods considered

We note that the Directors have considered alternative fund-raising methods, including debt financing, placement of new Shares and open offer. In assessing the appropriateness of the Rights Issue, we have considered the Group's financial position, the intended application of the net proceeds and the respective implications of these financing alternatives for the Group and its Shareholders, as discussed below.

Debt financing

As disclosed in the 2026 Annual Report, the Group had net current liabilities of approximately HK$14.3 million and net liabilities of approximately HK$6.8 million as at 31 March 2026, and recorded net cash used in operating activities of approximately HK$7.9 million for FY2026. The independent auditor also reported a material uncertainty related to going concern, while issuing an unmodified audit opinion. We consider that debt financing may be unsuitable given the Group's going concern uncertainty.

Debt financing would also create additional repayment obligations and, where interest-bearing, increase the Group's finance costs. Equity financing would provide additional working capital and strengthen the Group's equity base without introducing such debt servicing obligations. Having regard to the Group's financial position and the proposed application of the net proceeds towards recurring operating expenses, we consider equity financing more appropriate for supporting the Group's ongoing operations while strengthening its capital structure.

Placement of new Shares

We note that a placement of new Shares would also raise equity capital and could therefore strengthen the Group's capital base without creating additional debt repayment obligations. However, a placement of new Shares to selected investors would not provide all existing Shareholders with an entitlement to subscribe in proportion to their respective shareholdings.

Under the Rights Issue, Qualifying Shareholders would have the opportunity to maintain their respective proportionate interests in the Company by taking up their entitlements in full. The Rights Issue therefore affords Qualifying Shareholders greater choice as to their participation in the Company's enlarged equity capital.

Open offer

An open offer could also raise equity capital and be structured to allow existing Shareholders to participate on a proportionate basis. However, entitlements under an open offer are not transferable. Under the Rights Issue, Qualifying Shareholders who do not wish to subscribe for all or part of their entitlements would have the opportunity to sell their nil-paid rights in the market. This provides flexibility and an opportunity to realise some value from those entitlements, subject to market conditions.

Nevertheless, the ability to sell nil-paid rights does not prevent dilution of a Shareholder's proportionate interest where the corresponding Rights Shares are not taken up. Qualifying Shareholders who do not take up their entitlements in full, as well as Excluded Shareholders, may therefore be subject to dilution.

Rights Issue

Having considered the Group's financial position, the benefits of raising equity capital to support its working capital requirements and strengthen its capital structure, and the opportunity afforded to Qualifying Shareholders to participate on a proportionate basis or trade their nil-paid rights, we concur with the Board that the Rights Issue represents an appropriate fund-raising method for the Company in the circumstances.

3. Previous equity fund-raising exercise

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

4. Principal terms of the Rights Issue

4.1. Issue statistics

Basis of the Rights Issue:	two (2) Rights Shares for every one (1) Adjusted Share held at the close of business on the Record Date
Subscription Price:	HK$0.34 per Rights Share (after the Capital Reorganisation has become effective)
Number of Shares in issue as at the Latest Practicable Date:	960,000,000 Existing Shares
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective:	48,000,000 Adjusted Shares (assuming there is no change in number of Shares in issue up to the effective date of the Capital Reorganisation)
Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 96,000,000 Rights Shares with an aggregate nominal value of HK$960,000, assuming there is no change in the number of Shares in issue on or before the Record date other than the Capital Reorganisation becoming effective
Total number of Adjusted Shares in issue upon completion of the Rights Issue:	Up to 144,000,000 Adjusted Shares, assuming no change in the number of Shares in issue on or before the Record Date other than from the Capital Reorganisaiton becoming effective
Amount to be raised:	Up to approximately HK$32.6 million before expenses, assuming no change in the number of Shares in issue on or before the Record Date other than from the Capital Reorganisation becoming effective and all Rights Shares will be taken up

As set out in the Letter from the Board, as at the Latest Practicable Date, the Company has no outstanding warrants, options or convertible securities in issue or other similar rights entitling holders thereof to convert into or exchange into or subscribe for new Shares.

Assuming no change in the number of Shares in issue on or before the Record Date, other than from the Capital Reorganisation becoming effective, the aggregate 96,000,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 200% of the total number of issued Adjusted Shares upon the Capital Reorganisation becoming effective and approximately 66.67% of the total number of issued Adjusted Shares as enlarged by the issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

As set out in the Letter from the Board, the Rights Issue will proceed on a non-fully underwritten basis and be partially underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement. Save for the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

4.2. Subscription Price

As set out in the Letter from the Board, the Subscription Price for the Rights Shares is HK$0.34 per Rights Share (after the Capital Reorganisation has become effective), payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 52.8% to the theoretical closing price of HK$0.72 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.036 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 29.2% to the theoretical closing price of HK$0.48 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.024 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 12.1% to the theoretical ex-rights price of approximately HK$0.387 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.024 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

(iv) a discount of approximately 30.3% to the theoretical closing price of HK$0.488 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of HK$0.0244 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days prior to and excluding the Last Trading Day;

(v) a discount of approximately 29.5% to the theoretical closing price of approximately HK$0.482 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of approximately HK$0.0241 per Existing Share as quoted on the Stock Exchange for the 10 consecutive trading days prior to and excluding the Last Trading Day;

(vi) a premium of approximately HK$0.48 over the audited consolidated net liabilities value attributable to the owners of the Company of approximately HK$0.14 per Adjusted Share (based on (i) the Company's audited consolidated net liabilities attributable to the owners of the Company of approximately HK$6,874,000 as at 31 March 2026; (ii) the total number of 960,000,000 issued Shares as at the Latest Practicable Date; (iii) the Capital Reorganisation has become effective) as at 31 March 2026; and

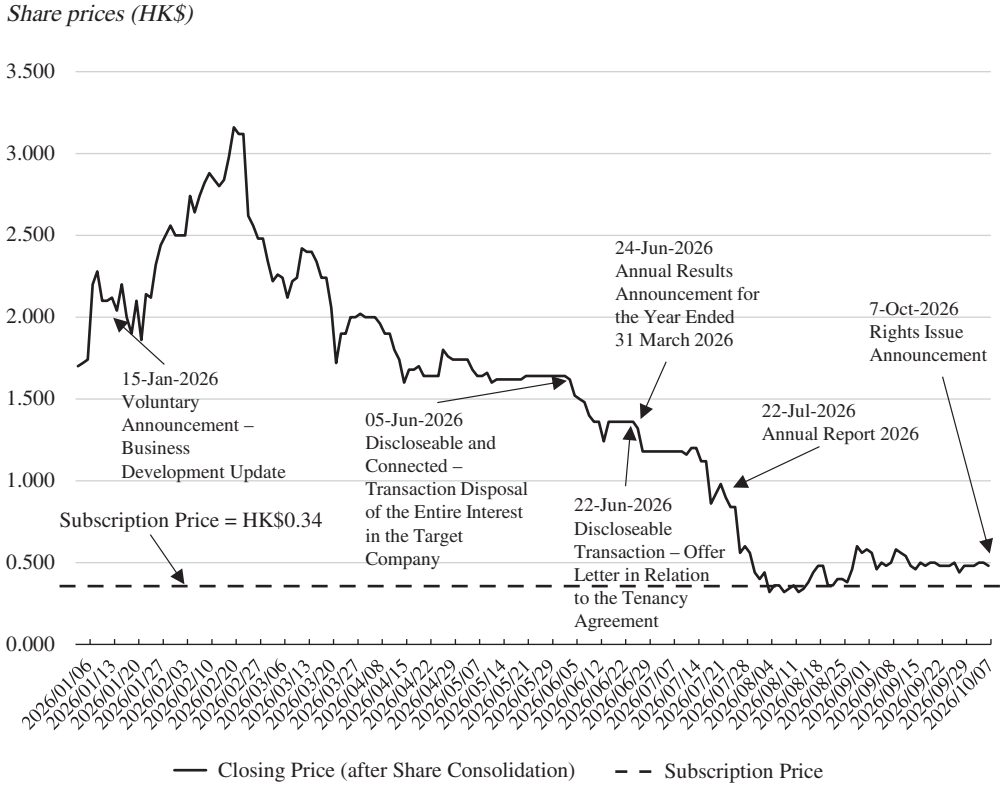
(vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 20.3%, represented by the theoretical diluted price of approximately HK$0.389 per Adjusted Share to the theoretical benchmarked price of HK$0.488 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK$0.024 per Share and the average of the closing prices of the Existing Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of Announcement of approximately HK$0.0244 per Share).

As set out in the Letter from the Board, the Subscription Price was determined by the Company with reference to, among other things, (i) the market price of the Shares under the prevailing market conditions; (ii) the current business performance and financial position of the Group; (iii) the amount of funds and capital needs; and (iv) the reasons for the Rights Issue as set out in the section headed "REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS" in the Letter from the Board.

As disclosed in the Letter from the Board, the Board consider that the terms of the Rights Issue, including the Subscription Price, are fair, reasonable and in the interests of the Company and the Shareholders as a whole. The estimated net proceeds from the Rights Issue, after deducting the relevant expenses will be approximately HK$30.9 million (equivalent to a net price of approximately HK$0.016 per Rights Share before the Capital Reorganisation or HK$0.32 per Rights Share assuming the Capital Reorganisation taking effect).

Historical price performance of the Shares

In order to assess the fairness and reasonableness of the Subscription Price, we have taken into account (i) the theoretical closing price per Adjusted Share during the period from 1 January 2026, being roughly 9 months immediately preceding the date of the Last Trading Day (the "**Review Period**"), which we consider to be adequate and representative as it covers a reasonably sufficient period to reflect the historical share price performance under recent market conditions on a theoretical Adjusted Shares basis and the trading liquidity of the Shares, with a view to provide a meaningful comparison to the Subscription Price under the Rights Issue, assuming the Capital Reorganisation having become effective (the "**Closing Price**"); and (ii) the average daily trading volumes of the Shares for each of the months/ periods during the Review Period.



Source: the Stock Exchange

During the Review Period, the highest Closing Price was HK$3.16 on 20 February 2026, while the lowest Closing Prices were HK$0.32 on 4 August 2026, 7 August 2026 and 12 August 2026. The Closing Price generally trended upward with fluctuations from the commencement of the Review Period and reached its peak on 20 February 2026. It subsequently declined significantly with fluctuations and reached its lowest level in early August 2026. Thereafter, the Closing Price remained relatively stable and showed a gradual recovery towards the end of the Review Period, closing at approximately HK$0.48 on the Last Trading Day.

Although the Company published various announcements during the Review Period, as identified in the chart above, we did not observe any clear and sustained movement in the Closing Price that could be attributed solely to any particular announcement. Other than the announcements referred to above, the Directors have confirmed that they are not aware of any specific event or reason which had a material impact on the Closing Price during the Review Period.

The Subscription Price of HK$0.34 is at the lower end of the range of the Closing Prices during the Review Period and was below the Closing Price on substantially all trading days during the Review Period, save for three trading days in early August 2026.

Having regard to the historical movement of the Closing Price and its recent trading levels, we consider that it is appropriate to assess the Subscription Price with reference to the prevailing market prices of the Shares. We also consider that setting the Subscription Price at a discount to the prevailing market price would provide an incentive for the Qualifying Shareholders to participate in the Rights Issue.

Historical trading liquidity of the Shares

The following table sets out the historical monthly trading liquidity of the Existing Shares during the Review Period:

	Total trading volume *Existing Shares*	**Number of trading days** *Days*	**Average daily trading volume** *(Note 2)* *Existing Shares*	**Percentage of average daily trading volume to the total number of Existing Shares in issue** *(Note 3)* *%*	**Percentage of average daily trading volume to the total number of Existing Shares in issue held by public Shareholders** *(Note 4)* *%*
2026					
January	33,130,000	21	1,577,619	0.16%	0.28%
February	23,340,000	17	1,372,941	0.14%	0.25%
March	10,300,000	22	468,182	0.05%	0.08%
April	12,470,000	19	656,316	0.07%	0.12%
May	2,240,000	19	117,895	0.01%	0.02%
June	6,780,000	21	322,857	0.03%	0.06%
July	36,230,000	22	1,646,818	0.17%	0.30%
August	297,350,000	21	14,159,524	1.47%	2.54%
September	189,170,000	22	8,598,636	0.90%	1.54%
October *(Note 1)*	5,650,000	4	1,412,500	0.15%	0.25%
Review Period	**616,660,000**	**188**	**3,280,106**	**0.34%**	**0.59%**

Source: the Stock Exchange

Notes:

1. Represents trading days from 2 October 2026 up to and including the Last Trading Day.

2. Average daily trading volume of the Existing Shares for the month/period is calculated by dividing the total trading volume of the Existing Shares for the month/period by the number of trading days.

3. The calculation is based on the average daily trading volume of the Existing Shares for the month/period divided by the number of the Existing Shares in issue at the end of each month or as at the Last Trading Day.

4. The calculation is based on the average daily trading volume of the Existing Shares for the month/period divided by the number of the Existing Shares in issue held by public Shareholders at the end of each month or as at the Last Trading Day.

As illustrated in the table above, save for August 2026 and September 2026, the average daily trading volume of the Existing Shares represented approximately 0.01% to 0.17% of the total number of Existing Shares in issue and approximately 0.02% to 0.30% of the total number of Existing Shares in issue held by public Shareholders as at the Latest Practicable Date, respectively.

We noted that the trading activity of the Shares increased significantly in August 2026 and September 2026, during which the average daily trading volume represented approximately 2.54% and 1.54% of the total number of Existing Shares in issue held by public Shareholders, respectively. The aggregate trading volume during these two months accounted for approximately 78.9% of the total trading volume during the Review Period. We further noted that the average daily trading volume decreased to approximately 0.25% of the total number of Existing Shares in issue held by public Shareholders in October 2026 up to and including the Last Trading Day, although such period comprised only four trading days. Trading activity appeared to have moderated following August 2026, as reflected by the decrease in average daily trading volume in September 2026 and October 2026.

Having considered the above, we are of the view that notwithstanding the relatively active trading in August 2025 and September 2026, the trading liquidity of the Existing Shares remained generally thin during most of the Review Period. In particular, the increase in trading activity during August 2026 and September 2026 did not appear to represent a sustained improvement in the trading liquidity of the Existing Shares.

Rights Issue comparable analysis

In order to further assess the fairness and reasonableness of the Subscription Price, we have reviewed 19 comparable transactions (the "**Comparables**") which involve issuance of rights shares by companies listed on GEM, with initial announcements dated within the Review Period and which were not terminated as at the Latest Practicable Date.

To the best of our knowledge and based on our review of published announcements, the Comparables represent an exhaustive set of rights issue transactions announced during the Review Period which met our selection criteria. We consider the selection criteria fair and representative because (i) the Comparables involve rights issues conducted by GEM-listed companies, which generally share more similar characteristics with the Company than Main Board-listed companies in terms of market capitalisation, trading liquidity, investor base and access to alternative funding; (ii) the roughly 9-month Review Period reflects recent market conditions and investor sentiment surrounding rights issue transactions involving GEM listed companies; and (iii) the 19 comparable transactions provide a sufficient sample size for assessing the prevailing rights issue pricing practices on GEM. We note that 16 out of the 19 Comparables raised gross proceeds of less than HK$50 million in their respective rights issues, which is comparable to the gross proceeds from the Rights Issue of approximately HK$32.6 million.

We note that the premiums/discounts of the subscription prices relative to the respective benchmarked prices across the Comparables exhibit a wide range. Shareholders should note that the companies of the Comparables differ in terms of their business activities, financial positions, business performances, future prospects and fund raising purposes, which may affect the pricing considerations of their respective rights issues and contribute to the variations observed. Nevertheless, for illustrative purposes, our assessment focuses on the premiums/discounts of the subscription prices to the respective benchmark market prices as a reference to the prevailing pricing practices of rights issues conducted by companies listed on GEM, rather than a direct valuation comparison of the respective issuers. Although the circumstances surrounding such Comparables may be different from those relating to the Company, we consider that the Comparables provide a fair indicator of the prevailing market practices in relation to rights issue transactions conducted by companies listed on GEM. Notwithstanding such variation, we consider that the subscription price of a rights issue is influenced by the particular circumstances of the relevant company and company-specific differences may affect the pricing outcome of an individual rights issue.Such differences are more relevant to the commercial rationale and funding needs of the relevant company. Hence, we consider the Comparables, which provide a market-based reference range against which the Subscription Price may be assessed, are fair and representative for assessing the Subscription Price, as they share key structural characteristics with Rights Issue, involving pro-rata rights entitlements to existing shareholders. Accordingly, we consider that the full set of Comparables collectively provides a meaningful reference to prevailing market practices.

The following table sets out the details of the Comparables:

Announcement date	Company name	Stock code	Market capitalisation as at the respective announcement date *HK$ million*	Principal business	Basis of entitlement (Rights shares: Existing shares)	Gross proceeds *HK$ million*	Use of proceeds	Premium/ (Discount) of the Subscription Price over/ (to) the closing share price on the last trading day *%*	Premium/ (Discount) of the Subscription Price over/ (to) the closing share price for the five previous consecutive trading days up to and including the last trading day *%*	Premium/ (Discount) of the Subscription Price over/(to) the theoretical ex-right share price on the last trading days *%*	Premium/ (Discount) of the Subscription Price over/ (to) the latest published NAV per share *%*	Theoretical dilution effect (discount) *%*	Maximum dilution effect (discount) *%*	Underwriting commission *%*	Placing commission *%*	Compensatory arrangement/ Excess application
27 Jan 2026	Pacific Legend Group Limited	8547	47.29	Sale of home furniture and accessories; rental of home furniture; and project and hospitality services	1 for 2	29.60	Debt repayment, rental costs, project development and working capital	26.58	31.23	16.28	4.09	N/A *(Note 1)*	(33.33)	N/A, no underwriting arrangement	2.00	Compensatory arrangement
6 Feb 2026	WLS Holdings Limited	8021	143.67	Scaffolding, fitting out and other auxiliary services; money lending; securities investment	1 for 1	86.20	Debt repayment and working capital	(40.00)	(41.20)	(25.00)	(77.10)	(21.60)	(50.00)	N/A, no underwriting arrangement	2.50	Compensatory arrangement
11 Feb 2026	NIU Holdings Limited	8619	23.32	Engineering consultancy and IT business	2 for 1	30.93	Business expansion, acquisitions and investments and working capital	(33.50)	(35.90)	(20.50)	(92.70)	(24.00)	(66.67)	0.00%	1.00	Compensatory arrangement
16 Feb 2026	Mindtell Technology Limited	8611	472.68	IT system integration, outsourcing and maintenance	1 for 1	280.80	IT upgrades, data centre expansion and SaaS development	(40.60)	(43.60)	(25.50)	4,857 *(Note 3)*	(21.70)	(50.00)	N/A, no underwriting arrangement	2.00	Compensatory arrangement
5 Mar 2026	Madison Holdings Group Limited	8057	50.47	Wine and other alcoholic beverages trading and financial services	3 for 2	45.40	Debt repayment and working capital	(40.00)	(39.10)	(21.10)	(79.83)	(24.00)	(60.00)	N/A, no underwriting arrangement	2.00	Compensatory arrangement
19 Mar 2026	i.century Holding Limited	8507	76.00	Apparel supply chain management services	1 for 1	40.00	Operating expenses, debt repayment and intelligent upgrade	(47.37)	(45.05)	(31.03)	88.68	(23.68)	(50.00)	N/A, no underwriting arrangement	N/A *(Note 2)*	Compensatory arrangement

Announcement date	Company name	Stock code	Market capitalisation as at the respective announcement date	Principal business	Basis of entitlement (Rights shares: Existing shares)	Gross proceeds	Use of proceeds	Premium/ (Discount) of the Subscription Price over/ (to) the closing share price on the last trading day	Premium/ (Discount) of the Subscription Price over/ (to) the closing share price for the five previous consecutive trading days up to and including the last trading day	Premium/ (Discount) of the Subscription Price over/(to) the theoretical ex-right share price on the last trading days	Premium/ (Discount) of the Subscription Price over/ (to) the latest published NAV per share	Theoretical dilution effect (discount)	Maximum dilution effect (discount)	Underwriting commission	Placing commission	Compensatory arrangement/ Excess application
			HK$ million			*HK$ million*		*%*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	
20 Mar 2026	WT Group Holdings Limited	8422	13.32	Provision of specialised works and general building works	2 for 1	24.00	project costs and working capital	(9.91)	(10.40)	(3.57)	(64.79)	(6.58)	(66.67)	N/A, no underwriting arrangement	3.00	Compensatory arrangement
17 Apr 2026	Hong Wei (Asia) Holdings Company Limited	8191	11.43	Manufacturing and sales of particleboards and the plantation, timber logging; and sales of wood and agricultural products	4 for 1	38.33	Debt repayment, business development and working capital	(16.13)	(10.47)	(3.70)	(85.43)	(12.90)	(80.00)	N/A, no underwriting arrangement	1.00	Compensatory arrangement
21 Apr 2026	China Information Technology Development Limited	8178	27.31	System integration and related support services; IT solutions and maintenance services; property leasing; and securities trading	1 for 2	10.33	Loan repayment, professional fees and other administrative expenses	(24.40)	(25.60)	(17.68)	(88.60)	(8.52)	(33.33)	N/A, no underwriting arrangement	1.00	Compensatory arrangement
27 Apr 2026	Tasty Concepts Holding Limited	8056	23.10	Restaurant operations	3 for 2	28.90	Restaurant expansion and working capital	(16.70)	(16.70)	(7.40)	66.70	(10.00)	(60.00)	N/A, no underwriting arrangement	3.00	Compensatory arrangement
13 May 2026	V & V Technology Holdings Limited	8113	64.69	Sale of electronic components and design and technical solutions	1 for 2	32.70	Design and technical solutions development, debt repayment and working capital	1.12	5.88	0.67	(29.91)	N/A *(Note 1)*	(33.33)	N/A, no underwriting arrangement	N/A, no placing arrangement	Excess application

Announcement date	Company name	Stock code	Market capitalisation as at the respective announcement date	Principal business	Basis of entitlement (Rights shares: Existing shares)	Gross proceeds	Use of proceeds	Premium/ (Discount) of the Subscription Price over/ (to) the closing share price on the last trading day	Premium/ (Discount) of the Subscription Price over/ (to) the closing share price for the five previous consecutive trading days up to and including the last trading day	Premium/ (Discount) of the Subscription Price over/(to) the theoretical ex-right share price on the last trading days	Premium/ (Discount) of the Subscription Price over/ (to) the latest published NAV per share	Theoretical dilution effect (discount)	Maximum dilution effect (discount)	Underwriting commission	Placing commission	Compensatory arrangement/ Excess application
			HK$ million			*HK$ million*		*%*	*%*	*%*	*%*	*%*	*%*		*%*	
9 Jul 2026	Hong Kong Entertainment International Holdings Limited	8291	111.20	Manufacturing and sales of packaging products; provision of customised packaging service; and retail sales of products	3 for 1	32.00	Debt repayment and working capital	(4.76)	(4.76)	(1.23)	Net liabilities	(3.57)	(75.00)	N/A, no underwriting arrangement	3.00	Compensatory arrangement
10 Jul 2026	Gouen Holdings Limited	8121	14.25	Provision of digital media and marketing services	4 for 1	43.20	Debt repayment, AI department development, investments and working capital	(24.21)	(27.27)	(6.01)	(72.52)	(22.40)	(80.00)	N/A, no underwriting arrangement	4.00	Compensatory arrangement
13 Jul 2026	KPM Holding Limited	8027	27.47	Design, fabrication, installation and maintenance of signage and related products; and provision of fitting-out and renovation services	2 for 1	47.40	Signage and fitting-out business expansion and working capital	(13.80)	(16.40)	(5.10)	(65.30)	(11.10)	(66.67)	N/A, no underwriting arrangement	3.00	Compensatory arrangement
29 Jul 2026	Zhejiang United Investment Holdings Group Limited	8366	33.12	Undertaking slope works, foundation works and other general building works	1 for 1	28.39	Debt repayment and working capital	(14.29)	(14.29)	(7.70)	Net liabilities	(7.14)	(50.00)	3.00%	2.00	Compensatory arrangement
14 Aug 2026	Asia-Pac Financial Investment Company Limited	8193	23.22	Asset advisory and appraisal; corporate and consultancy; media advertising; and financial services	2 for 1	56.00	Debt repayment, payables settlement and working capital	20.50	22.00	6.00	(54.30)	N/A *(Note 1)*	(66.67)	N/A, no underwriting arrangement	3.00	Compensatory arrangement

Announcement date	Company name	Stock code	Market capitalisation as at the respective announcement date	Principal business	Basis of entitlement (Rights shares: Existing shares)	Gross proceeds	Use of proceeds	Premium/ (Discount) of the Subscription Price over/ (to) the closing share price for the five previous consecutive trading days up to and including the last trading day	Premium/ (Discount) of the Subscription Price over/ (to) the closing share price on the last trading day	Premium/ (Discount) of the Subscription Price over/(to) the theoretical ex-right share price on the last trading days	Premium/ (Discount) of the Subscription Price over/ (to) the latest published NAV per share	Theoretical dilution effect (discount)	Maximum dilution effect (discount)	Underwriting commission	Placing commission	Compensatory arrangement/ Excess application
			HK$ million			*HK$ million*		*%*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	
14 Aug 2026	Palinda Group Holdings Limited	8179	19.08	Wine trading and production; and sales of food products	1 for 2	4.77	Debt repayment and working capital	(50.00)	(50.00)	(16.67)	(97.20)	(16.67)	(33.33)	N/A, no underwriting arrangement	N/A *(Note 2)*	Compensatory arrangement
4 Sept 2026	Reach New Holdings Limited	8471	19.86	Production of printed products, woven labels and printed labels; sources and sells other garment accessories; and money lending	3 for 1	44.10	Garment factory development, money lending and working capital	(25.90)	(27.30)	(8.30)	(69.20)	(20.50)	(75.00)	N/A, no underwriting arrangement	1.40	Compensatory arrangement
30 Sept 2026	Plateau Treasures Limited	8402	51.84	Design, supply, fabricate and erect structural steel works for the construction of buildings; and distribution of healthy specialty products	1 for 2	12.00	Working capital and payables settlement	(53.70%)	(48.98)	(43.63)	(22.0)	(17.87)	(33.33)	N/A, no underwriting arrangement	4.50	Compensatory arrangement
					Max	280.80		26.58	31.23	16.28	16.28	(3.57)	(33.33)	3.00	4.50	
					Min	4.77		(53.70)	(50.00)	(43.63)	(97.20)	(24.00)	(80.00)	0.00	1.00	
					Average	48.16		(21.42)	(20.94)	(11.64)	(46.23)	(15.76)	(55.96)	1.50	2.40	
					Median	32.70		(24.21)	(25.60)	(7.70)	(67.35)	(17.27)	(60.00)	1.50	2.25	
	The Company		**23.04**	**provision of interior design and fit-out services; and health industry supply chain business**	**2 for 1**	**32.60**	**Payment of staff costs, directors' remuneration, professional fees and other office related expenses**	**(29.20)**	**(30.30)**	**(12.10)**	**Net liabilities**	**(20.29)**	**(66.67)**	**0.00**	**2.00**	**Compensatory arrangement**

Source: the Stock Exchange

Note:

1. As the rights issues subscription prices of these Comparables were at a premium over their respective share prices, the rights issues did not result in any theoretical dilution effect.

2. The placing commission for i.century Holding Limited (8507.HK) and Palinda Group Holdings Limited (8179.HK) were a fixed amount of HK$400,000 and HK$15,000 execution fee plus 1.5% of gross placing proceeds and reimbursable placing expenses, respectively, whereas the placing commission of the Company is determined based on a fixed percentage. Given the difference in the basis of determining the placing commission, we consider that the placing commissions of i.century Holding Limited (8507.HK) and Palinda Group Holdings Limited (8179.HK) are not directly comparable to that of the Company and have therefore excluded it from our comparison.

3. As the figure (i.e. 4,857%) was considered an outlier due to its exceptionally high value, it was excluded from the calculation of the relevant statistics in respect of the premium/(discount) of the subscription price relative to the latest published NAV per share of the Comparable.

As illustrated in the table above, we noted that the discounts represented by the Subscription Price to (i) the closing price of the Adjusted Shares on the Last Trading Day of approximately 29.20%; (ii) the average closing price of the Adjusted Shares for the five consecutive trading days up to and including the Last Trading Day of approximately 30.30%; and (iii) the theoretical ex-rights price of approximately 12.10%, all fall within the respective ranges of the Comparables, despite being above the corresponding averages and medians of the Comparables. In particular, we noted that the discount to the theoretical ex-rights price of approximately 12.10% is only slightly above the average discount of approximately 11.64% of the Comparables.

We noted that the subscription prices of Pacific Legend Group Limited (stock code: 8547) and Asia-Pac Financial Investment Company Limited (stock code: 8193) were both set at HK$0.10 per share, being equivalent to their respective par values. As their respective closing share prices on the last trading days were below HK$0.10, their subscription prices represented premiums to their respective closing share prices. In particular, we note that the board of Pacific Legend Group Limited had expressly referred to the par value restriction as one of the factors considered in determining its subscription price, alongside other factors including recent share prices, prevailing market conditions, low trading volume and funding requirements. While the par value restriction may partly explain the premiums observed in these two Comparables, we note that the subscription prices of the Comparables were determined having regard to various company-specific factors and circumstances, and therefore the premiums/discounts represented by their respective subscription prices may not be attributable to any single factor. Having considered the foregoing, we do not consider these two Comparables to be outliers warranting exclusion solely on the basis of their relatively high premiums, and have therefore retained them in our analysis.

We note that the theoretical dilution effect of the Rights Issue of approximately 20.3% falls within the range of approximately 3.57% to 24.00% of the Comparables and reflects less dilution than that of seven out of the 16 Comparables (after excluding three Comparables which did not have any theoretical dilution effect), notwithstanding that it is above the average and median theoretical dilution effects of approximately 15.76% and 17.27%, respectively. Having considered that (i) the theoretical dilution effect of the Rights Issue falls within the range of the Comparable and is below that of seven Comparables; (ii) the Group's deteriorating financial position as discussed in the section headed "1.2. Financial position" above; (iii) the Group has recorded total comprehensive expenses for 8 consecutive financial years since the financial year ended 31 March 2019 and net cash used in operating activities for 4 consecutive financial years since the financial year ended 31 March 2023; (iv) the Rights Issue represents an opportunity for the Company to strengthen its capital structure without incurring debt financing costs, improve the Group's financial position and provide it with additional financial resources as discussed in the section headed "2.1. Reasons for and benefits of the Rights Issue" above; (v) we consider the Subscription Price is fair and reasonable so far as the Independent Shareholders as discussed below and the Subscription Price set at a discount would provide an incentive for Qualifying Shareholders and other investors to subscribe; and (vi) the Rights Issue offers the Qualifying Shareholders an opportunity to subscribe for the Rights Shares for maintaining their respective existing shareholding interests in the Company, despite the theoretical dilution effect being above the average and median of that of the Comparables, we consider, on balance, that the theoretical dilution effect to be acceptable.

We note that the premium/(discount) of the Subscription Price relative to the latest published NAV per share of the Comparables ranges from -97.2% to 16.28%, excluding the premium of 4,857% for Mindtell Technology Limited (8611.HK) which was considered an outlier for the purposes of this NAV statistics due to its exceptionally high value. Given that the Company recorded net liabilities as at 31 March 2026, we are of the view that a comparison of the premium/(discount) of the Subscription Price relative to the latest published NAV per Share would not be meaningful.

Having considered the following factors: (i) the discounts represented by the Subscription Price and the theoretical dilution effect of the Rights Issue, albeit above the respective averages and medians of the Comparables, fall within the respective ranges observed among the Comparables, which we consider to be acceptable and broadly in line with recent market transactions; (ii) the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company or receive economic benefits from selling their nil-paid Rights Shares in the market as discussed below; (iii) the Group's relatively weak financial position, including its net current liabilities and net liabilities position; and (iv) the reasons for and benefits of the Rights Issue as discussed above, we consider that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

We note that the Rights Issue is available to all Qualifying Shareholders by providing them with an equal opportunity to participate in the Rights Issue; and those Qualifying Shareholders who do not wish to subscribe for their pro rata entitlement of the Rights Shares can receive economic benefits from selling their nil-paid Rights Shares in the market. We further note that the Qualifying Shareholders will not be entitled to subscribe for any Rights Shares in excess of their respective entitlements. In this regard, we have taken into account GEM Listing Rule 10.31(2), which requires an issuer to adopt the compensatory arrangements contemplated under GEM Listing Rule 10.31(1)(b), rather than excess application arrangements, where any controlling or substantial shareholder of the issuer acts as an underwriter or sub-underwriter of the rights issue. As the Underwriter is a substantial shareholder of the Company, the Company is required to adopt the compensatory arrangements under GEM Listing Rule 10.31(1)(b). Accordingly, the absence of excess application arrangements is consistent with the applicable GEM Listing Rules. Furthermore, based on our analysis on the Comparables, we note that 18 out of 19 Comparables did not offer excess application as part of their rights issues. On this basis, we considered that it is a common market practice not to have excess application as part of the rights issue. Despite the absence of excess application, the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company. For Qualifying Shareholders who accept their respective entitlements under the Rights Issue in full, they would be able to maintain their respective existing shareholdings in the Company after completion of the Rights Issue. As such, we considered that the absence of excess application arrangement to be acceptable as far as the Independent Shareholders are concerned.

5. The Underwriting Agreement

As set out in the Letter from the Board, pursuant to the Underwriting Agreement, the Rights Issue will be partially underwritten by HK H&Y Group (in addition to its obligations under the Irrevocable Undertaking) as the Underwriter for such number of Rights Shares which together with the Shares already held by HK H&Y Group and the undertaken Shares under the Irrevocable Undertaking, (i) will not reach to a percentage of enlarged issued share capital of the Company at completion of the Rights Issue, which will trigger a general offer obligation in accordance to the note to Rule 10.26(2) of the GEM Listing Rules; or (ii) the Company satisfies the minimum Public Float Requirement under Rule 11.23(7) of GEM Listing Rules upon the completion of the Rights Issue. For the avoidance of doubt, HK H&Y Group will not take up any of the Underwritten Shares in the event that the number of Shares already held by HK H&Y Group together with the undertaken Shares under the Irrevocable Undertaking will result in (i) the Company falling below the minimum Public Float Requirement upon completion of the Rights Issue; or (ii) a general offer obligation will be triggered in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

As set out in the Letter from the Board, the terms of the Underwriting Agreement were determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, and the market conditions. It is not in the ordinary course of business of the Underwriter to underwrite shares. HK H&Y Group's role as the Underwriter in respect of the Rights Issue, together with the Irrevocable Undertaking given by it, signify strong support from the substantial Shareholder to the Group and its confidence in the development of the Group. The Directors consider that HK H&Y Group, a substantial Shareholder who is willing to support the continuing growth of the Group, as the Underwriter for the Rights Issue is in the interests of the Company and the Shareholders as a whole, and that the terms of the Underwriting Agreement are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Pursuant to the Underwriting Agreement, the Underwriter will not receive any underwriting commission. Since only two cases in the Comparables involved underwriting arrangements, we have expanded our review scope to include rights issues conducted by Main Board issuers during the Review Period, excluding any rights issues that were subsequently terminated. On this basis, we have exhaustively identified a total of five cases (the "**Underwriting Comparables**"), details of which are set out in the table below.

Announcement date	Company name	Stock code	Basis of entitlement (Rights shares: Existing shares)	Gross proceeds *HK$ million*	Underwriting basis *%*	Underwriting commission *%*
13 Jan 2026	EPI (Holdings) Limited	0689	2 for 1	198.20	non-fully underwritten	1.80
11 Feb 2026	NIU Holdings Limited	8619	2 for 1	30.93	non-fully underwritten	0.00
29 Jul 2026	Zhejiang United Investment Holdings Group Limited	8366	1 for 1	28.39	non-fully underwritten	3.00
27 Aug 2026	Hong Kong Robotics Group Holding Limited	0370	1 for 2	220.30	fully underwritten	7.07
29 Sept 2026	Green Power Group Limited	1870	1 for 4	35.10	fully underwritten	7.07
			Max			7.07
			Min			0.00
			Average			3.79
			Median			3.00
		The Company	**2 for 1**	**32.60**	**non-fully underwritten**	**0.00**

As illustrated in the table above, we note that the nil underwriting commission under the Underwriting Agreement falls within the range of the underwriting commission rates of the Underwriting Comparables. In particular, only one of the Underwriting Comparables involved nil underwriting commission. In this regard, we consider that the nil underwriting commission under the Underwriting Agreement is more favourable to the Company than the commission applicable to the majority of the Underwriting Comparable from a cost perspective, as the Company would not incur any underwriting commission expenses, thereby reducing the costs associated with the Rights Issue. We therefore consider the underwriting commission is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We consider that the nil-commission Underwriting, together with the Irrevocable Undertaking, indicate HK H&Y Group's support for the Rights Issue and the Group's business development.

We have also reviewed the other major terms of the Underwriting Agreement, including but not limited to the conditions precedent and termination clause, details of which are set out in the Letter from the Board. We are not aware of any unusual term. As such, we are of the view that the terms of the Underwriting Agreement are fair and reasonable so far as the Independent Shareholders are concerned, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

6. The Placing Agreement

On 7 October 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. Details of the Placing Agreement are set out in the section headed "THE PLACING AGREEMENT" in the Letter from the Board.

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

Pursuant to the terms of the Placing Agreement, the Company shall pay the Placing Agent a placing commission of 2.0% of the amount which is equal to the Placing Price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent. As illustrated in the table of the Comparables above, the placing commission of 2.0% to be charged by the Placing Agent under the Placing Agreement falls within the range of the commission rates of the Comparables of 1.00% to 4.50% charged by placing agents independent of the relevant companies. It is also below the average commission rate of 2.40% and the median commission rate of 2.25% among such Comparables. As such, we are of the view that the placing commission is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We have also reviewed other major terms of the Placing Agreement, including but not limited to the conditions precedents and termination clause, details of which are set out in the Letter from the Board. We are not aware of any unusual term. As such, we are of the view that the terms of the Placing Agreement are fair and reasonable so far as the Independent Shareholders are concerned, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

7. Dilution effect of the Rights Issue on the shareholding of the Company

As at the Latest Practicable Date, the Company has 960,000,000 Existing Shares in issue.

The following table sets out the possible changes in the Company's shareholding structure arising from the Capital Reorganisation and the Rights Issue, which are for illustrative purposes only. Below is the illustration of the Company's shareholding structure, including:

(i) as at the Latest Practicable Date;

(ii) Scenario 1: immediately upon completion of the Capital Reorganisation, assuming there is no change to the total issued share capital of the Company on or before the EGM;

(iii) Scenario 2: immediately after completion of the Rights Issue, assuming (a) all Qualifying Shareholders will take up their respective entitlements of the Rights Issue in full; and (b) there is no change to the total issued share capital of the Company on or before the Record Date;

(iv) Scenario 3: immediately after the completion of the Rights Issue, assuming (a) except for the Underwriter, no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue; (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent placee(s) under the Compensatory Arrangements; (c) there is no change to the total issued share capital of the Company on or before the Record Date; and (d) the subscription of the Underwriter pursuant to the Underwriting Agreement has been scaled down to a level that does not result in triggering the obligation of making a mandatory general offer under the Takeovers Code or a non-compliance of the Public Float Requirement; and

(v) Scenario 4: immediately after the completion of the Rights Issue, assuming (a) the Underwriter fully subscribes for the Rights Shares for its assured entitlement under the Rights Issue pursuant to the Irrevocable Undertaking; (b) except for the Underwriter, none of the Qualifying Shareholders will take up their respective entitlements of the Rights Shares; (c) the Placing Agent will successfully place all the Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Placing; (d) there is no change to the total issued share capital of the Company on or before the Record Date.

	As at the Latest Practicable Date		Scenario 1		Scenario 2		Scenario 3		Scenario 4	
	Number of Shares	*Approx.% (note 1)*	*Number of Adjusted Shares*	*Approx.% (note 1)*	*Number of Adjusted Shares*	*Approx.% (note 1)*	*Number of Adjusted Shares*	*Approx.% (note 1)*	*Number of Adjusted Shares*	*Approx.% (note 1)*
HK H&Y Group	217,450,000	22.65	10,872,500	22.65%	32,617,500	22.65%	15,902,500	29,99	32,617,500	22,65
Chun Wah Limited	184,370,000	19.21	9,218,500	19.21%	27,655,500	19.21%	9,218,500	17.38	9,218,500	6.40
Public Shareholders	558,180,000	58.14	27,909,000	58.14%	83,727,000	58.14%	27,909,000	52.63	27,909,000	19.38
Independent Placees	–	–	–	–	–	–	–	–	74,255,000	51,57
Total Public Shareholders	558,180,000	58.14	27,909,000	58.14	83,727,000	58.14	27,909,000	52.63	102,164,000	70.95
Total	**960,000,000**	**100.00**	**48,000,000**	**100.00**	**144,000,000**	**100.00**	**53,030,000**	**100.00**	**144,000,000**	**100.00**

Notes:

(i) The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

(ii) HK H&Y Group has provided under the Underwriting Agreement to underwrite such number of Rights Shares, which together with the Shares already held by it and the undertaken shares under the Irrevocable Undertaking, provided that (i) its shareholding will not reach to a percentage of enlarged issued share capital of the Company at completion of the Rights Issue, which will trigger an obligation to make a mandatory general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules; or (ii) the Company satisfies the minimum Public Float Requirement under Rule 11.23(7) of GEM Listing Rules upon the completion of the Rights Issue.

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their provisional allotments in full under the Rights Issue, their shareholding interests in the Company will remain unchanged upon completion of the Rights Issue (assuming full acceptance of the Rights Issue). Qualifying Shareholders who do not accept the Rights Issue entitlements can, subject to the then prevailing market conditions, consider selling their nil-paid Rights Shares in the market. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and their aggregate shareholding interests in the Company may be reduced by a maximum of approximately 66.67%.

We note from Scenario 4 set out in the above table that, immediately after the completion of the Rights Issue, assuming (a) the Underwriter fully subscribes for the Rights Shares for its assured entitlement under the Rights Issue pursuant to the Irrevocable Undertaking; (b) except for the Underwriter, none of the Qualifying Shareholders will take up their respective entitlements of the Rights Shares; (c) the Placing Agent will successfully place all the Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Placing; (d) there is no change to the total issued share capital of the Company on or before the Record Date, the shareholding interests of the public Shareholders would be diluted from approximately 58.14% to 19.38% of the total number of Adjusted Shares after the Rights Issue. However, such dilution effect may only arise when Qualifying Shareholders do not subscribe for their pro-rata Rights Shares. Those Qualifying Shareholders who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company and have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market. Furthermore, the Rights Issue is subject to Independent Shareholder's approval at the EGM. The Independent Shareholders have the opportunity to express their views on the terms of the Rights Issue through their votes at the EGM. The maximum dilution effect of the Rights Issue is approximately 66.67%, which falls within the range of the Comparables, ranging from approximately 33.30% to 80.00%.

Having considered that (i) the Rights Issue offers the Qualifying Shareholders an opportunity to subscribe for the Rights Shares for maintaining their respective existing shareholding interests in the Company; (ii) the Qualifying Shareholders have the opportunity to sell their nil-paid Rights Shares in the market if they do not wish to take up the Rights Issue entitlements; (iii) the reasons for and benefits of the Rights Issue and the funding needs as stated in the section headed "2. Reasons for and benefits of the Rights Issue and use of proceeds" above; (iv) the principal terms of the Rights Issue, the Placing Agreement and the Underwriting Agreement are on normal commercial terms; and (v) the Rights Issue would improve the capital structure and financial position of the Group, thereby mitigating the liquidity risks associated with its existing net current liabilities position, we are of the view that the potential dilution effect on the shareholding interest of the Shareholders (who decide not to take up their assured entitlements in full) as a result of the Rights Issue is acceptable.

8. Financial effects

It should be noted that the Rights Issue is subject to the conditions as set out in the Letter from the Board, the analysis below is for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon completion of the Rights Issue.

As noted from the unaudited pro forma financial information of the Group as set out in Appendix II to the Circular, assuming the completion of the Rights Issue had taken place on 31 March 2026, (i) the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company would have been approximately HK$24.00 million immediately after the completion of the Rights Issue, as compared to the audited consolidated net liabilities of the Gorup attributable to owners of the Company of approximately HK$6.87 million as at 31 March 2026; (ii) the unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to owners of the Company would have been approximately HK$0.17, as compared to the audited consolidated net tangible liabilities of the Group per share attributable to owners of the Company of approximately HK$0.14. Such turnaround is attributable to the effect of the net proceeds from the Rights Issue.

RECOMMENDATION

Having taken into account the factors and reasons as stated above, we are of the opinion that (i) the terms of the Rights Issue and the transaction thereunder (including the Underwriting Agreement and the Placing Agreement) are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the Placing Agreement).

Yours faithfully,
For and on behalf of
Huaan Securities (Hong Kong) Corporate Finance Limited
Fanny Lee
Managing Director

Ms. Fanny Lee is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Huaan Securities (Hong Kong) Corporate Finance Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and has over 25 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of three years ended 31 March 2024, 2025 and 2026, together with the accompanying notes to the financial statements, are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.dic.hk):

Annual report for the year ended 31 March 2024 (pages 71 to 144):

https://www1.hkexnews.hk/listedco/listconews/gem/2024/0702/2024070201455.pdf

Annual report for the year ended 31 March 2025 (pages 71 to 140):

https://www1.hkexnews.hk/listedco/listconews/gem/2025/0721/2025072100373.pdf

Annual report for the year ended 31 March 2026 (pages 87 to 164):

https://www1.hkexnews.hk/listedco/listconews/gem/2026/0722/2026072200346.pdf

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

	Outstanding Amount *(HK$'000)*
Non-current	
Lease liabilities *(Note 1)*	605
Current	
Loan from a director *(Note 2)*	2,000
Bank borrowings *(Note 3)*	3,852
Lease liabilities *(Note 1)*	569
Total Outstanding Indebtedness	**7,026**

Note 1: As at 30 September 2026, the Group had total outstanding lease liabilities of approximately HK$1,174,000, which are classified as HK$605,000 under non-current liabilities and HK$569,000 under current liabilities. These lease obligations are secured by the respective lessors' relative charges over the underlying leased properties and assets.

Note 2: The balance of HK$2,000,000 represents an unsecured, unguaranteed and non-interest-bearing advance provided by Dr. Chan Lai Sin, an executive director of the Company to fund the Group's general working capital. Pursuant to its contractual terms, this balance is repayable on 6 March 2027 and has been classified under current liabilities.

Note 3: As at 30 September 2026, interest-bearing bank loans of HK$3,852,000 were subject to a repayment on demand clause and are therefore classified as current liabilities. However, based on the contractual repayment dates, HK$475,000 would otherwise be repayable within one year, and HK$3,377,000 would be repayable after one year. These banking facilities are fully supported by personal guarantee given by Dr. Chan Lai Sin, an executive Director of the Company.

Save as aforesaid and apart from intra-group liabilities, normal trade and wages payables, as at the close of business on 30 September 2026, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or other borrowings, mortgages, charges, guarantees or contingent liabilities.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there had been no material adverse change in the financial or trading position of the Group since 31 March 2026, being the date to which the latest published audited financial statements of the Company were made up.

4. WORKING CAPITAL SUFFICIENCY

After taking into account the financial resources available to the Group, including the internally generated funds, currently available facilities from bank, institutions and person and the net proceeds from the Rights Issue, the Directors are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of the publication of this circular.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Looking forward, the macroeconomic environment is expected to remain volatile and continues to impact the economy of Hong Kong. The Company is of the view that the property market in Hong Kong will remain uncertain in the near future.

Although the Group is encountering market uncertainties arising from the downward trend of the financial market and property price and the overall economic downturn in Hong Kong, it has strengthened its position in the interior design and fit-out services by reinforcing brand promotion through mainstream and digital media, which is expected to attract new customers.

Despite the challenges in the future, the Group is optimistic about the prospects of the local interior design and fit-out industry. It is committed to enhance customer experience and satisfaction through the recruitment of talents, the provision of training and the improvement of management capabilities. These strategic initiatives will drive sustainable business growth in the long run and create greater value for the shareholders.

The health industry supply chain business (the "**New Business**"), operated through the Company's indirect wholly-owned subsidiary, Hainan Gong Le Xiang Management Co., Ltd.* (海南共樂享管理有限公司) and its non-wholly owned subsidiary, Sanya Le Xiang Gong Da Supply Chain Co., Ltd.* (三亞樂享共達供應鏈有限公司) ("**Sanya Le Xiang**"), was commenced in late 2025.

The New Business segment is committed to building a comprehensive industry chain system covering product sales, business consulting, and senior care education, focusing primarily on the senior and silver-haired demographics. For the financial year ended 31 March 2026, the New Business generated an initial trading revenue of approximately HK$113,000 (representing approximately 0.1% of the Group's total revenue for that financial year).

Building upon the commercial networks established since late 2025, the health industry supply chain segment experienced robust scaling subsequent to 31 March 2026. Under its core "Le Xiang Gong Da" brand feature, Sanya Le Xiang successfully expanded its senior-care nutritional portfolio, driving bulk product trading across its target lines, including pure goat milk powder (純羊奶粉), wild sea cucumber (野生海參), Antarctic krill oil gel candy (南極磷蝦油凝膠糖果), and flavonoids (類黃酮), etc..

Based on the latest unaudited management accounts of the Group for the six months ended 30 September 2026 available to the management, the health industry supply chain business generated a high-margin unaudited revenue contribution of approximately HK$4.3 million. Consequently, the segment achieved an outstanding profit contribution, delivering an unaudited reportable segment profit before taxation of approximately HK$1.1 million for the six months ended 30 September 2026. This profitable consolidation directly cushioned the operational pressures on the Group's core interior design platform in Hong Kong and narrowed the Group's consolidated net loss.

* *For identification purpose only*

The following is the text of the independent reporting accountant's assurance report, received from Asian Alliance (HK) CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, in respect of the Unaudited Pro Forma Financial Information of the Group, prepared for the purpose of inclusion in this Circular.



INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Board of Directors of Lai Group Holding Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Lai Group Holding Company Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2026 and related notes (the "**Unaudited Pro Forma Financial Information**") as set out in pages II-4 to II-5 of Appendix II to the circular issued by the Company dated 20 November 2026 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in pages II-4 to II-5 of Appendix II to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of two rights shares for every one ordinary share (being the adjusted share after the reduction of the issued share capital of the Company by reducing the par value of each issued consolidated share, which is the share after the consolidation of every 20 issued and unissued existing shares of HK$0.01 each into one consolidated share of HK$0.2 each, from HK$0.20 to HK$0.01 and the sub-division of each authorised but unissued consolidated share of HK$0.20 each into 20 authorised but unissued consolidated shares) held on the record date at the subscription price of HK$0.34 per rights share, to raise up to approximately HK$32.6 million before expenses by way of issuing up to 96,000,000 rights shares (the "**Rights Issue**") on the Group's financial position as at 31 March 2026 as if the Rights Issue had taken place at 31 March 2026.

As part of this process, information about the Group's financial position has been extracted by the Directors from the consolidated financial statements of the Group for the year ended 31 March 2026, on which an annual report dated 24 June 2026 has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

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

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

REPORTING ACCOUNTANT'S RESPONSIBILITIES

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

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

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

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 March 2026 would have been as presented.

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

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Asian Alliance (HK) CPA Limited
Certified Public Accountants (Practising)
Chung Chi Chiu
Practising Certificate Number: P06610

8/F., Catic Plaza
8 Causeway Road
Causeway Bay
Hong Kong

20 November 2026

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

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the "**Unaudited Pro Forma Financial Information**") has been prepared by the Directors in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants, for the purpose of illustrating the effect of the rights issue on the basis of two rights shares (the "**Rights Share(s)**") for every one Adjusted Share held on the record date at the subscription price of HK$0.34 (the "**Subscription Price**") per Rights Share, to raise up to approximately HK$32.6 million before expense by way of issuing up to 96,000,000 right shares (the "**Rights Issue**"), as if the Rights Issue had taken place on 31 March 2026.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net liabilities of the Group attributable to owners of the Company as at 31 March 2026, as extracted from the published annual report of the Group for the year ended 31 March 2026 dated 24 June 2026 after giving effect to the pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the unaudited consolidated net liabilities of the Group attributable to owners of the Company as at 31 March 2026 or at any future dates.

	Audited consolidated net liabilities of the Group attributable to owners of the Company as at 31 March 2026 *HK$'000* *(Note 1)*	**Estimated net proceeds from the Rights Issue** *HK$'000* *(Note 2)*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue as at 31 March 2026** *HK$'000* *(Note 3)*	**Audited consolidated net liabilities of the Group per share attributable to owners of the Company as at 31 March 2026 before the Rights Issue** *HK$* *(Note 4)*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to owners of the Company as at 31 March 2026 immediately after the completion of the Rights Issue** *HK$* *(Note 5)*
Based on 96,000,000 Rights Shares to be issued at the Subscription Price of HK$0.34 per Rights Share	(6,874)	30,875	24,001	(0.14)	0.17

Notes:

(1) The audited consolidated net liabilities of the Group attributable to owners of the Company as at 31 March 2026 is calculated based on the audited consolidated net liabilities of the Group attributable to owners of the Company as at 31 March 2026 of approximately HK$6,874,000, which is extracted from the published audited annual report of the Group for the year ended 31 March 2026 dated 24 June 2026.

(2) The estimated net proceeds from the Rights Issue of approximately HK$30,875,000 are based on 96,000,000 Rights Shares to be issued at the Subscription Price of HK$0.34 per Rights Share, after the deduction of the estimated related expenses of approximately HK$1,765,000.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue represents the audited consolidated net liabilities of the Group attributable to the owners of the Company as at 31 March 2026 plus the net proceeds from the Rights Issue as set out in Note 2.

(4) The calculation of the audited consolidated net liabilities of the Group per share attributable to owners of the Company as at 31 March 2026 before the completion of the Rights Issue is based on the audited consolidated net liabilities of the Group attributable to owners of the Company as at 31 March 2026 of approximately HK$6,874,000 as set out in Note 1, divided by the number of Adjusted Shares in issue, i.e. 48,000,000 shares.

(5) Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to owners of the Company as at 31 March 2026 immediately after the completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue of approximately HK$24,001,000 as set out in Note 3 divided by 144,000,000 shares which represents:

   (i) 48,000,000 Adjusted Shares in issue; and

   (ii) 96,000,000 Rights Shares to be issued, assuming no new shares (other than the Rights Shares) will be issued and no repurchase of shares on or before the completion of the Rights Issue and full subscription under the Rights Issue.

(6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2026.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 in this circular or this circular misleading.

2. SHARE CAPITAL OF THE COMPANY

The authorised and issued share capital of the Company (a) as at the Latest Practicable Date; (b) immediately upon completion of the Capital Reorganisation; (c) immediately upon completion of the Capital Reorganisation and the Increase in Authorised Share Capital becoming effective and (d) immediately after the completion of the Rights Issue (assuming full acceptance by Qualifying Shareholders) are as follows:

(a) As at the Latest Practicable Date

Authorised:		*HK$*
2,000,000,000	Existing Shares of HK$0.01 each	20,000,000
Issued and fully paid up:		
960,000,000	Existing Shares of HK$0.01 each	9,600,000

(b) Immediately upon completion of the Capital Reorganisation

Authorised:		*HK$*
2,000,000,000	Adjusted Shares of HK$0.01 each	20,000,000
Issued and fully paid up:		
48,000,000	Adjusted Shares of HK$0.01 each	480,000

(c) Immediately upon completion of the Capital Reorganisation and the Increase in Authorised Share Capital becoming effective

Authorised:		*HK$*
20,000,000,000	Adjusted Shares of HK$0.01 each	200,000,000
Issued and fully paid up:		
48,000,000	Adjusted Shares of HK$0.01 each	480,000

(d) Immediately after the completion of the Rights Issue (assuming full acceptance by Qualifying Shareholders)

Authorised:		*HK$*
20,000,000,000	Adjusted Shares of HK$0.01 each	200,000,000
Issued and fully paid up:		
48,000,000	Adjusted Shares of HK$0.01 each	480,000
96,000,000	Rights Shares to be issued pursuant to the Rights Issue	960,000
144,000,000	Adjusted Shares in issue immediately after completion of the Rights Issue	1,440,000

All issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital, and with all the Shares in issue as at the date of allotment and issue of the Rights Shares.

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

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

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

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants or other similar rights which confer any right to convert into or subscribe for Shares and there was no capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

As at the Latest Practicable Date, the Company had no treasury Shares or repurchased Shares pending cancellation.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests in Shares, underlying Shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, the underlying shares or debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive was taken or deemed to have under such provision 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, pursuant to standard of dealings by Directors as referred to in Rule 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	Nature of interest	Number of Shares	Approximate % of the total issued share capital in the Company
Dr. Chan *(Note)*	Interest of a controlled corporation	184,370,000 (Long position)	19.21%

Note: Dr. Chan legally and beneficially owns the entire issued share capital of Chun Wah Limited. Therefore, Dr. Chan is deemed, or taken to be, interested in all the shares held by Chun Wah Limited for the purpose of the SFO. Dr. Chan is the sole director of Chun Wah Limited.

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

(b) Substantial Shareholders' interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as is known to the Directors, the following persons/entities (other than the Directors and chief executive of the Company) had or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, deemed to be interested in 5% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name	Capacity/Nature of interest	Number of underlying Shares	Approximate % of the total issued share capital in the Company
HK H&Y Group	Beneficial owner	217,450,000 (Long position)	22.65%
Mr. Liu Jiasheng *(Note 1)*	Interest of a controlled corporation	217,450,000 (Long position)	22.65%
Chun Wah Limited	Beneficial owner	184,370,000 (Long position)	19.21%
Ms. Wong Ting Nuen *(Note 2)*	Interest of spouse	184,370,000 (Long position)	19.21%
Ms. Cai Hui Ting	Beneficial owner	84,230,000 (Long position)	8.77%

Notes:

1. Mr. Liu Jiasheng ("**Mr. Liu**") legally and beneficially owns the entire issued share capital of HK H&Y Group. Therefore, Mr. Liu is deemed, or taken to be, interested in all the shares held by HK H&Y Group for the purpose of the SFO.

2. Ms. Wong Ting Nuen ("**Ms. Wong**") is the spouse of Dr. Chan. Ms. Wong is deemed, or taken to be, interested in the same number of shares in which Dr. Chan is interested for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, there was no person or corporation, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had any interest or a short position in the shares or underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of the Company or any other member of the Group.

4. LITIGATION

As at the Latest Practicable Date, so far as the Directors were aware of, none of the members of the Group was involved in any litigation or claim 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.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which was not determinable within one year without payment of compensation, other than statutory compensation.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his respective close associates had any interests in any business apart from the Group's business which competed or might compete, either directly or indirectly, with the business of the Group.

7. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 March 2026 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors had any material interest, directly or indirectly, in any contract or arrangement subsisting which was significant in relation to the business of the Group.

8. RISK FACTORS

Economic conditions in Hong Kong

The Group principally operates in Hong Kong and derives substantially all of its revenue from Hong Kong. As such, the Group's business performance is closely linked to the economic conditions in Hong Kong. Any adverse changes in the general economic environment, including economic slowdown, recession, inflation, higher interest rates, reduced government expenditure on infrastructure and construction projects, property market downturn or deterioration in business sentiment, may adversely affect the demand for construction and engineering services and consequently the Group's business, financial position and results of operations.

Political, regulatory and legal risks

The Group's business operations are subject to the laws, regulations and policies of Hong Kong. Any changes in government policies, regulatory requirements, environmental standards, labour regulations, taxation policies or other legal and regulatory requirements may increase the Group's compliance costs or affect the operating environment of the Group. Any significant changes in the political, legal or regulatory environment may have a material adverse effect on the Group's business, financial position and prospects.

Financial market risks

Global and regional financial markets may experience significant volatility as a result of changes in economic conditions, inflationary pressures, interest rate movements, geopolitical tensions, public health events or other factors beyond the control of the Group. Such developments may adversely affect investor confidence, financing conditions, availability of capital and the overall operating environment in which the Group conducts its business.

Interest rate risk

The interest rate risk of the Group relates primarily to the bank balance, time deposit and bank borrowings. The Group currently has not entered into interest rate swaps to hedge against the exposure to the changes in fair values of the borrowings. It is the policy of the Group to maintain an appropriate level between the deposits and borrowings so as to balance the fair value and cash flow interest rate risk. In addition, to the extent that the Group may need to raise debt financing in the future, upward fluctuations in interest rates will increase the cost of new debts. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of the debt obligations. The Group currently does not use any derivative instruments to manage the interest rate risk. To the extent the Group decide to do so in the future, there can be no assurance that any future hedging activities will protect the Group from fluctuations in interest rates.

Credit risk

The credit risk of the Group mainly arises from contract assets, trade and other receivables and bank balances. The carrying amounts, where applicable, of each class of these assets represent the Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates. The Group's credit risk of bank balances is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies. In respect of trade and other receivables and contract assets, individual and/or collective credit evaluations are performed on the Group's customers and counterparties. Monitoring procedures have been implemented to ensure that follow-up action will be taken to recover overdue debts. The Group performs impairment assessment under the expected credit loss model under HKFRS 9 on its financial assets and contract assets. In this regard, management considers that the Group's credit risk is significantly reduced.

Liquidity risk

The Group has maintained a policy to monitor current and expected liquidity requirements regularly to ensure that the Group can maintain sufficient reserve of cash to meet liquidity requirements in both long and short terms as well as maintaining sufficient financial resources to fund operations.

9. MATERIAL CONTRACTS

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

(i) the Placing Agreement;

(ii) the Underwriting Agreement;

(iii) the sale and purchase agreement dated 5 June 2026 in relation to the disposal of 100 ordinary shares of US$1.00 each in the capital of Fame Protector Limited and the repayment of all sum of money advanced by way of loan by Smart Will Engineering Limited to Fame Protector Limited; and

(iv) the placing agreement dated 26 May 2025 entered into between the Company, as the issuer, and Pinestone Securities Limited, as the placing agent, in relation to the placing of up to 160,000,000 shares of the Company, on a best efforts basis, at the placing price of HK$0.045 per placing share. Completion took place on 19 June 2025.

10. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinions, letters or advice contained in this circular:

Name	Qualifications
Asian Alliance (HK) CPA Limited	Certified Public Accountants
Huaan Securities (Hong Kong) Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding, directly or indirectly, in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of above experts did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2026, being the date to which the latest published audited accounts of the Company were made up.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors

Executive Director:
Mr. Wang Guoping *(Chairman)*
Dr. Chan Lai Sin *(Vice Chairman)*

Non-executive Director:
Ms. Liu Lihui

Independent Non-executive Directors:
Dr. Chung Siu Kuen
Ms. Ma Yufei
Ms. Sun Wai Ling

Audit Committee
Ms. Sun Wai Ling *(Chairman)*
Dr. Chung Siu Kuen
Ms. Ma Yufei

Remuneration Committee
Ms. Sun Wai Ling *(Chairman)*
Dr. Chan Lai Sin
Dr. Chung Siu Kuen
Ms. Ma Yufei

Nomination Committee
Ms. Ma Yufei *(Chairman)*
Dr. Chan Lai Sin
Dr. Chung Siu Kuen
Ms. Sun Wai Ling

Registered office	Windward 3, Regatta Office Park PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Principal place of business in Hong Kong	Office H, 19/F, Phase 01 Kings Wing Plaza 3 On Kwan Street Shek Mun Sha Tin New Territories Hong Kong
Authorised representatives	Dr. Chan Lai Sin Ms. Ng Hoi Ying
Company secretary	Ms. Ng Hoi Ying
Auditors and reporting accountants	Asian Alliance (HK) CPA Limited *Certified Public Accountants* *Registered Public Interest Entity Auditor* 8/F., Catic Plaza 8 Causeway Road Causeway Bay Hong Kong
Legal adviser to the Company as to Hong Kong laws	CFN Lawyers LLP Units 4101-4104, 41/F Sun Hung Kai Centre 30 Harbour Road Wan Chai, Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Huaan Securities (Hong Kong) Corporate Finance Limited 8/F, Li Po Chun Chambers 189 Des Voeux Road Central, Sheung Wan Hong Kong
Placing Agent	I Win Securities Limited Room 3001-3002 30/F, China Insurance Group Building 141 Des Voeux Road Central Central Hong Kong

Principal bankers	Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Central Hong Kong Hang Seng Bank 83 Des Voeux Road Central Hong Kong The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
Hong Kong share registrar and transfer office	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal share registrar and transfer office in Cayman Islands	Ocorian Trust (Cayman) Limited Windward 3, Regatta Office Park PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Stock Code	8455
Company Website	www.dic.hk

12. EXPENSES

The expenses in connection with the Rights Issue, including printing, registration, translation, legal and accountancy charges and other related expenses, are estimated to amount to approximately HK$1.7 million and are payable by the Company.

Accordingly, the gross proceeds from the Rights Issue will be up to approximately HK$32.6 million and the maximum net proceeds (after deducting the estimated expenses) of the Rights Issue are estimated to be approximately HK$30.9 million. The net subscription price per Rights Share is expected to be approximately HK$0.016 before the Capital Reorganisation or HK$0.32 per Rights Share assuming the Capital Reorganisation taking effect.

13. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Wang Guoping ("Mr. Wang")

Mr. Wang, aged 52, was appointed as the executive Director and the Chairman of the Company on 27 February 2025.

Mr. Wang obtained a diploma in financial accounting from the department of finance, SouthCentral Minzu University* (中南民族學院) in 1996 and graduated from The Open University of China* (國家開放大學) with a bachelor's degree in public service administration (school management) in 2023. Mr. Wang has extensive experience in education management, teaching, and accounting. Mr. Wang served as the director of academic affairs and accounting teacher at Guangzhou Far East Foreign Languages Foreign Trade College* (廣州遠東外語外貿專修學院) from August 2003 to November 2009, and he obtained the Certificate of Accounting Profession in People's Republic of China in 2006. He held the same position at Guangdong New Mileage Tourism Technical School* (廣東新里程旅遊技工學校) from December 2009 to September 2017 and returned to Guangzhou Far East Foreign Languages Foreign Trade College* (廣州遠東外語外貿專修學院) from October 2017 to December 2018. Since January 2019, he has been serving as the supervisor at Guangzhou Huadu Yangguang School* (廣州市花都區陽光學校), overseeing school operations and management.

Dr. Chan Lai Sin ("Dr. Chan")

Dr. Chan, aged 62, is the founder of the Group. He is responsible for the overall strategic management and development of the Group's business operations. Dr. Chan was appointed to the Board and designated as an executive Director and the Chairman of the Company on 6 May 2016. Dr. Chan was re-designated as the Vice Chairman of the Company on 27 February 2025.

Dr. Chan has over 28 years of experience in the interior design and furnishing industry. Prior to founding the Group, Dr. Chan began working as a clerk in MTR Corporation Limited from August 1981 to October 1982 and later joined the Hong Kong Police Force (formerly the Royal Hong Kong Police Force) as a policeman from June 1983 to November 1987. Dr. Chan joined Bellok Company Limited (also known as Chung Ngai Furniture Factory (中藝傢俬廠)) as a sales representative in May 1988 and left in July 1996 with his last position held as sales manager. He later founded the Group in August 1996.

Further, Dr. Chan obtained Registered Six Sigma Champion from Six Sigma Institute on October 2017. Dr. Chan was awarded as one of "2012-2013 Top 10 Most Influential Interior Designers (Residential) (2012-2013年度十大最具影響力設計師(住宅空間類))" at "The 8th China International Architectural Decoration and Design Art Fair (第八屆中國國際建築裝飾及設計博覽會)" in China.

Dr. Chan was a member of the 12th Hebei Provincial Committee of the Chinese People's Political Consultative Conference since June 2018.

Dr. Chan obtained a doctor degree of management from The Hong Kong Polytechnic University in September 2018, and a bachelor degree of general studies and a master degree of business administration from The Open University of Hong Kong in June 2011 and November 2015 respectively.

Non-executive Director

Ms. Liu Lihui ("Ms. Liu")

Ms. Liu, aged 56, was appointed as the non-executive Director on 10 February 2025.

Ms. Liu obtained the Certificate of Accounting Professional in PRC in 2004. Ms. Liu has been working at Guangdong Huayang Alliance Health Products Co., Ltd. * (廣東華洋聯盟健康產品有限公司) as financial manager since 2018. She has over 20 years of experience in accounting management.

Independent non-executive Directors

Ms. Sun Wai Ling ("Ms. Sun")

Ms. Sun, aged 53, was appointed as the independent non-executive Director on 29 August 2025. She is the chairman of the audit committee of the Company (the "**Audit Committee**") and the remuneration committee of the Company (the "**Remuneration Committee**") and a member of the nomination committee of the Company (the "**Nomination Committee**"). Ms. Sun provides independent judgment and advice on the Group's strategy, performance, resources, and standards of conduct, and regularly reviews the Group's financial information.

Ms. Sun has over 21 years of experience in the field of accounting and finance. From July 2000 to March 2010, Ms. Sun joined Tims Fashion International Company Limited as an accountant and was promoted to accounting and administrative manager in 2007. From March 2010 to February 2012, she was a senior accountant at Win Success Hong Kong Development Limited and from March 2012 to November 2012, she was a senior accountant at Jet Bright International Holdings Limited, both of which were subsidiaries of Real Nutriceutical Group Limited (previous HKEx stock code: 2010 and was delisted on 25 January 2021). From November 2012 to May 2013, she was a senior accountant at Nonox Asia Limited. From June 2013 to March 2014, she was a finance and administration manager at Bluetech Holdings Limited. From January 2015 to June 2016, Ms. Sun rejoined Jet Bright International Holdings Limited as a senior accountant. From July 2016 to February 2018, Ms. Sun joined Tung Chun Management Services Company Limited as an assistant finance manager. From March 2018 until June 2022, she was an accounting manager at is BIM Limited, a previous subsidiary of C Cheng Holdings Limited (HKEx stock code: 1486). Since July 2022, Ms. Sun has been a finance, system and administrative manager at Plicosa International (HK) Limited.

Ms. Sun graduated from Oxford Brookes University with a Bachelor of Science degree in applied accounting in September 2012. She has also been accredited as an Hong Kong Accounting Technician in June 2002 and was admitted as a member of the Association of Chartered Certified Accountants in June 2007. Ms. Sun has also been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since May 2011.

Dr. Chung Siu Kuen ("Dr. Chung")

Dr. Chung, aged 63, was appointed as an independent non-executive Director on 6 August 2021. He is a member of the Audit Committee, the Remuneration Committee, and the Nomination Committee. Dr. Chung provides independent judgment and advice on the Group's strategy, performance, resources, and standards of conduct, and regularly reviews the Group's financial information.

Dr. Chung brings over 37 years of management experience in the banking industry, with a focus on retail banking, overseeing sales and distribution channels, cross-border business development and collaboration, customer segments, and retail banking and wealth management products.

Dr. Chung has been appointed as executive director of Horsemart Service Limited from July 2024 to December 2025, where he oversees the development of integrated security and cash solutions for servicing leading banks, financial institutions, and government agencies in Hong Kong. From January to June 2026, he was appointed as a consultant.

Dr. Chung has been a Professor in the School of Accounting and Finance at The Hong Kong Polytechnic University since June 2021.

Since March 2021, Dr. Chung has been the founder and director of DR WMS Limited, a company specializing in management consultancy services. His previous banking roles include Executive Vice President and Head of the Personal Banking Division at Chong Hing Bank Limited from August 2018 to June 2020, Assistant General Manager at Wing Lung Bank Limited from April 2013 to August 2018 and Managing Director and Treasurer and Distribution Head at DBS Bank (Hong Kong) Limited from October 2008 to March 2013. Prior to 2008, Dr. Chung held various positions in the banking industry.

Dr. Chung earned a Doctor of Business Administration from The Hong Kong Polytechnic University in 2018, a Master of Business Administration from the University of Birmingham in 2009, a Bachelor of Laws from the University of Wolverhampton in 2005, a Bachelor of Business Administration (Honours) from the University of Lincolnshire and Humberside in 2000, a Diploma in Legal Studies from The University of Hong Kong in 1998, and a Diploma in Business Administration from Hong Kong Shue Yan College in 1991.

Ms. Ma Yufei ("Ms. Ma")

Ms. Ma, aged 31, was appointed as the independent non-executive Director on 10 February 2025. She is the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee. Ms. Ma provides independent judgment and advice on the Group's strategy, performance, resources, and standards of conduct, and regularly reviews the Group's financial information.

Ms. Ma obtained a Bachelor of Commerce (Honours) in Accounting from Beijing Normal University-Hong Kong Baptist University United International College in June 2017. Ms. Ma was awarded a Bachelor of Business Administration (Honours) in Accounting (First Class) from Hong Kong Baptist University in November 2017. Ms. Ma worked as an auditor in the audit department of PricewaterhouseCoopers Zhong Tian LLP. Beijing Branch from October 2017 to January 2020. She has worked as general manager of financial advisory management department of Shenyang Chenrui Health Management Consulting Co., Ltd.* (沈陽辰銳健康管理諮詢有限公司) since December 2023. Ms. Ma established her own self-media company in November 2022.

Senior Management

Mr. Siu Ka Sing ("Mr. Siu")

Mr. Siu, aged 45, was appointed as chief executive officer of the Company on 24 March 2017. Mr. Siu initially joined the Group as an account officer in May 2004 and was promoted to administrative manager in January 2009. Mr. Siu is responsible for overseeing general operations and devising business strategies.

Mr. Siu has over 21 years of experience in administrative related matters. Before joining the Group, Mr. Siu had worked in Great Expect Development Limited as an accounting clerk from April 2002 to May 2004.

Mr. Siu obtained his business studies diploma from Hong Kong Young Women's Christian Association (Professional and Career Youth Department) in July 1999 and a diploma in accounting studies from Hong Kong School of Commerce in June 2001. Mr. Siu has been a Hong Kong accounting technician of The Hong Kong Institute of Accredited Accounting Technicians (formerly known as The Hong Kong Association of Accounting Technicians) since December 2002.

Company secretary

Ms. Ng Hoi Ying ("Ms. Ng")

Ms. Ng, aged 40, was appointed as the company secretary of the Company on 1 March 2019. She obtained a degree of Bachelor of Business Administration in Accountancy from The Hong Kong Polytechnic University in 2008. She is currently a member of the Hong Kong Institute of Certified Public Accountants.

Ms. Ng has over 18 years of experience in auditing, accounting and financial reporting. She worked as a senior auditor of Deloitte Touche Tohmatsu. Subsequently Ms. Ng worked as senior accountant in Asia Maritime Pacific (Hong Kong) Limited, a private company engaged in fleet operation of both owned and chartered-in Handy-size and mini-MPP vessels, which operate internationally in China, West Africa, Australia, South America and intra-Asia. She was the finance manager of Ngai Shun Construction & Drilling Company Limited, which is a piling contractor for both private and public works in Hong Kong. Its holding company (Boill Healthcare Holdings Limited, formerly known as Ngai Shun Holdings Limited) has been on the Main Board of the Stock Exchange (stock code: 1246) from October 2013 to August 2026. Ms. Ng is currently a company secretarial manager at Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services.

* *For identification purpose only*

Business address of the Directors

The business address of the Directors is the same as the principal place of business of the Company in Hong Kong, which is at Office H, 19/F, Phase 01 Kings Wing Plaza, 3 On Kwan Street, Shek Mun, Sha Tin, New Territories, Hong Kong.

14. AUDIT COMMITTEE

As at the Latest Practicable Date, the Audit Committee comprised all of the independent non-executive Directors, namely Ms. Sun Wai Ling (the Chairman of the Audit Committee), Dr. Chung Siu Kuen and Ms. Ma Yufei. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed "13. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY" in this appendix. The primary duties of the Audit Committee, among others, are (a) to review the Group's annual reports, interim reports and quarterly reports; (b) to discuss and review with the auditor of the Company on the scope and findings of the audit; and (c) to supervise the financial reporting process, risk management and internal control systems of the Group.

15. MISCELLANEOUS

(i) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

(ii) As at the Latest Practicable Date, there is no material foreign exchange exposure to the Company. Therefore, no financial instrument was made to hedge such exposures.

(iii) As at the Latest Practicable Date, there were no contracts for the hire or hire purchase of plant to or by any member of the Group for a period of over one year which were substantial in relation to the Group's business.

(iv) 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.

16. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the websites on the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.dic.hk) from the date of this circular up to and including the date of the EGM:

(i) the amended and restated memorandum and articles of association of the Company;

(ii) the annual reports of the Company for the years ended 31 March 2024, 2025 and 2026;

(iii) the letter from the Board, the text of which is set out on pages 12 to 50 of this circular;

(iv) the letter from Independent Board Committee, the text of which is set out on page 51 of this circular;

(v) the letter from the Independent Financial Adviser, the text of which is set out on pages 52 to 80 of this circular;

(vi) the accountant's report on the unaudited pro forma financial information of the Group issued by Asian Alliance (HK) CPA Limited, the text of which is set out in Appendix II to this circular;

(vii) the written consents referred to in the paragraph under the heading "10. EXPERTS AND CONSENTS" in this appendix; and

(viii) the material contracts referenced to in the paragraph under the heading "9. MATERIAL CONTRACTS" in this appendix.

Lai Group Holding Company Limited
禮建德集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8455)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Lai Group Holding Company Limited (the "**Company**") will be held at 9/F, 33 Des Voeux Road Central, Central, Hong Kong on Friday, 11 December 2026 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary/special resolutions of the Company:

SPECIAL RESOLUTION

1. "**THAT** subject to and conditional upon (i) the GEM Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Adjusted Shares (as defined below) in issue and to be issued upon the Capital Reorganisation becoming effective; and (ii) the registration by the Registrar of Companies of the Cayman Islands, in accordance with the Companies Act (As Revised) of the Cayman Islands (the "**Companies Act**"), of the solvency statement made by the directors of the Company ("**Directors**") in respect of the Capital Reduction (as defined below) and the minute containing the particulars required under the Companies Act with respect to the Capital Reduction, with effect from the date of such registration:

   (a) immediately prior to the Capital Reduction becoming effective, every twenty (20) issued and unissued ordinary shares of par value of HK$0.01 each in the share capital of the Company be consolidated into one (1) consolidated share (each a "**Consolidated Share**") of par value of HK$0.20 each (the "**Share Consolidation**"), such Consolidated Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions as contained in the memorandum and articles of association of the Company so that following the Share Consolidation, the authorised share capital of the Company will be changed from HK$20,000,000 divided into 2,000,000,000 ordinary shares of par value of HK$0.01 each to HK$20,000,000 divided into 100,000,000 Consolidated Shares with a par value of HK$0.20 each;

   (b) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be aggregated and, if possible, sold for the benefit of the Company;

   (c) the par value of each issued Consolidated Share will be reduced from HK$0.20 to HK$0.01 by cancelling the paid-up share capital to the extent of HK$0.19 per issued Consolidated Share, so that following such reduction, each issued Consolidated Share shall become one adjusted share with par value of HK$0.01 each ("**Adjusted Share**") (the "**Capital Reduction**");

(d) following the Capital Reduction, the credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of the credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the board of Directors considers appropriate;

(e) immediately following the Capital Reduction becoming effective, each authorised but unissued Consolidated Share will be subdivided into twenty (20) authorised but unissued Adjusted Shares with par value of HK$0.01 each ("**Sub-division**");

(f) each of the Adjusted Shares arising from the Capital Reduction and the Sub-division shall rank *pari passu* in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company;

(g) immediately upon the Capital Reduction and Sub-division becoming effective, the authorised share capital of the Company will be changed from HK$20,000,000 divided into 100,000,000 Consolidated Shares with par value of HK$0.20 each to HK$20,000,000 divided into 2,000,000,000 Adjusted Shares with par value of HK$0.01 each; and

(h) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Share Consolidation, the Capital Reduction and the Sub-division, on behalf of the Company, including under seal where applicable, as he/she/they may consider necessary or expedient to give effect to, implement and complete the Share Consolidation, the Capital Reduction and the Sub-division."

ORDINARY RESOLUTIONS

2. "**THAT** subject to and conditional upon passing of the resolution numbered 1 as set out above, immediately following the Share Consolidation, the Capital Reduction and the Sub-division becoming effective:

(a) the authorised share capital of the Company be increased from HK$20,000,000 divided into 2,000,000,000 Adjusted Shares of HK$0.01 each to HK$200,000,000 divided into 20,000,000,000 Adjusted Shares of HK$0.01 each by creating an additional 18,000,000,000 unissued Adjusted Shares of HK$0.01 each (the "**Increase in Authorised Share Capital**"); and

(b) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Increase in Authorised Share Capital, on behalf of the Company, including under seal where applicable, as he/she/they may consider necessary or expedient to give effect to, implement and complete the Increase in Authorised Share Capital."

3. "**THAT** subject to and conditional upon passing of the resolutions numbered 1 and 2 as set out above:

(a) the allotment and issue of rights shares of up to 96,000,000 shares (the "**Rights Shares**") by way of Rights Issue (the "**Rights Issue**") at the Subscription Price of HK$0.34 per Rights Share on the basis of two (2) Rights Shares for every one (1) Adjusted Share of the Company held by the shareholders (the "**Qualifying Shareholders**") of the Company whose names appear on the register of members of the Company as at the close of business on Tuesday, 5 January 2027 (or such later date as may be determined and announced by the Company) (the "**Record Date**") other than those shareholders (the "**Excluded Shareholders**") of the Company whose names appear on the register of members of the Company as at the close of business on the Record Date and whose addresses as shown on the register of members of the Company are outside Hong Kong, whom the Directors, based on legal opinions provided by the Company's legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place, and the transactions contemplated thereunder, be and are hereby approved;

(b) the board of Directors (the "**Board**") or a committee thereof be and is/are hereby authorised to allot and issue the Rights Shares (either in their nil-paid form or fully-paid form) pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Board may make such exclusions or other arrangements in relation to the Excluded Shareholders as it may deem necessary or expedient having regard to the legal restrictions under the laws of the place and requirements of the relevant regulatory body or stock exchange;

(c) the placing agreement dated 7 October 2026 entered into between the Company and I Win Securities Limited ("**Placing Agreement**") in relation to the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares on a best-effort basis (a copy of the Placing Agreement marked "A" is produced to this meeting and signed by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

(d) the conditional underwriting agreement dated 7 October 2026 and entered into between the Company and HK H&Y Group Chain Management Limited (the "**Underwriter**") in relation to the Rights Issue (the "**Underwriting Agreement**") and the transactions contemplated thereunder (a copy of the Underwriting Agreement marked "B" is produced to the meeting and signed by the chairman of the meeting for the purpose of identification) be and is hereby approved, confirmed and ratified in all respects and the performance of the transactions contemplated thereunder by the Company (including but not limited to the arrangements for taking up of the underwritten Rights Shares, if any, by the Underwriter) be and are hereby approved, confirmed and ratified; and

(e) any one or more of the Directors be and is/are hereby authorised to sign or execute such documents and do all such acts and things in connection with the allotment and issue of the Rights Shares, the implementation of the Rights Issue in accordance with all terms and conditions of the Rights Issue, the implementation of or giving effect to or the completion of any matters relating to the Placing Agreement and the Underwriting Agreement and the transactions contemplated thereunder as set out in the "Letter from the Board" in the circular of the Company dated 20 November 2026 (the "**Circular**"), the Placing Agreement and the Underwriting Agreement, the exercise or enforcement of any of the Company's rights under the Placing Agreement and the Underwriting Agreement and to make and agree to make such variations of the terms of the Placing Agreement and the Underwriting Agreement as he/she may in his/her discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders as a whole."

Unless otherwise defined, the capitalised terms used in this notice shall have the same meaning as those defined in the Circular.

By Order of the Board
Lai Group Holding Company Limited
Mr. Wang Guoping
Chairman and Executive Director

Hong Kong, 20 November 2026

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a member of the Company.

2. The instrument appointing a proxy shall be in such form, including electronic or otherwise, as the Board may determine and in the absence of such determination, shall be in writing, which may include electronic writing, and signed by the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

3. Where there are joint registered holders of any Shares, any one of such persons may vote at the above EGM (or any adjournment thereof), either personally or by proxy, in respect of such share as if he was solely entitled thereto; but if more than one of such joint holders be present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

4. In order to be valid, the proxy form, together with (if requested by the Board) the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjourned or postponed meeting thereof (as the case may be).

5. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person (or in the case of a shareholder being a corporation, its duly authorised representative) at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

6. The transfer books and Register of Members of the Company will be closed from Tuesday, 8 December 2026 to Friday, 11 December 2026, both days inclusive. During such period, no share transfers will be effected. In order to qualify for attending the EGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:00 p.m. on Monday, 7 December 2026. The record date for the purpose of determining the eligibility of the Shareholders to attend and vote at the EGM is therefore Friday, 11 December 2026.

7. A form of proxy for use by shareholders at the EGM is enclosed.

8. For the avoidance of doubt, treasury shares of the Company (if any) shall carry no voting rights at the EGM.

9. If a Typhoon Signal No. 8 or above, a Black Rainstorm Warning Signal and/or "extreme conditions" announced by the Hong Kong Government is/are in force in Hong Kong at or at any time after 8:00 a.m. on the date of the EGM, the Board may postpone the meeting. The Company will post an announcement on the Company's website (www.dic.hk) and the HKEXnews website (www.hkexnews.hk) to notify Shareholders of the date, time and place of the postponed meeting.

As at the date of this notice, the Board comprises Mr. Wang Guoping and Dr. Chan Lai Sin as executive Directors; Ms. Liu Lihui as the non-executive Director, and Dr. Chung Siu Kuen, Ms. Ma Yufei and Ms. Sun Wai Ling as independent non-executive Directors.

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

This notice will remain on the Stock Exchange website at www.hkexnews.hk on the "Latest Listed Company Information" page for at least seven days after date of its posting and will be published on the Company's website at www.dic.hk.