

28 March 2025

To the Shareholders

Dear Sir or Madam,

**(I) PROPOSED CAPITAL REORGANISATION;
(II) CONNECTED TRANSACTION: PROPOSED ALTERATION
TO THE TERMS OF THE EXISTING CONVERTIBLE BONDS;
AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Reference is made to (i) the Announcement and the Supplemental Announcement in relation to the Capital Reorganisation, the Alteration of Terms and the transactions contemplated respectively thereunder; and (ii) the Second Supplemental Announcement in relation to the extension of the Long Stop Date and the Third Supplemental Announcement in relation to the revised expected timetable. The purpose of this circular is to provide you with information regarding, among other matters, (i) details of the Capital Reorganisation; (ii) details of the Alteration of Terms; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Alteration of Terms; (iv) the letter of advice from the IFA to the Independent Board Committee and the Independent Shareholders in relation to the Alteration of Terms; (v) a notice of the EGM and (vi) other information as required under the Listing Rules.

PROPOSED CAPITAL REORGANISATION

The Company proposes to implement the following Capital Reorganisation involving the Capital Reduction and the Share Sub-division as follows:

- (i) the issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK\$0.25 on each of the then issued Existing Ordinary Shares such that the par value of each issued Existing Ordinary Share will be reduced from HK\$0.25 to HK\$0.01; and
- (ii) immediately following the Capital Reduction, (a) each of the authorised but unissued Existing Ordinary Shares of par value of HK\$0.25 each (including the authorized but unissued ordinary shares of the Company arising from the Capital Reduction) be sub-divided into twenty-five (25) New Ordinary Shares of par value of HK\$0.01 each; and (b) each of the authorised but unissued preference shares of par value of HK\$0.25 each of the Company be sub-divided into twenty-five (25) New Preference Shares of par value of HK\$0.01 each.

Upon the Capital Reorganisation becoming effective, the New Ordinary Shares will be identical in all respects and rank pari passu with each other in relation to all future dividends and distributions which are declared, made or paid in accordance with the Articles of Association. Similarly, the New Preference Shares will also be identical in all respects and will rank pari passu with each other.

Conditions of Capital Reorganisation

The Capital Reorganisation is conditional upon the following conditions:

- (i) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reorganisation and transactions contemplated thereunder;
- (ii) the Grand Court granting an order confirming the Capital Reduction;
- (iii) compliance with any terms and conditions which the Grand Court may impose in relation to the Capital Reduction;
- (iv) registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court confirming the Capital Reduction and the minute approved by the Grand Court containing the particulars required under the Companies Act with respect to the Capital Reduction; and
- (v) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the issued New Ordinary Shares upon the Capital Reorganisation becoming effective.

Subject to the fulfilment of the conditions of the Capital Reorganisation, the effective date of the Capital Reorganisation is expected to be on Monday, 30 June 2025.

As at the Latest Practicable Date, none of the conditions above had been fulfilled.

Application for listing of the New Shares

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the issued New Ordinary Shares upon the Capital Reorganisation becoming effective.

Subject to the granting of listing of, and permission to deal in, the issued New Ordinary Shares on the Stock Exchange upon the Capital Reorganisation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the issued New Ordinary 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 issued New Ordinary 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the issued New Ordinary Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Ordinary Shares are listed or dealt in on any other stock exchanges other than the Stock Exchange, and at the time when the Capital Reorganisation becoming effective, the New Ordinary 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. No Existing Preference Shares have been issued.

Effect of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is comprised of:

- (i) HK\$100,000,000 divided into 400,000,000 Existing Ordinary Shares of par value of HK\$0.25 each, of which 178,476,453 Existing Ordinary Shares have been issued and are fully paid or credited as fully paid and 221,523,547 Existing Ordinary Shares remain unissued; and
- (ii) HK\$2,040,000 divided into 8,160,000 Existing Preference Shares of par value of HK\$0.25 each, of which no Existing Preference Shares have been issued.

Assuming that no further Existing Shares are allotted, issued or repurchased from the Latest Practicable Date up to and including the effective date of the Capital Reorganisation, immediately upon the Capital Reorganisation becoming effective, the authorised share capital of the Company shall become:

- (i) HK\$100,000,000 divided into 10,000,000,000 New Ordinary Shares of par value of HK\$0.01 each, of which 178,476,453 New Ordinary Shares will have been issued and will be fully paid or credited as fully paid and 9,821,523,547 New Ordinary Shares will remain unissued; and
- (ii) HK\$2,040,000 divided into 204,000,000 New Preference Shares of par value of HK\$0.01 each, of which no New Preference Shares have been issued.

Assuming that there is no change in the number of issued shares of the Company from the Latest Practicable Date up to and including the date on which the Capital Reduction and the Share Sub-division becoming effective, the share capital structure of the Company will be as follows:

	As at the Latest Practicable Date	Immediately Upon the Capital Reorganisation becoming effective
Par Value	HK\$0.25 per Existing Ordinary Shares	HK\$0.01 per New Ordinary Shares
Number of authorized shares	400,000,000 Existing Ordinary Shares	10,000,000,000 New Ordinary Shares
Amount of authorized share capital of the Company	HK\$100,000,000	HK\$100,000,000
Number of issued shares	178,476,453 Existing Ordinary Shares	178,476,453 New Ordinary Shares
Amount of the issued share capital of the Company	HK\$44,619,113	HK\$1,784,764

Save for the Existing Convertible Bonds, the Company does not have any other outstanding derivatives, options, warrants, conversion rights, securities in issue, convertible securities or other similar rights which are convertible or exchangeable into, any Existing Ordinary Shares or New Ordinary Shares, as at the Latest Practicable Date.

Other than the 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. 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 are in the interest of the Company and the Shareholders as a whole.

Exchange of share certificates

The Capital Reorganisation will not affect any of the rights of the existing Shareholders. All existing share certificates of the Company will continue to be evidence of title to the shares of the Company and continue to be valid for trading, settlement, registration and delivery purposes. Accordingly, there will not be any arrangement for free exchange of the existing share certificates of the Company for new share certificates for the New Ordinary Shares after the Capital Reorganisation takes effect. Immediately following the Capital Reorganisation becoming effective, new share certificates will be issued bearing the par value of HK\$0.01 per New Share.

Reasons for the Capital Reorganisation

The proposed Capital Reorganisation will enable the par value of the shares of the Company to be reduced from HK\$0.25 to HK\$0.01. Upon the Capital Reorganisation becoming effective, the credit arising from the Capital Reduction may be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reorganisation, thereby reducing the accumulated losses of the Company. The balance of the credit (if any) may be transferred to the contributed surplus account of the Company to be applied by the Company in any manner as permitted by or consistent with all applicable laws, the Articles of Association.

Also, under the Articles of Association, the Company is restricted from issuing shares at a price lower than their par value. The Capital Reduction will reduce the par value of the New Shares to a lower amount of HK\$0.01 each, which will provide the Company with greater flexibility in the pricing for future issuance of New Shares as needed.

In view of the above reasons, the Board considers that the Capital Reorganisation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, 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 or arrangement 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 and/or investment opportunities arise in order to meet its operational needs or support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

PROPOSED ALTERATION TO THE TERMS OF THE EXISTING CONVERTIBLE BONDS

On 27 December 2024 (after trading hours), the Company and the Existing Bondholders have agreed to amend the terms of the Existing Convertible Bonds as follows:

- (i) the Conversion Price be changed from HK\$0.25 per Conversion Shares to HK\$0.06 per Conversion Shares;
- (ii) the maturity date of the Existing Convertible Bonds 1 and the Existing Convertible Bonds 2 be extended from 18 January 2025 to 31 December 2027 and the maturity date of the Existing Convertible Bonds 3 be extended from 14 March 2026 to 31 December 2027; and
- (iii) the Existing Convertible Bonds 3 be redeemed at 95% of principal amount at maturity.

Apart from the Alteration of Terms above, all other terms and conditions of the Existing Convertible Bonds shall remain unchanged and in full force and effect.

The salient terms of the Existing Convertible Bonds 1 after the Alteration of Terms are summarised as follows:

Issuer:	The Company
Existing Bondholder 1:	Mr. Lam Ching Kui
Issue price:	100% of the principal amount
Principal amount:	HK\$67,000,000
Conversion price:	HK\$0.06 per Conversion Share (subject to adjustments)
Interest rate:	0% per annum
Redemption at maturity:	95% of the principal amount of the Existing Convertible Bonds 1
Conversion period:	The period commencing from the issue date of the Existing Convertible Bonds 1 up to 4:00 p.m. on the day immediately prior to and exclusive of the maturity date of the Existing Convertible Bonds 1
Conversion rights and restrictions:	The holder of the Existing Convertible Bonds 1 shall, subject to compliance with the procedures set out in the terms and conditions thereunder, have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Existing Convertible Bonds 1 registered in its name into the Conversion Shares provided further that (i) any conversion shall be made in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion save that if at any time the aggregate outstanding principal amount of the Existing Convertible Bonds 1 is less than HK\$1,000,000, the whole (but not part only) of the outstanding principal amount of the Existing Convertible Bonds 1 may be converted; (ii) the exercise of the conversion right attaching to the Existing Convertible Bonds 1 will not cause the Company to be unable to meet the public float requirement under the Listing Rules; and (iv) any conversion of the Existing Convertible Bonds 1 does not trigger a mandatory general offer obligation on the holder of the Existing Convertible Bonds 1 under Rule 26 of the Takeovers Code; and does not result in the Existing Bondholder 1 and any parties acting in concert with him (including the Existing Bondholder 2) ceasing to be the controlling shareholder of the Company within the meaning of the Listing Rules

Maturity date: 31 December 2027

The salient terms of the Existing Convertible Bonds 2 after the Alteration of Terms are summarised as follows:

Issuer:	The Company
Existing Bondholder 2:	Chinese Success
Issue price:	100% of the principal amount
Principal amount:	HK\$20,150,000
Conversion price:	HK\$0.06 per Conversion Share (subject to adjustments)
Interest rate:	0% per annum
Redemption at maturity:	95% of the principal amount of the Existing Convertible Bonds 2
Conversion period:	The period commencing from the issue date of the Existing Convertible Bonds 2 up to 4:00 p.m. on the day immediately prior to and exclusive of the maturity date of the Existing Convertible Bonds 2
Conversion rights and restrictions:	The holder of the Existing Convertible Bonds 2 shall, subject to compliance with the procedures set out in the terms and conditions thereunder, have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Existing Convertible Bonds 2 registered in its name into the Conversion Shares provided further that (i) any conversion shall be made in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion save that if at any time the aggregate outstanding principal amount of the Existing Convertible Bonds 2 is less than HK\$1,000,000, the whole (but not part only) of the outstanding principal amount of the Existing Convertible Bonds 2 may be converted; (ii) the exercise of the conversion right attaching to the Existing Convertible Bonds 2 will not cause the Company to be unable to meet the public float requirement under the Listing Rules
Maturity date:	31 December 2027

The salient terms of the Existing Convertible Bonds 3 after the Alteration of Terms are summarised as follows:

Issuer:	The Company
Existing Bondholder 3:	Chinese Success
Issue price:	100% of the principal amount
Principal amount:	HK\$12,250,000
Conversion price:	HK\$0.06 per Conversion Share (subject to adjustments)
Interest rate:	0% per annum
Redemption at maturity:	95% of the principal amount of the Existing Convertible Bonds 3
Conversion period:	The period commencing from the issue date of the Existing Convertible Bonds 3 up to 4:00 p.m. on the day immediately prior to and exclusive of the maturity date of the Existing Convertible Bonds 3
Conversion rights and restrictions:	The holder of the Existing Convertible Bonds 3 shall, subject to compliance with the procedures set out in the terms and conditions thereunder, have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Existing Convertible Bonds 3 registered in its name into the Conversion Shares provided further that (i) any conversion shall be made in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion save that if at any time the aggregate outstanding principal amount of the Existing Convertible Bonds 3 is less than HK\$1,000,000, the whole (but not part only) of the outstanding principal amount of the Existing Convertible Bonds 3 may be converted; (ii) the exercise of the conversion right attaching to the Existing Convertible Bonds 3 will not cause the Company to be unable to meet the public float requirement under the Listing Rules
Maturity date:	31 December 2027

Except for the salient terms, the other principal terms of the Existing Convertible Bonds are summarized as below:

Adjustment events:

If the following events occur, the Conversion Price shall be adjusted:

(a) Consolidation or sub-division of the shares

If and whenever the shares by reason of any consolidation or sub-division become of a different nominal amount, the conversion price in force immediately prior thereto shall be adjusted by multiplying it by the revised nominal amount and dividing the result by the former nominal amount.

Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the consolidation or sub-division becomes effective.

(b) Capitalisation of profits or reserves

If and whenever the Company shall issue (other than in lieu of the whole or part of a cash dividend and other than issue that would amount to a capital distribution) any shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), shares paid up out of distributable profits or reserves and/or share premium account or capital redemption reserve fund issued in lieu of the whole or any part of a relevant cash dividend, being a scrip dividend (but only to the extent that the market value of such shares exceeds 110% of the amount of such relevant cash dividend or the relevant part thereof), the conversion price in force immediately prior to such issue shall be adjusted by multiplying it by the aggregate nominal amount of the issued shares immediately before such issue and dividing the result by the sum of such aggregate nominal amount and the aggregate nominal amount of the shares issued in such capitalisation.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day following the record date for such issue.

(c) Capital distribution

If and whenever the Company shall make any capital distribution to the Shareholders (in their capacity as such) (whether on a reduction of capital or otherwise) or shall grant to such Holders rights to acquire for cash assets of the Company or any of its subsidiaries, the conversion price in force immediately prior to such distribution or grant shall be reduced by multiplying it by the following fraction:

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day following the record date for such issue.

$$\frac{A-B}{A}$$

where:

A = the market price on the date on which the capital distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) the next preceding day of the capital distribution or, as the case may be, of the grant; and

B = the fair market value on the day of such announcement or (as the case may require) the next preceding day, as determined in good faith by the independent auditors, of the portion of the capital distribution or of such right which is attributable to one Share. For avoidance of doubt, if the capital distribution is distributions in cash the fair market value shall be the cash value and determination by the independent auditors is not required.

Provided that (aa) if in the opinion of the independent auditors, the use of the fair market value as aforesaid produces a result which is significantly inequitable, such independent auditors may instead determine (and in such event the above formula shall be construed as if B meant) the amount of the said market price which should properly be attributed to the value of the capital distribution or rights; and (bb) the provisions of this paragraph (c) shall not apply in relation to the issue of shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day following the record date for the capital distribution or grant.

(d) Issue of shares for subscription by way of rights

If and whenever the Company shall offer to Shareholders new shares for subscription by way of rights, or shall grant to Shareholders any options or warrants to subscribe for new shares, at a price which is less than 90% of the market price on the date of the announcement of the terms of the offer or grant, the conversion price shall be adjusted by multiplying the conversion price in force immediately before the date of the announcement of such offer or grant by a fraction of which the numerator is the number of shares in issue immediately before the date of such announcement plus the number of shares which the aggregate of the amount (if any) payable for the rights, options or warrants and of the amount payable for the total number of new shares comprised therein would purchase at such market price per share and the denominator is the number of shares in issue immediately before the date of such announcement plus the aggregate number of shares offered for subscription or comprised in the options or warrants.

Such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer or grant.

Provided however that no such adjustment shall be made if the Company shall make a like offer or grant (as the case may be) at the same time to the bondholders (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong) as if it had exercised the conversion rights under the New Convertible Bonds registered in their names that the bondholders hold out of the total principal amount of the Convertible Bonds outstanding at the time of the proposed redemption.

(e) (aa) Issue of convertible or exchangeable securities

If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new shares, and the total effective consideration per share (as defined in this paragraph (e) below) initially receivable for such securities is less than 90% of the market price on the date of the announcement of the terms of issue of such securities, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to the issue by a fraction of which the numerator is the number of shares in issue immediately before the date of the issue plus the number of shares which the total effective consideration receivable for the securities issued would purchase at such market price per share and the denominator is the number of shares in issue immediately before the date of the issue plus the number of shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the initial conversion or exchange rate or subscription price.

Such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer or grant. Such adjustment shall become effective (if appropriate retroactively) from the close of business in Hong Kong on the Business Day next preceding whichever is the earlier of the date on which the issue is announced and the date on which the Company determines the conversion or exchange rate or subscription price.

(bb) Modification of rights of convertible or exchangeable securities

If and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in section (aa) of this sub-paragraph (e) are modified so that the total effective consideration per share (as defined below) initially receivable for such securities shall be less than 90% of the market price on the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such modification by a fraction of which the numerator is the number of shares in issue immediately before the date of such modification plus the number of shares which the total effective consideration receivable for the securities issued at the modified conversion or exchange price would purchase at such market price and of which the denominator is the number of shares in issue immediately before such date of modification plus the number of shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange rate or subscription price.

Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to adjustment of the conversion price provided that corresponding adjustment has already been made to the conversion price in respect of such an event.

For the purposes of this paragraph (e), the “total effective consideration” receivable for the securities issued shall be deemed to be the consideration receivable by the Company for any such securities plus the additional minimum consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the total effective consideration per share initially receivable for such securities shall be such aggregate consideration divided by the number of shares to be issued upon (and assuming) such conversion or exchange at the conversion or exchange rate or the exercise of such subscription rights at the subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

- (f) Issue of shares being made wholly for cash at a price less than 90% of the market price per share

If and whenever the Company shall issue wholly for cash any shares at a price per share which is less than 90% of the market price on the date of the announcement of the terms of such issue, the conversion price shall be adjusted by multiplying the conversion price in force immediately before the date of such announcement by a fraction of which the numerator is the number of shares in issue immediately before the date of such announcement plus the number of shares which the aggregate amount payable for the issue would purchase at such market price and the denominator is the number of shares in issue immediately before the date of such announcement plus the number of shares so issued.

Such adjustment shall become effective on the date of the issue.

- (g) If and whenever the Company shall issue shares for the acquisition of asset at a total effective consideration per share (as defined in this paragraph (g) below) which is less than 90% of the market price at the date of the announcement of the terms of such issue, the conversion price shall be adjusted in such manner as may be determined by the independent auditors. Such adjustment shall become effective on the date of issue.

For the purpose of this paragraph (g) “total effective consideration” shall be the aggregate consideration credited as being paid for such shares by the Company on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “total effective consideration per share” shall be the total effective consideration divided by the number of shares issued as aforesaid.

Ranking:	The Existing Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank pari passu among themselves and with all existing and future unsubordinated and unsecured obligations of the Company, and shall entitle the holder(s) thereof to receive repayment in priority over the Shareholders.
Voting rights:	The holders of the Existing Convertible Bonds shall not have any right to attend or vote in any general meeting of the Company.
Transferability:	Subject to compliance with the Listing Rules, the Existing Convertible Bonds may be transferred or assigned in whole or in part in integral multiples of HK\$1,000,000 by the holder of the Existing Convertible Bonds to any party.
Listing:	The holders of the Existing Convertible Bonds shall not have any right to attend or vote in any general meeting of the Company. No application will be made by the Company for the listing of the Existing Convertible Bonds on the Stock Exchange. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.
Security:	The obligations of the Company under the Existing Convertible Bonds are unsecured.
Early redemption at the option of the Company:	The Company shall be entitled at its sole discretion, by giving not less than fourteen (14) days' notice to the holders of the Existing Convertible Bonds, propose to the holders to redeem the outstanding Existing Convertible Bonds (in multiples of HK\$1,000,000 or such lesser amount as may represent the entire principal amount thereof) an amount equivalent to 100% of the principal amount of such outstanding Existing Convertible Bonds at any time after the date of issue of the Existing Convertible Bonds up to and including the date falling fourteen (14) days immediately before the maturity date of the Existing Convertible Bonds.

To the best information, knowledge and belief of the Directors, the Existing Bondholder 2 and its associates, including the Existing Bondholder 1, are connected persons of the Company.

The Alteration of Terms is conditional upon the fulfilment of the following conditions:

- (a) the Stock Exchange granting its approval for the Alteration of Terms;
- (b) the passing by the Independent Shareholders of relevant resolutions at the EGM approving the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate);
- (c) the Capital Reorganisation having become effective; and
- (d) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares to be issued upon exercise of the Conversion Rights.

None of the above conditions can be waived. If any of the conditions above are not fulfilled by the Long Stop Date, the parties to the Alteration Consent Letters will not proceed with the Alteration of Terms.

As at the Latest Practicable Date, none of the conditions have been fulfilled.

THE UNDERTAKINGS OF THE EXISTING BONDHOLDERS

On 22 December 2022 (after trading hours), the Company and the Existing Bondholders had entered into alteration consent letters and agreed below terms regarding the Undertakings as follows:

- (i) any conversion of the Existing Convertible Bonds does not trigger a mandatory general offer obligation on the holders of the Existing Convertible Bonds under Rule 26 of the Takeovers Code; and does not result in the Existing Bondholder 2 and any parties acting in concert with him (including the Existing Bondholder 1) ceasing to be the controlling shareholder of the Company within the meaning of the Listing Rules;
- (ii) the Existing Convertible Bondholder 2 providing an undertaking to convert the Existing Convertible Bonds 2 in principal amount of HK\$850,000 into 3,400,000 Conversion Shares to be allotted and issued upon conversion representing 1.98% of the total number of issued shares of the Company as enlarged by the allotment and issue of the 3,400,000 Conversion Shares after the alteration to the terms of the Existing Convertible Bonds 1 and Existing Convertible Bonds 2 are completed (the “**First Undertaking**”); and
- (iii) the Existing Convertible Bondholder 1 and the Existing Convertible Bondholder 2 providing an undertaking to convert the Existing Convertible Bonds 1 and the Existing Convertible Bonds 2 respectively in principal amount of HK\$1,800,000 into 14,400,000 Conversion Shares in aggregate to be allotted and issued upon conversion representing 7.75% of the total number of issued shares of the Company as enlarged by the allotment and issue of the 14,400,000 Conversion Shares one year after the issue of the 3,400,000 Conversion Shares as mentioned in above (ii) is completed (the “**Second Undertaking**”).

The Existing Bondholder 2 had fulfilled the First Undertaking to convert the Existing Convertible Bonds 2 in principal amount of HK\$850,000, and the Company had issued 3,400,000 Conversion Shares to the Existing Bondholder 2 on 31 March 2023.

Up to the date of the Announcement, the Existing Bondholders did not execute the Second Undertaking after one year when the First Undertaking is completed. The Company has reminded the Existing Bondholders of the Second Undertaking, and the Existing Bondholders responded that they did not fulfill the Second Undertaking due to the condition of conversion restriction follows. In the event that the Existing Bondholders fulfill the Second Undertaking, the shareholding of the Existing Bondholder 1 will increase from approximately 0.04% to approximately 3.91% and the shareholding of the Existing Bondholder 2 will increase from approximately 49.31% to approximately 49.36%, which was taken to be interested in total 99,022,643 Existing Ordinary Shares representing approximately 53.27% of the issued share capital of the Company. Since the Existing Bondholder 2 and the Existing Bondholder 1, the persons acting in concert, hold not less than 30% and not more than 50% in aggregate of the Existing Ordinary Shares up to the date of the Announcement, if the Existing Bondholders fulfill the Second Undertaking, such conversion has the effect of increasing its holding of voting rights of the Company by more than 2% from the lowest percentage holding in the 12 month period ending on and inclusive of the date of the relevant exercise, it will trigger mandatory general offer obligation under Rule 26 of the Takeovers Code. Pursuant to the terms and conditions of the Existing Convertible Bonds, the bondholders shall not exercise the conversion rights attached or attaching to the Existing Convertible Bonds if, as a result of such exercise, it will cause the public float of the Company to fall below the percentage prescribed under the Listing Rules and it will cause the conversion of the Existing Convertible Bonds to trigger a mandatory general offer obligation on the bondholders of the Existing Convertible Bonds under Rule 26 of the Takeovers Code.

The Company and the Existing Bondholders have kept negotiating about the amendment to the Second Undertaking for a long period to reach a consensus. As the Existing Convertible Bonds 1 and the Existing Convertible Bonds 2 have been matured on 18 January 2025, the conversion period of the Existing Convertible Bonds 1 and the Existing Convertible Bonds 2 has been lapsed on 18 January 2025. Since the Existing Bondholder 1 is the sole director and the ultimate shareholder of the Existing Bondholder 2, which is also the holder of the Existing Convertible Bonds 3, the Company and the Existing Bondholders have entered into an amendment agreement on the Second Undertaking on 13 March 2025 (after trading hours) as below:

The Existing Bondholder 2 is providing an undertaking to convert the Existing Convertible Bonds 3 in principal amount of HK\$1,750,000 into 7,000,000 Conversion Shares to be allotted and issued upon conversion representing 1.99% of the total number of issued shares of the Company as enlarged by the allotment and issue of the 7,000,000 Conversion Shares, which shall not trigger a mandatory general offer obligation on the holders of the Existing Convertible Bonds under Rule 26 of the Takeovers Code and shall not cause the public float of the Company to fall below the percentage prescribed under the Listing Rules (the “**Amended Second Undertaking**”). Pursuant to the Alteration Consent Letters, there is no restriction on the conversion of the Existing Convertible Bonds 3 at the existing conversion price of HK\$0.25 per Conversion Share before the completion of Alteration of Terms. The conversion of Existing Convertible Bonds 3 under the Amended Second Undertaking was completed and the Company had issued 7,000,000 Conversion Shares to the Existing Bondholder 2 on 20 March 2025. The outstanding amount of the Existing Convertible Bonds 3 remained HK\$12,250,000 as at the Latest Practicable Date.

Since the Existing Convertible Bonds 3 was converted under the Amended Second Undertaking at the existing conversion price of HK\$0.25, which is a premium of approximately 138.10% to the closing price of HK\$0.105 per Existing Ordinary Share as quoted on the Stock Exchange on the Latest Practicable Date, the Board considers that the execution of the Amended Second Undertaking will result in strengthening the capital base of the Company and the Amended Second Undertaking is in the interests of the Company and the Shareholders as a whole.

Conversion Price of the Existing Convertible Bonds

The Conversion Price was determined after arm's length negotiations between the Company and the Bondholders with reference to the prevailing market price of the Existing Ordinary Shares represents:

- (i) a discount of approximately 42.86% to the closing price of HK\$0.105 per Existing Ordinary Share as quoted on the Stock Exchange on the Latest Practicable Date.
- (ii) a discount of approximately 6.25% to the closing price of HK\$0.064 per Existing Ordinary Share as quoted on the Stock Exchange on 27 December 2024, being the date of the Alteration Consent Letters;
- (iii) a discount of approximately 21.05% over the average closing price of HK\$0.076 per Existing Ordinary Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Alteration Consent Letters; and
- (iv) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 19.11%, represented by the theoretical diluted price (as defined under Rule 7.27B of the Listing Rules) of approximately HK\$0.061 per Existing Ordinary Share, to the benchmarked price of HK\$0.076 per Existing Ordinary Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of HK\$0.064 per Existing Ordinary Share on the date of the Alteration Consent Letters and (ii) the average closing price of HK\$0.076 per Existing Ordinary Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Alteration Consent Letters.

The Conversion Price was determined with reference to (i) one year's market price of the Existing Ordinary Shares before entering into the Alteration Consent Letters; (ii) the prevailing market conditions and weak market sentiment of the capital market in Hong Kong; (iii) the financial position of the Group, in particular, the loss for the year ended 30 June 2024 attributable to owners of the Company of approximately HK\$44.2 million; (iv) the net current liabilities of the Group as at 31 December 2024 of approximately HK\$144.5 million; (v) the cash and bank balances of the Group as at 31 December 2024 is only approximately HK\$1,784,000; and (vi) the reasons and benefits of the Alteration of Terms as discussed in the section headed "Reasons for the Alteration of Terms" below in this circular.

The Existing Convertible Bonds 1 and Existing Convertible Bonds 2 which are amounting to HK\$87,150,000 aggregately have been due on 18 January 2025 and the Existing Bondholders have the right to request the Company for repayment if such convertible bonds are not extended. After the negotiation between the Company and the Existing Bondholders, the Existing Bondholders did not agree to extend the maturity dates to 31 December 2027 unless the Company accepts their proposal to amend the existing conversion price to HK\$0.06, which was approximately 6.25% discounted to the closing price of HK\$0.064 per Existing Ordinary Share on the date of entering into the Alteration Consent Letters and approximately 21.05% discounted over the average closing price of HK\$0.076 per Existing Ordinary Share for the last five consecutive trading days immediately prior to the date of entering into the Alteration Consent Letters. The existing conversion price of the Existing Convertible Bonds is much higher than the prevailing market price of the Existing Ordinary Shares, the amended Conversion Price will serve as an incentive for the Existing Bondholders to extend the maturity dates of the Existing Convertible Bonds since there was not sufficient cash and bank balances to repay the Existing Convertible Bonds 1 and the Existing Convertible Bonds 2. The Directors also have considered that further debt financing may not be available given the Group's net current liabilities and net liabilities position as at 30 June 2024 and 31 December 2024. Regarding the discount of approximately 42.86% to the closing price of HK\$0.105 per Existing Ordinary Share on the Latest Practicable Date, the Directors do not know the reason for the recent sharp rise in market price of the Existing Ordinary Shares from 18 February 2025 to the Latest Practicable Date, however the rise may not sustain and the market price of the Existing Ordinary Shares may drop back.

After considering the above factors, the Board (excluding Mr. Lam Ka Chun (the son of the Existing Bondholder 1, who directly holds 72,400 Existing Ordinary Shares and through his indirect interests in the Existing Bondholder 2, was taken to be interested in total 91,622,643 Existing Ordinary Shares representing approximately 51.34% of the issued share capital of the Company as at the date of the Announcement and the Latest Practicable Date, had abstained from voting) considers that the amended Conversion Price is in the interests of the Company and the Shareholders as a whole.

Assuming all the outstanding Existing Convertible Bonds are fully converted at the Conversion Price, a maximum of 1,656,666,666 Conversion Shares will be allotted and issued upon exercise of the Conversion Rights in full, which represents:

- (i) approximately 928.23% of the issued share capital of the Company as at the Latest Practicable Date; and
- (ii) approximately 90.27% of the issued share capital of the Company as to be enlarged by the issue of the 1,656,666,666 Conversion Shares (assuming there being no other issue or repurchase of the shares of the Company).

According to the existing terms of the Existing Convertible Bonds, a bondholder shall have the right to convert the Existing Convertible Bonds into Conversion Shares provided that the public float of the shares of the Company shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued shares at any one time in compliance with Listing Rules. According to the existing terms of the Existing Convertible Bonds, any conversion shall also be subject to no mandatory general offer being triggered under Rule 26 of the Takeovers Code on the bondholder; and not resulting in the Existing Bondholder 2 and any parties acting in concert with him (including the Existing Bondholder 1) ceasing to be the controlling shareholder of the Company within the meaning of the Listing Rules.

The Conversion Shares to be allotted and issued by the Company upon the exercise of the Conversion Rights will be issued under the Specific Mandate to be sought at the EGM.

OTHER FUND-RAISING METHODS

The Board has considered other fund-raising methods including debt financing and equity financing before entering into the Alteration Consent Letters. External debt financing such as bank loan would give additional financial pressure to the Group and would further weaken the cash flow and financial position of the Group. In addition, the Group has difficulties in obtaining external debt financing from providers such as financial institutions due to the weak financial performance and net current liabilities position of the Group. It is expected that the cost of external debt financing would be higher and the terms of the external debt financing might require a higher interest rate, pledge of assets or financial guarantee.

The Board has considered but not decided to conduct equity placement to independent third parties that might require a higher discount on the placing price and would bring an immediate dilution effect on the shareholding of the Company. Additional financial burden to the Group would arise as equity placement would incur placing commission to the placing agent and other professional expenses. The placing agent might have difficulties to seek potential placees due to the weak financial performance and net current liabilities position of the Group, and the low trading volume of the Existing Ordinary Shares. Besides, conducting equity financing by way of right issue or open offer might require a higher discount on the issue price, a lengthier process and a higher cost to professional parties for such fund-raising exercise, and would cause immediate dilution to the Shareholders who do not participate in the right issue or open offer as compared to the Alteration of Terms which does not bring any immediate dilution effect on the shareholding of the Company.

Having considered the above factors, the Board considers that the Alteration of Terms is a more feasible and realistic option for the Group to improve its short-term liquidity position and avoid immediate dilution effect on the shareholding of the Independent Shareholders although the Group may still have a relatively high gearing ratio in the short run. The Board considers that the Alteration of Terms is in the interests of the Company and the Shareholders as a whole and it will provide financial flexibility to the Group in managing its future cash flow with the extension of the maturity dates of the Existing Convertible Bonds. The reduction in the Interest Rates will ease the interest burden of the Company.

REASONS FOR AND BENEFITS OF THE ALTERATION OF TERMS

According to the existing terms of the Existing Convertible Bonds, the Existing Convertible Bonds 1 in the aggregate principal amount of HK\$67,000,000 and the Existing Convertible Bonds 2 in the aggregate outstanding amount of HK\$20,150,000 have been matured on 18 January 2025 and the Existing Convertible Bonds 3 in the aggregate outstanding amount of HK\$12,250,000 will mature on 14 March 2026. There is around one year left until the Existing Convertible Bonds 3 matured and the Board considered that debt financing may not be available given the Group's net current liabilities and net liabilities position as at 30 June 2024 and 31 December 2024, with the extension of all the maturity dates of the Existing Convertible Bonds to 31 December 2027, the financial pressure on the Company for redemption of the Existing Convertible Bonds at the maturity dates would be lessened as it can provide more time for the Group to seek for and arrange the resources for repayment since there was not sufficient cash and bank balances to repay the Existing Convertible Bonds. The Existing Bondholders only agreed to extend the maturity dates of the Existing Convertible Bonds unless the Company accepted their proposal in respect of the Alteration of Terms for all the Existing Convertible Bonds as a whole. The net current liabilities of the Group also will be improved as the Existing Convertible Bonds will be reclassified from current liabilities to non-current liabilities after the Alteration of Terms becomes effective.

Since the existing conversion price of the Existing Convertible Bonds is much higher than the prevailing market price of the Existing Ordinary Shares, the amended Conversion Price will serve as an incentive for the Existing Bondholders to exercise the Conversion Rights to convert the Existing Convertible Bonds into the Conversion Shares, thereby alleviating the financial pressure on the Company to repay the Existing Convertible Bonds on maturity and could facilitate the Company in obtaining alternative source of finance to improve the financial position of Company.

After considering the above factors, the Board (excluding Mr. Lam Ka Chun (the son of the Existing Bondholder 1, who directly holds 72,400 Existing Ordinary Shares and through his indirect interests in the Existing Bondholder 2, was taken to be interested in total 91,622,643 Existing Ordinary Shares representing approximately 51.34% of the issued share capital of the Company as at the Latest Practicable Date, had abstained from voting) considers that the Alteration of Terms is fair and reasonable and the Alteration of Terms is in the interests of the Company and the Shareholders as a whole. No proceeds will be received by the Company as a result of the Alteration of Terms.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the full exercise of the Existing Convertible Bonds 1 only (assuming there being no other issue or repurchase of the Existing Ordinary Shares); (iii) immediately after the full exercise of the Existing Convertible Bonds 2 only (assuming there being no other issue or repurchase of the Existing Ordinary Shares); (iv) immediately after the full exercise of the Existing Convertible Bonds 3 only (assuming there being no other issue or repurchase of the Existing Ordinary Shares); and (v) immediately after the full conversion of all the outstanding Existing Convertible Bonds at the Conversion Price (assuming there being no other issue or repurchase of the Existing Ordinary Shares) is as follows:

Name of Shareholders	(i) as at the Latest Practicable Date		(ii) immediately after full exercise of the Existing Convertible Bonds 1 only		(iii) immediately after full exercise of the Existing Convertible Bonds 2 only		(iv) immediately after full exercise of the Existing Convertible Bonds 3 only		(v) immediately after full exercise of all the outstanding Existing Convertible Bonds	
	Number of	Approximate	Number of	Approximate	Number of	Approximate	Number of	Approximate	Number of	Approximate
	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Existing Bondholder 2 (Note 1)	91,550,243	51.30	91,550,243	7.07	427,383,576	83.10	295,716,909	77.28	631,550,243	34.41
Existing Bondholder 1 (Note 2)	72,400	0.04	1,116,739,066	86.23	72,400	0.01	72,400	0.02	1,116,739,066	60.85
	91,622,643	51.34	1,208,289,309	93.30	427,455,976	83.11	295,789,309	77.30	1,748,289,309	95.26
Other public Shareholders (Note 4)	86,853,810	48.66	86,853,810	6.70	86,853,810	16.89	86,853,810	22.70	86,853,810	4.74
Total	178,476,453	100.00	1,295,143,119	100.00	514,309,786	100.00	382,643,119	100.00	1,835,143,119	100.00

Notes:

- (1) The Existing Bondholder 2, Chinese Success, is a company owned as to 100% by Wai Chun Investment Fund, which is wholly-owned by the Existing Bondholder 1, Mr. Lam Ching Kui, and holds 91,550,243 Existing Ordinary Shares as at the Latest Practicable Date.
- (2) The Existing Bondholder 1 directly holds 72,400 Existing Ordinary Shares.
- (3) Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- (4) Pursuant to the terms and conditions of the Existing Convertible Bonds, the bondholders shall not exercise the Conversion Rights if, as a result of such exercise, it will cause the public float of the Company to fall below the percentage prescribed under the Listing Rules or it will trigger a mandatory general offer under Rule 26 of the Takeovers Code, or it will result in the Existing Bondholder 2 and any parties acting in concert with it (including the Existing Bondholder 1) ceasing to be the controlling shareholder of the Company within the meaning of the Listing Rules.

EQUITY FUND-RAISING EXERCISES OF THE COMPANY IN THE PAST TWELVE MONTHS

In the past twelve months immediately preceding the Latest Practicable Date, the Company did not conduct any equity fund-raising activities.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the manufacturing and sales of modified starch and other co-related bio-chemical products and general trading of electronic parts and components and electrical appliances.

INFORMATION ABOUT THE EXISTING BONDHOLDERS

The Existing Bondholder 2 is a company incorporated in the British Virgin Islands with limited liability, which is principally engaged in investment holding and indirectly wholly-owned by the Existing Bondholder 1.

The Existing Bondholder 1 is an investor who has made investments in listed securities and has been engaged in industrial and residential property development in the PRC and commercial property investment in Hong Kong for over 30 years. The Existing Bondholder 1 is also the sole director of the Existing Bondholder 2 and is the controlling shareholder of the Company.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee has been established, comprising all the independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate). INCU has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Existing Bondholder 2 is a controlling Shareholder interested in an aggregate of 91,550,243 Existing Ordinary Shares, representing in aggregate approximately 51.30% of the total number of issued shares of the Company. The Existing Bondholder 2 is indirectly wholly-owned by the Existing Bondholder 1, who is interested in 72,400 Existing Ordinary Shares personally, representing in aggregate approximately 0.04% of the total number of issued shares of the Company. Therefore, the Existing Bondholder 2 and its associates including the Existing Bondholder 1 are connected persons of the Company and were taken to be interested in total 91,622,643 Existing Ordinary Shares representing approximately 51.34% of the issued share capital of the Company as at the Latest Practicable Date. The Alteration of Terms constitutes connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The executive Director of the Company, Mr. Lam Ka Chun, is the son of the Existing Bondholder 1.

Save that Mr. Lam Ka Chun is deemed to be interested in the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate), who had abstained from voting, none of the Directors had a material interest in the Alteration of Terms and was required to abstain from voting on the resolutions passed by the Board to approve the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate).

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. Accordingly, the Company will apply to the Stock Exchange for approval of the Alteration of Terms.

The grant of the Specific Mandate for the allotment and issue of the Conversion Shares is subject to approval by the Independent Shareholders at the EGM.

An application has been made to the Stock Exchange for its approval of: (i) the Alteration of Terms; and (ii) the listing of, and permission to deal in, the Conversion Shares arising from the conversion of the outstanding Existing Convertible Bonds.

EXTRAORDINARY GENERAL MEETING

The EGM will be held by the Company at Rooms 4001-02, 40/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Wednesday, 30 April 2025 at 3:30 p.m., to consider and if thought fit, to approve the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate). A form of proxy for use at the EGM is enclosed with this circular.

As at the Latest Practicable Date, Chinese Success, a controlling Shareholder, is interested in an aggregate of 91,550,243 Existing Ordinary Shares, representing approximately 51.30% of the total number of issued shares of the Company. Chinese Success is indirectly wholly-owned by Mr. Lam Ching Kui, who is interested in 72,400 Existing Ordinary Shares personally, representing approximately 0.04% of the total number of issued shares of the Company. Therefore, Chinese Success and Mr. Lam Ching Kui are connected persons of the Company and were taken to be interested in total 91,622,643 Existing Ordinary Shares representing approximately 51.34% of the issued share capital of the Company as at the Latest Practicable Date. The Alteration of Terms constitute connected transactions and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Existing Bondholder 2 and its associates (including the Existing Bondholder 1) are required to abstain from voting on the resolutions in respect of the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate) at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the Existing Bondholder 2 and its associates (including the Existing Bondholder 1), no other Shareholder had a material interest in the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate), and is required to abstain from voting on the resolutions to be proposed at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any of the Existing Bondholder 2 and its associates (including the Existing Bondholder 1); and (ii) no obligation or entitlement of any of the Existing Bondholder 2 and its associates (including the Existing Bondholder 1) as at the Latest Practicable Date, whereby it or he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its or his Existing Ordinary Shares to a third party, either generally or on a case-by-case basis.

The notice of the EGM is set out on pages 68 to 71 of this circular.

PROXY ARRANGEMENT

A form of proxy for use at the EGM is enclosed with this circular. For those who intend to direct a proxy to attend the EGM, please complete the form of proxy and return the same in accordance with the instructions printed thereon. In order to be valid, the above documents must be delivered to the Company's share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time appointed for the EGM or any resumed session.

You are urged to complete and return the form of proxy whether or not you intend to attend the EGM. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM (or any subsequent meetings following the adjournments thereof) should you wish to do so.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 25 April 2025 to Wednesday, 30 April 2025 (both days inclusive), during which period no share transfers will be effected. The Shareholders whose names appear on the register of members of the Company on Wednesday, 30 April 2025 are entitled to attend and vote in respect of the resolutions to be proposed at the EGM. In order to qualify for attending and voting at the Meeting (or any adjournment thereof), all transfers of shares of the Company accompanied by the relevant share certificates(s) must be lodged with the Company's share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by no later than 4:00 p.m. on Thursday, 24 April 2025.

RECOMMENDATION

The Independent Board Committee, having considered the advice from IFA, considers that the Alteration of Terms is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee has recommended the Independent Shareholders to vote in favour of the resolutions in respect of the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate) to be proposed at the EGM.

The recommendation of the Independent Board Committee is set out on page 34 in this circular and the letter from IFA is set out on pages 35 to 62 in this circular.

The Board considers the Alteration of Terms is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolutions in respect of the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate) to be proposed at the EGM.

ADDITIONAL INFORMATION

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

By Order of the Board
Wai Chun Bio-Technology Limited



Lam Ka Chun
Chairman and Chief Executive Officer