
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your securities in Volcano Spring International Holdings Limited, you should at once hand this Prospectus to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG” has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this Prospectus (including, without limitation, agents, custodians, nominees and trustees) should acquaint themselves with and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability. In particular, subject to certain exceptions as determined by the Company, this Prospectus and the PAL should not be distributed, forwarded to or transmitted in, into or from any jurisdiction where such release or distribution might be unlawful.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. 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 HKSCC and HKSCC Operational Procedures in effect from time to time.

Volcano Spring International Holdings Limited

火山邑動國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1715)

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

Financial Adviser to the Company

AMASSE CAPITAL
寶 積 資 本

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

The Rights Issue is on a non-underwritten basis. Pursuant to the Company's constitutional documents, the applicable laws in Hong Kong and the Cayman Islands and the Listing Rules, there is no requirement for a minimum subscription level in respect of the Rights Issue. Nevertheless, the Rights Issue is subject to fulfilment of the conditions of the Rights Issue as set out in the section headed “Letter from the Board – Conditions of the Rights Issue” in this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be Tuesday, 17 June 2025). If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Shares have been on dealt in an ex-rights basis from Tuesday, 6 May 2025. Dealings in the Rights Shares in their nil-paid form will take place from Friday, 16 May 2025 to Friday, 23 May 2025 (both days inclusive).

Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form up to the latest time when the conditions of the Rights Issue are fulfilled (which is currently expected to be 5:00 p.m. on Tuesday, 17 June 2025) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

The Latest Time for Acceptance of and payment for the Rights Shares is 4:00 p.m. on Wednesday, 28 May 2025. The procedures for acceptance and payment and/or transfer are set out on pages 16 to 18 of this Prospectus.

14 May 2025

CONTENTS

	<i>Page</i>
DEFINITIONS	1
EXPECTED TIMETABLE	7
LETTER FROM THE BOARD	9
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III — GENERAL INFORMATION	III-1

DEFINITIONS

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

“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 7 March 2025 in relation to, among other things, the Increase in Authorised Share Capital, the Rights Issue and the Placing
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 7 April 2025 in respect of among others, the Rights Issue
“Companies Act”	the Companies Act, Cap. 22 of the Cayman Islands and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)
“Company”	Volcano Spring International Holdings Limited (stock code: 01715), a company incorporated in Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“Compensatory Arrangements”	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules

DEFINITIONS

“Completion”	completion of the Rights Issue and the Placing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on Tuesday, 29 April 2025 to consider and, if thought fit, approve the Increase in Authorised Share Capital, the Rights Issue and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	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\$100,000,000 divided into 400,000,000 Shares to HK\$150,000,000 divided into 600,000,000 Shares by the creation of an additional 200,000,000 unissued Shares
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and any of its connected persons or any of their respective associates
“Last Trading Day”	6 March 2025, being the last trading day for the Shares on the Stock Exchange immediately prior to the date of the Announcement
“Latest Practicable Date”	7 May 2025, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained herein

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 28 May 2025 (or such other time or date as may be determined by the Company), being the latest time for acceptance of the offer of and payment for, the Rights Shares, as described in the Prospectus Documents
“Listing Committee”	has the meaning as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares placed by the Placing Agent under the Placing Agreement) pursuant to the Compensatory Arrangements
“No Action Shareholder(s)”	the Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) in their assured entitlements, or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) 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 restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Overseas Letter”	a letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue

DEFINITIONS

“Placee(s)”	any individual, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies), procured by the Placing Agent to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares on a best effort basis by the Placing Agent to the independent placee(s) during the Placing Period on the terms and conditions set out in the Placing Agreement
“Placing Agent”	Imperium International Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities), type 2 (dealing in futures) and type 4 (advising on securities) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 7 March 2025 (after trading hours) entered into between the Company and the Placing Agent in respect of the Compensatory Arrangements, pursuant to which the Placing Agent has agreed to procure placees on a best effort basis to subscribe for the Unsubscribed Rights Shares
“Placing Period”	the period from Thursday, 5 June 2025 up to 4:00 p.m. Thursday, 12 June 2025, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements
“Placing Price”	the placing price of the unsubscribed Rights Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the placement process
“Posting Date”	Wednesday, 14 May 2025 or such other date as the Company may announce, being the date of despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the Rights Issue
“Prospectus Documents”	collectively, the Prospectus and the PAL(s)
“Qualifying Shareholders”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Monday, 12 May 2025, (or such other date as the Company may announce), being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	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
“Rights Issue”	the proposed issue of the Rights Shares on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	Shares to be issued and allotted under the proposed Rights Issue on the basis of three (3) Rights Shares for every one (1) Share in issue on the Record Date, being 353,766,000 Shares based on the Company’s issued share capital as at the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholders”	holder(s) of the issued Share(s)

DEFINITIONS

“Specific Mandate Placing”	the placing of Shares under specific mandate of the Company announced on 10 May 2024 which completed on 3 July 2024
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.25 per Rights Share
“substantial shareholder”	has the meaning as ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	those Rights Shares that are not subscribed by the Qualifying Shareholders and Rights Shares which would otherwise have been allotted to the Non-Qualifying Shareholders (as the case may be)
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue and the Placing set out below is for indicative purposes only and has been prepared assuming that all the conditions of the Rights Issue and the Placing will be fulfilled.

Events	Date and time
Despatch date of the Prospectus Documents (including the PAL and the Prospectus), and in case of the Non-Qualifying Shareholders, the Prospectus only	Wednesday, 14 May 2025
First day of dealings in nil-paid Rights Shares	Friday, 16 May 2025
Latest time for splitting of PAL	4:30 p.m. on Tuesday, 20 May 2025
Last day of dealings in nil-paid Rights Shares.	Friday, 23 May 2025
Latest time for acceptance and payment for the Rights Shares.	4:00 p.m. on Wednesday, 28 May 2025
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements.	Wednesday, 4 June 2025
Commencement of the placing of Unsubscribed Rights Shares by the Placing Agent	Thursday, 5 June 2025
Placing Long Stop Date	Friday, 13 June 2025
Announcement of the allotment results of the Rights Issue to be published on the websites of the Stock Exchange and the Company	Tuesday, 17 June 2025
Despatch of share certificates for fully-paid Rights Shares and completion of Placing to take place	Wednesday, 18 June 2025
Despatch of refund cheques, if any, if the Rights Issue is terminated	Wednesday, 18 June 2025
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Thursday, 19 June 2025
Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any).	Monday, 23 June 2025

EXPECTED TIMETABLE

All times and dates in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this Prospectus are indicative only and may be extended or varied. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the Listing Rules.

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

The Latest Time for Acceptance will not take place if a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region or a “black” rainstorm warning:

- (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day, which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the section headed “Expected timetable” above may be affected. The Company will notify the Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

LETTER FROM THE BOARD

Volcano Spring International Holdings Limited 火山邑動國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1715)

Executive Directors:

Mr. Zhao Jie

Madam Maeck Can Yue

Mr. Wu Huizhang

Non-executive Director:

Ms. Zheng Jingwen

Independent non-executive Directors:

Mr. Li Wei

Mr. Lin Dongming

Mr. Shen Shujing

Mr. Wang Shih-fang

Registered office:

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

*Principal place of business
in Hong Kong:*

Flat E, 15/F

Leahander Centre

28 Wang Wo Tsai Street

Tsuen Wan, New Territories

Hong Kong

14 May 2025

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Announcement and the Circular in relation to, among other things, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

At the EGM, the resolutions for approving, among other things, the Rights Issue and the transactions contemplated thereunder, were duly passed by the Independent Shareholders by way of poll. Please refer to the announcement of the Company dated 29 April 2025 in relation to, among others, the poll results of the EGM.

The purpose of this Prospectus is to provide you with, among other things, (i) further details of the Rights Issue, including information on dealing in, transfer and acceptance of the Rights Shares; (ii) the financial information of the Group; (iii) unaudited pro forma financial information of the Group; and (iv) other general information of the Group.

LETTER FROM THE BOARD

PROPOSED RIGHTS ISSUE

The Board proposes to raise gross proceeds of up to approximately HK\$88.4 million before expenses by way of the Rights Issue of 353,766,000 Rights Shares at the Subscription Price of HK\$0.25 per Rights Share on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be available to Non-Qualifying Shareholders.

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

Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue:	Three (3) Rights Shares for every one (1) Share held on the Record Date
Subscription Price:	HK\$0.25 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	117,922,000 Shares
Maximum number of Rights Shares:	Up to 353,766,000 Rights Shares (assuming there is no change in the issued share capital of the Company on or before the Record Date)
Maximum aggregate nominal value of the Right Shares:	HK\$88,441,500 (assuming there is no change in the issued share capital of the Company on or before the Record Date)
Maximum total number of Shares in issue upon completion of the Rights Issue:	471,688,000 Shares
Gross proceeds from the Rights Issue:	Up to approximately HK\$88.4 million before expenses (assuming there is no change to the total issued share capital of the Company on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)

LETTER FROM THE BOARD

Net proceeds from the Rights Issue:

The net proceeds from the Rights Issue (after deducting the estimated expenses of HK\$1.6 million) are estimated to be approximately HK\$86.8 million

The estimated net Subscription Price per Rights Share is approximately HK\$0.245 (assuming there is no change to the total issued share capital of the Company on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)

Assuming there is no change to the total issued capital of the Company on or before the Record Date, 353,766,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 300% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) 75% of the total issued share capital of the Company as enlarged by the allotment and issuance of the Rights Shares immediately upon Completion.

As at the Latest Practicable Date, the Company had no outstanding convertible securities, options or warrants in issue, which confer any right to subscribe for, convert or exchange into Shares.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Overseas Letter together with the Prospectus, for information only, to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, the Shareholders must at the close of business on the Record Date: (i) be registered on the registers of members of the Company; and (ii) not be the Non-Qualifying Shareholders.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

LETTER FROM THE BOARD

Closure of register of members

The register of members of the Company was closed from Thursday, 8 May 2025 to Monday, 12 May 2025 (both days inclusive) to determine the entitlements to the Rights Issue, during which period no transfer of Shares was registered.

Subscription Price

The Subscription Price of HK\$0.25 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 15.25% to the closing price of HK\$0.295 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (ii) a premium of approximately 47.06% over the closing price of HK\$0.17 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 47.06% over the average closing price of HK\$0.17 per Share for the last five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a premium of approximately 47.06% over the average closing price of HK\$0.17 per Share for the last ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (v) a premium of approximately 8.70% over the theoretical ex-rights price of approximately HK\$0.23 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.17 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after an arm's length negotiation, based on, among other things, the prevailing market price of the Shares and the Group's financial conditions.

Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors consider the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Status of the Rights Shares

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

Basis of provisional allotments

The basis of the provisional allotment shall be three (3) Rights Shares (in nil-paid form) for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Qualifying Shareholders may apply for all or any part of their respective provisional allotment by lodging a duly completed PAL(s) and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details as to how to split the PALs will be set out in the Prospectus.

Rights of the Overseas Shareholders (if any)

The Prospectus Documents are not intended to be, have not been, and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue.

According to the register of members of the Company as of the Record Date, there is no Overseas Shareholder. As such, based upon the register of members of the Company as of the Record Date, there is no Non-Qualifying Shareholder.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Directors have made inquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholder on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholder. In such circumstances, the Rights Issue will not be extended to any such Non-Qualifying Shareholder.

LETTER FROM THE BOARD

It is the responsibility of the Shareholders, including the Overseas Shareholders, wishing to make an application for the Rights Shares, to satisfy himself/herself/itself before taking up his/her/its provisional allotments under the Rights Issue, as to the observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents and to pay any taxes and duties required to be paid in such jurisdiction in connection with the taking up and onward sale of the Rights Shares.

The Company reserves the right to treat as invalid any acceptance of or application 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.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, 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 a pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will, if possible, be placed by the Placing Agent under the Compensatory Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Party(ies).

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.

No fractional entitlement

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

LETTER FROM THE BOARD

Application for listing

The Company has applied to the 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. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Dealing in the Rights Shares in both their nil-paid and fully paid forms will be in the board lots of 10,000 Rights Shares.

Rights Shares will be eligible for admission into CCASS

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

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) 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 (i) stamp duty, (ii) the Stock Exchange trading fee, (iii) SFC transaction levy, and (iv) any other applicable fees and charges in Hong Kong.

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

LETTER FROM THE BOARD

Share certificates and refund cheques for Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Wednesday, 18 June 2025.

If the Rights Issue does not become unconditional, refund cheques are expected to be despatched by ordinary post on or before Wednesday, 18 June 2025 at the respective Shareholders' own risk.

Non-underwritten basis

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

In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent placees under the Compensatory Arrangements on a best effort basis. Any Unsubscribed Rights Shares that remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

The Cayman legal adviser of the Company has confirmed that there are no applicable statutory requirements under the Companies Act regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlements 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 7.19(5) of the Listing Rules.

Procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein.

LETTER FROM THE BOARD

If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. on Wednesday, 28 May 2025 (or, under bad weather and/or extreme conditions, such later date and/or time as mentioned in the section headed “Expected Timetable – Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares” on the Latest Time of Acceptance in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “**TRICOR INVESTOR SERVICES LIMITED – A/C NO. 057**” and crossed “**ACCOUNT PAYEE ONLY**”. Such payment will constitute acceptance of the provisional allotment of Rights Shares on the terms of the Prospectus Documents and subject to the memorandum and articles of association of the Company. Any payments for the Rights Shares should be rounded up to nearest cent.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. on Wednesday, 28 May 2025 (or, under bad weather and/or extreme conditions, such later date and/or time as mentioned in the section headed “Expected Timetable – Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares” on the Latest Time of Acceptance in this Prospectus), whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled.

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer all or part of their rights to more than one person (not as joint holders), the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Tuesday, 20 May 2025 to the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

LETTER FROM THE BOARD

The Company is not obliged to but may (at its sole and absolute discretion) treat PAL(s) as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete such incomplete PAL(s) at a later stage.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

All cheques or cashier's orders accompanying completed PALs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order in payment for the Rights Shares whether by a Qualifying Shareholder or any nominated transferee, will constitute a warranty by such person that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation, and in that event the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. Qualifying Shareholders must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected. In the event of an overpaid application, a refund cheque, without interest, will be made out to such applicant only if the overpaid amount is HK\$100 or above.

No receipt will be given in respect of any PAL and/or relevant application monies received. If any of the conditions of the Rights Issue as set out in the section headed "Letter from the Board – The Rights Issue – Conditions of the Rights Issue" is not fulfilled at or before 5:00 p.m. on Tuesday, 17 June 2025 (or such later date as the Company may determine), the Rights Issue will not proceed. Under such circumstances, the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person, without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, on or before Wednesday, 18 June 2025.

LETTER FROM THE BOARD

Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company must make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

On 7 March 2025, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares to independent placees on a best effort basis. Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period 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 those No Action Shareholders and Non-Qualifying 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 Thursday, 12 June 2025, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares. Any Unsubscribed Rights Shares that are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders and Non-Qualifying Shareholders as set out below on a pro-rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Non-Qualifying Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) and Non-Qualifying Shareholders in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

LETTER FROM THE BOARD

The Placing Agreement

The principal terms of the Placing Agreement are summarised below:

Date: 7 March 2025 (after trading hours)

Issuer: The Company

Placing Agent: Imperium International Securities Limited

As at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owner(s) were Independent Third Party(ies).

Placing Period: The period from Thursday, 5 June 2025 up to 4:00 p.m. Thursday, 12 June 2025, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements.

Placing Price: The placing price of the Unsubscribed Rights Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the placement process.

Placing Commission: Subject to the completion of the Placing, the Company shall pay the Placing Agent a placing commission, being 1.0% of the amount which is equal to the Placing Price multiplied by the total number of the Unsubscribed Rights Shares which are successfully placed by the Placing Agent.

Placees: The placees shall be any individuals, corporate, institutional investors and other investors. The Placing Agent shall ensure that the placees, and whose ultimate beneficial owner(s), shall be Independent Third Party(ies).

Ranking of the Unsubscribed Rights Shares: The placed Unsubscribed Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of completion of the Placing.

LETTER FROM THE BOARD

Conditions of the Placing Agreement:

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

- (a) 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;
- (b) the Listing Committee having granted the approval for the listing of, and the permission to deal in, the Rights Shares, including the Unsubscribed Rights Shares;
- (c) 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 of the Placing Agreement; and
- (d) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the termination events.

For the avoidance of doubt, if all the Rights Shares are fully subscribed under the Rights Issue, the Placing will not proceed.

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

LETTER FROM THE BOARD

In the event that the above condition precedents have not been fulfilled or waived on or before the Friday, 13 June 2025 (or such later date as may be agreed between the Placing Agent and the Company in writing) (the “**Placing Long Stop Date**”), all rights, obligations and liabilities of the Placing Agent and the Company in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof).

Termination:

The Placing Agent shall be entitled, without any liability to the Company, by notice in writing to the Company served prior to 4:00 p.m. on Monday, 16 June 2025 (the “**Latest Placing Time for Termination**”), to terminate the Placing Agreement, if, prior to the Latest Placing Time for Termination:

- (a) in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by:
 - (i) 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, 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 reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

LETTER FROM THE BOARD

- (ii) the introduction of any new 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 reasonable opinion of the Placing Agent 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 Placing; or
 - (iii) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares (for more than ten (10) consecutive trading days) generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (iv) any adverse change in the business or in the financial or trading position of any members of the Group, which in the reasonable opinion of the Placing Agent, is material in the context of the Placing; or
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States of America or the PRC which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing; or

LETTER FROM THE BOARD

- (c) any material breach of any of the representations and warranties by the Company that 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 Latest Placing Time for Termination which, if it 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.

Upon the giving of such notice as referred to above by the Placing Agent, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other party, save for any prior breaches of the Placing Agreement.

The Compensatory Arrangements are in compliance with the requirements under Rule 7.21(1)(b) of the Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) given that the Unsubscribed Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company.

The Company will ensure that it will continue to comply at all times with the public float requirement under Rule 8.08 of the Listing Rules upon completion of the Placing and the Rights Issue. After the Placing Period, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees will become a substantial Shareholder after completion of the Placing and the Rights Issue, further announcement will be made by the Company.

The Placing Agent confirms that it is an Independent Third Party. The terms of the Placing Agreement, including the placing commission, were determined after an arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the terms to be normal commercial terms. The Directors consider that the terms of the Placing Agreement are fair and reasonable and on normal commercial terms.

LETTER FROM THE BOARD

The Company considers that the Compensatory Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interests of the Independent Shareholders, and be fair and reasonable, in the interests of the Company and the Shareholders as a whole.

Given that the Company has put in place the Compensatory Arrangements as required by Rule 7.21(1)(b) of the Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions:

- (a) the Increase in Authorised Share Capital having become effective;
- (b) the Rights Issue having been approved by the Independent Shareholders at the EGM;
- (c) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong, respectively, one duly certified copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having being approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding-Up and Miscellaneous Provisions) Ordinance not later than the Posting Date;
- (d) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders (and where applicable, the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purposes only) and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Posting Date;
- (e) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully paid forms) by no later than the first day of their dealings;
- (f) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect; and
- (g) all other necessary waivers, consents, and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transactions contemplated thereunder having been obtained and fulfilled.

LETTER FROM THE BOARD

None of the above conditions precedent can be waived. If any of the conditions referred to above are not fulfilled at or before 5:00 p.m. on Tuesday, 17 June 2025 (or such later date as the Company may determine), the Rights Issue will not proceed.

As at the Latest Practicable Date, conditions (a) and (b) above had been fulfilled.

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

Undertaking

The Company had not received, as at the Latest Practicable Date, any irrevocable undertaking from any substantial Shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The principal activity of the Company is investment holding. The Group is principally engaged in the developing, manufacturing and trading of healthcare products and premium kitchen appliances with a major focus on the PRC market.

As disclosed in the annual reports of the Company for the years ended 31 December 2023 (the “**2023 Annual Report**”) and 31 December 2024 (the “**2024 Annual Report**”), the Group recorded consecutive losses of approximately RMB49.3 million and RMB36.0 million for the years ended 31 December 2023 (“**FY2023**”) and 2024 (“**FY2024**”), respectively.

In addition, the Group also incurred total administrative and operating expenses (the “**Operating Expenses**”) of (i) approximately RMB60.1 million for FY2023, comprising (a) selling and distribution expenses of approximately RMB34.3 million; (b) administrative expenses of approximately RMB18.8 million; and (c) research and development expenses of approximately RMB6.9 million; and (ii) approximately RMB37.7 million for FY2024, comprising (a) selling and distribution expenses of approximately RMB17.4 million; (b) administrative expenses of approximately RMB14.5 million; and (c) research and development expenses of approximately RMB5.9 million.

LETTER FROM THE BOARD

As at 31 December 2024, the Group had (i) limited cash and cash equivalents of only approximately RMB2.3 million; and (ii) total borrowings (including principal and interest) of approximately HK\$66.1 million, comprising (a) other borrowings (the “**Other Borrowings**”) with an aggregate amount of approximately HK\$28.9 million which are intended to be repaid with part of the net proceeds of the Rights Issue; (b) bank borrowings (the “**Bank Borrowings**”) with an aggregate amount of approximately HK\$30.2 million; and (c) a loan from Madam Maeck Can Yue, an executive Director, (the “**Director’s Loan**”) of approximately HK\$7.0 million details of which are as follows:

(a) the Other Borrowings

No.	Type	Maturity date	Interest rate per annum	Outstanding Principal	Outstanding Interest (Approx.)	Total
1.	Other borrowing (unsecured)	11 April 2025	15.00%	HK\$2,150,000	HK\$67,000	HK\$2,217,000
2.	Other borrowing (unsecured)	12 May 2025	15.00%	HK\$2,000,000	HK\$132,000	HK\$2,132,000
3.	Other borrowing (unsecured)	21 May 2025	5.00%	HK\$2,000,000	HK\$9,300	HK\$2,009,300
4.	Other borrowing (unsecured)	15 August 2025	7.00%	HK\$4,000,000	–	HK\$4,000,000
5.	Other borrowing (unsecured)	15 August 2025	12.00%	HK\$8,000,000	–	HK\$8,000,000
6.	Other borrowing (unsecured)	15 August 2025	7.00%	HK\$3,500,000	–	HK\$3,500,000
7.	Other borrowing (unsecured)	15 August 2025	12.00%	HK\$2,600,000	–	HK\$2,600,000
8.	Other borrowing (unsecured)	21 December 2025	15.00%	HK\$2,550,000	HK\$7,300	HK\$2,557,300
9.	Other borrowing (unsecured)	8 March 2026	7.00%	HK\$1,900,000	–	HK\$1,900,000
Grand total				<u>HK\$28,700,000</u>	<u>HK\$215,600</u>	<u>HK\$28,915,600</u>

(b) the Bank Borrowings

No.	Type	Maturity date	Interest rate per annum	Outstanding Principal	Outstanding Interest (Approx.)	Total
1.	Bank borrowing (secured)	14 May 2025	3.75%	HK\$19,438,200	–	HK\$19,438,200
2.	Bank borrowing (unsecured)	13 November 2025*	2.80%	HK\$1,620,000	–	HK\$1,620,000
3.	Bank borrowing (secured)	18 December 2025*	2.80%	HK\$3,780,000	–	HK\$3,780,000
4.	Bank borrowing (secured)	27 March 2033	3.65%	HK\$5,324,000	–	HK\$5,324,000
Grand total				<u>HK\$30,162,200</u>	<u>–</u>	<u>HK\$30,162,200</u>

* It represents the final repayment date. The Company is required to pay according to the specific repayment terms.

LETTER FROM THE BOARD

(c) the Director's Loan

No.	Type	Maturity date	Interest rate per annum	Outstanding Principal	Outstanding interest (Approx.)	Total
1.	Loan from a Director (unsecured)	31 December 2025 [^]	2.9%	HK\$6,911,000	HK\$90,000	HK\$7,001,000

[^] On 18 August 2023, Madam Maeck Can Yue entered into an agreement with a bank for obtaining working capital for revolving credit of RMB6,400,000, which is guaranteed by Miji Smart Home Appliance Manufacturing (Shanghai) Co., Ltd., a subsidiary of the Group. The proceeds from this revolving credit are used to replenish the Group's general working capital, with the Group responsible for the interest expenses. According to the agreement, the facility will expire on 21 July 2031.

The net proceeds of the Rights Issue to be received by the Company after deducting all estimated expenses payable by the Group (assuming full acceptance of the Rights Issue and no new Shares will be allotted or issued on or before the Record Date) are estimated to be up to approximately HK\$86.8 million.

In consideration of (a) the Operating Expenses of approximately RMB60.1 million for FY2023 and RMB37.7 million for FY2024; (b) the consecutive losses of the Group during recent years; (c) the limited cash and cash equivalents of the Group of approximately RMB2.3 million as at 31 December 2024; (d) the forthcoming repayment obligations for the Other Borrowings as detailed in the above table; and (e) the Group is falling short of the required working capital, the Company plans to utilise the net proceeds of the Rights Issue (after deducting the estimated expenses (including but not limited to the commission payable to the Placing Agent, if any) of HK\$1.6 million) of up to approximately HK\$86.8 million as follows:

- (i) approximately HK\$28.9 million (representing approximately 33.3% of the net proceeds of the Rights Issue) towards repayment of the Other Borrowings; and
- (ii) approximately HK\$57.9 million (representing approximately 66.7% of the net proceeds of the Rights Issue) towards the Group's general working capital for the daily operations of its existing principal business, including but not limited to (a) selling and distribution expenses of approximately HK\$33.6 million; (b) administrative expenses of approximately HK\$17.3 million; and (c) research and development expenses of approximately HK\$7.0 million.

LETTER FROM THE BOARD

In the event that 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 in the following order of priority:

- (i) for the repayment of the Other Borrowings, prioritizing repayment according to the maturity dates of each obligation; and
- (ii) for the Group's general working capital for the daily operations of its existing principal business, on a pro-rata basis based on the allocation (i.e. selling and distribution expenses, administrative expenses and research and development expenses) set out above.

It is noted that (a) certain Other Borrowings would become due before the expected completion date of the Rights Issue. In this regard, the Group has negotiated with the lender(s) of the relevant Other Borrowings, and it is understood by the parties that (i) the Group intends to repay the outstanding principal and/or interest using the funds generated from the Rights Issue, which is expected to complete by June 2025; (ii) the relevant lender(s) is willing to extend the repayment date to a date shortly after the completion date of the Rights Issue; and (iii) it is agreed between the Group and the relevant lender to extend the repayment date to 30 September 2025 in respect of the Other Borrowing with the principal amount of HK\$2,150,000 which was due on 11 April 2025; and (b) certain Bank Borrowings would become due on or before May 2025. These bank loans have been in place for a considerable duration for supporting the Group's operational needs over the years. The Group has maintained long term relationships with the relevant banks, and has successfully renewed these bank loans in the past. Recently, the Group has also reached out to these banks, which have indicated their willingness to renew the loans with favourable terms (such as interest rates) upon maturity.

Furthermore, the Board has considered other alternative means of debt or equity fundraising alternatives such as bank borrowings, placing or open offer. In light of the current weak economic conditions, the banks are very prudent and it is very difficult to obtain loans from them. The Company approached a number of banks regarding debt financing, which is a common way for businesses to raise funds. However, the Board considered that debt financing 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 and prevailing market conditions and it may be relatively uncertain and time-consuming. Placing of new shares dilutes the interests of existing Shareholders without giving them the opportunity to take part in the exercise. As opposed to open offer, the Rights Issue allows the Shareholders to sell the nil-paid Rights Shares in the market.

LETTER FROM THE BOARD

The Board considers that the Rights Issue would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, or (subject to availability) acquiring additional rights entitlement or disposing of their rights entitlements in the open market.

In view of the above, the Board considers that raising funds by way of the Rights Issue is beneficial to the Company and its Shareholders as a whole.

FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fundraising activities in the past twelve months immediately prior to the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds	Intended use of proceeds	Actual use of proceeds
10 May 2024	Placing of 42,310,000 new Shares at the placing price of HK\$0.52 under specific mandate	approximately HK\$21.0 million	(i) approximately HK\$20.0 million for the repayment of the Group's other borrowing; and (ii) approximately HK\$1.0 million to replenish the Group's general working capital	Fully utilised as intended

Save as disclosed above, the Company has not conducted any equity fundraising activities in the past twelve months immediately prior to the Latest Practicable Date.

LETTER FROM THE BOARD

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company, which are for illustration purposes only, (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming all Shareholders have taken up their entitled Rights Shares in full, there are no changes in the share capital of the Company on or before the Record Date; and (iii) immediately after completion of the Rights Issue assuming none of the Shareholders have taken up any of their entitlement to Rights Shares with all the Placing Shares placed to Independent Third Parties under the Placing, and there are no changes in the share capital of the Company on or before the Record Date:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming all Shareholders take up their respective entitlements to the Rights Shares in full		Immediately after completion of the Rights Issue assuming none of the Shareholders have taken up any of their entitlement to Rights Shares with all the Placing Shares placed to Independent Third Parties under the Placing ^(Note 2)	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Mr. Wu Huizhang ("Mr. Wu"), an executive Director ^(Note 1)	9,200,000	7.80	36,800,000	7.80	9,200,000	1.95
Mr. Zhao Jie, an executive Director	25,780,000	21.86	103,120,000	21.86	25,780,000	5.47
The Placees	–	–	–	–	353,766,000	75.00
Other public Shareholders	82,942,000	70.34	331,768,000	70.34	82,942,000	17.58
Total	<u>117,922,000</u>	<u>100.00</u>	<u>471,688,000</u>	<u>100.00</u>	<u>471,688,000</u>	<u>100.00</u>

LETTER FROM THE BOARD

Notes:

1. Mr. Wu is directly interested in 1,200,000 shares. Mr. Wu beneficially owns the entire issued share capital of Seashore Global Enterprises Limited (“**Seashore Global**”). Therefore, Mr. Wu is deemed, or taken to be, interested in all the 8,000,000 shares held by Seashore Global for the purpose of the SFO. Therefore, Mr. Wu, directly and indirectly, held 9,200,000 shares of the Company in total.
2. This scenario is for illustrative purposes only. The Company has 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. The Company will take all appropriate steps to ensure that sufficient public float is maintained in compliance with Rule 8.08 of the Listing Rules. In the event that the Rights Issue would result in public float not being maintained, the Company and/or the Placing Agent will take necessary action to place down the Shares such that sufficient public float could be maintained in compliance with Rule 8.08 of the Listing Rules. The Company will ensure that it will continue to comply at all times with the public float requirement under Rule 8.08 of the Listing Rules upon completion of the Placing and the Rights Issue.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

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 Prospectus.

Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not satisfied, the Rights Issue will not proceed. Any dealings in the Shares from the Latest Practicable Date 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.

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

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

MISCELLANEOUS

The English text of this Prospectus shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
For and on behalf of the Board
Volcano Spring International Holdings Limited
Zhao Jie
Chairman of the Board and Executive Director

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

Details of the audited consolidated financial information of the Group for the years ended 31 December 2022, 2023 and 2024 were disclosed in the annual reports of the Company for the years ended 31 December 2022 (pages 68 to 132), 2023 (pages 71 to 136) and 2024 (pages 69 to 134), respectively. The aforementioned financial information of the Group has been published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.volcanospring.com). Please refer to the hyperlinks as stated below:

- (i) 2022 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0418/2023041800405.pdf>

- (ii) 2023 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0416/2024041600543.pdf>

- (iii) 2024 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0428/2025042800907.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2025, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement prior to the printing of this Prospectus, the indebtedness of the Group was as follows:

	<i>RMB'000</i> (unaudited)
Bank borrowings – secured and unguaranteed*	27,450
Other borrowings – unsecured and unguaranteed	33,166
Amount due to an associate – unsecured and unguaranteed	1,000
Amount due to a joint venture – unsecured and unguaranteed	<u>510</u>
	<u>62,126</u>
Lease liabilities – unsecured and unguaranteed	<u>169</u>
	<u><u>62,295</u></u>

* The Group's secured bank borrowings were secured by land use rights and buildings of the Group.

Save as disclosed above and apart from intra-group liabilities and normal accounts payable in the ordinary course of business of the Group, the Group did not have any outstanding indebtedness in respect of any mortgages, charges or debentures, loan capital, bank loans and overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 31 March 2025.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into consideration the Group's present financial resources and the estimated net proceeds from the Rights Issue subject to fulfilment of conditions and approvals as set out in this Prospectus, the Group has sufficient working capital for its present requirements for at least the next twelve (12) months from the date of this Prospectus in the absence of any unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The principal activities of the Group are design, manufacturing and trading of premium kitchen appliances and selling of healthcare products.

The Group puts its focus on the research and development, manufacturing and trading of kitchen appliances and selling of healthcare products in the PRC. The Group distributes its products across the PRC through various sales channels comprising mainly of distributors, consignment sales, television platforms, online platforms and corporate clients.

The PRC economy is experiencing economic challenges in 2024. According to the data released by the National Bureau of Statistics of China, PRC's GDP witnessed a year-on-year increase of 4.7% in the second quarter of 2024. This growth rate fell short of the anticipated 5.1% expansion. Further, retail sales for June 2024 also did not meet the projected estimates, registering a rise of 2% as opposed to the forecasted growth of 3.3%. The Group continues to suffer from declining PRC growth, as well as high inflation and interest rates.

Despite the Group's revenue for the year ended 31 December 2024 increased by 8.9% to RMB91.9 million from RMB84.4 million for the year ended 31 December 2023, the reduction in gross profit margin and the decrease in selling expense and finance costs, the Group recorded a net loss of RMB36.0 million for the year ended 31 December 2024.

The Group established a joint venture with Shanghai Yougu Health Technology Co., Ltd.* (上海游固健康科技有限公司) in December 2024 to formally expand into the big health industry. The joint venture will focus on the application of biopharmaceutical research and development and artificial intelligence technology in the field of personal health management services, and build an innovative health management platform by integrating the technical advantages and industry resources of both parties.

Looking ahead, the Group has implemented plans to improve its financial performance. The Group will continue to develop new products that suit the needs of the consumers. On the other hand, the Group will continue to adopt stringent cost control measures to reduce its expenses. The Group will also consider potential opportunities that can diversify its business segments and create value for the Group and its shareholders.

* For identification purpose only

The following is the text of a report received from the Company's reporting accountants, CL Partners CPA Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of inclusion in this Prospectus.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

A. 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 the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 31 December 2024.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only and based on the judgements, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue or any future date after completion of the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024, as extracted from the published consolidated financial statements for the year ended 31 December 2024 of the Company and is adjusted to reflect the effect of the Rights Issue as if the Rights Issue had been completed on 31 December 2024.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

- II-2 -

The following is the text of the independent reporting accountants' assurance report received from CL Partners CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

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



To the Directors of Volcano Spring International Holdings Limited

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Volcano Spring International Holdings Limited (the **"Company"**) and its subsidiaries (hereinafter 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 as at 31 December 2024 and related notes as set out in Appendix II to the Prospectus issued by the Company dated 14 May 2025 (the **"Prospectus"**). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Rights Issue on the Group's financial position as at 31 December 2024 as if the Rights Issue had taken place at 31 December 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2024, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **"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 (**"HKICPA"**).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements 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.

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

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the 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 comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the 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 the unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2024 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 event or transaction, 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 accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled 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 4.29(1) of the Listing Rules.

Yours faithfully,

CL Partners CPA Limited
Certified Public Accountants
Hong Kong
14 May 2025

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately following completion of the Rights Issue (assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full and there is no change to the total issued share capital of the Company on or before the Record Date) were as follows:

(a) As at the Latest Practicable Date

HK\$

Authorised:

<u>600,000,000</u>	Shares of HK\$0.25 each	<u>150,000,000.00</u>
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Issued and fully paid:

<u>117,922,000</u>	Shares of HK\$0.25 each	<u>29,480,500</u>
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(b) Immediately following completion of the Rights Issue

HK\$

Authorised:

<u>600,000,000</u>	Shares of HK\$0.25 each	<u>150,000,000.00</u>
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Issued and fully paid:

<u>471,688,000</u>	Shares of HK\$0.25 each	<u>117,922,000</u>
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All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares (when allotted, issued and fully-paid) will rank *pari passu* in all respects with the Shares in issue on the date of

allotment and issue of the Rights Shares. Holders of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

Neither part of the share capital nor 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 of the Latest Practicable Date, the Company had no outstanding convertible securities, options, or warrants in issue that confer any right to subscribe for, convert, or exchange into Shares. There is no treasury share held by the Company or its subsidiary or through any agent or nominee.

As of the Latest Practicable Date, none of the capital of any member of the Group was under option or agreed conditionally or unconditionally to be put under option.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or any of their respective associates had or was deemed to have any interest or short position 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) (i) 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 they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

Long positions in the Shares and the underlying Shares

Name	Capacity/nature of interest	Number of Shares held/ interested	Approximate percentage of shareholding
Mr. Zhao Jie	Beneficial owner	25,780,000 (L)	21.86%
Mr. Wu Huizhang ("Mr. Wu") (Note 2)	Beneficial owner and interest in a controlled corporation	9,200,000 (L)	7.80%

Notes:

- (1) The letter “L” denotes long positions of the shares.
- (2) Mr. Wu directly held 1,200,000 shares of the Company and is deemed to be interested in 8,000,000 shares held by Seashore Global Enterprises Limited (“**Seashore Global**”), by virtue of the fact that the issued shares of Seashore Global are wholly-owned by Mr. Wu, therefore, Mr. Wu, directly and indirectly, held 9,200,000 shares of the Company in total.

As at the Latest Practicable Date, saved as disclosed above, none of the Directors and chief executive of the Company were interested in or were deemed to have 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 (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange; or (iv) were required to be disclosed under the Takeovers Code.

(b) Interests of substantial Shareholders and other person

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following person, other than a Director or chief executive of the Company, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in the Shares or underlying Shares

Name	Capacity/nature of interest	Number of Shares held/ interested	Approximate percentage of shareholding
Seashore Global	Beneficial owner	8,000,000 (L)	6.78%

Notes:

1. The letter “L” denotes long position of the shares.
2. The issued shares of Seashore Global are wholly-owned by Mr. Wu who is deemed to be interested in the shares held by Seashore Global by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had, or was taken or deemed to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

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

5. DIRECTOR'S INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, (a) none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024 (being the date to which the latest published audited accounts of the Group were made up); and (b) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which is subsisting as at the Latest Practicable Date and is significant in relation to the business of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholder of the Company nor their respective close associates (as defined in the Listing Rules) had any interest in a business, which competes or may compete, either directly or indirectly, with the business of the Group or any other conflict of interest which any such person has or may have with the Group which would be required to be disclosed pursuant to the Listing Rules.

7. MATERIAL LITIGATION

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

8. EXPERT AND CONSENT

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

Name	Qualification
CL Partners CPA Limited	Certified public accountants

As at the Latest Practicable Date, the above expert had given and had not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert confirmed that it (a) did not have any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and (b) was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited accounts of the Company were made up.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by the members of the Group during two years preceding the Latest Practicable Date:

- (a) the placing agreement dated 18 May 2023 entered into between the Company and a placing agent, pursuant to which the Company agreed to place, through the placing agent, on a best effort basis, a maximum of up to 300,000,000 new Shares to not less than six places at a price of HK\$0.08 per Share under general mandate, which was completed on 25 May 2023;
- (b) the placing agreement dated 21 July 2023 entered into between the Company and a placing agent, pursuant to which the Company agreed to place, through the placing agent, on a best effort basis, a maximum of up to 334,376,000 new Shares to not less than six places at a price of HK\$0.08 per Share under general mandate, which was completed on 31 July 2023;
- (c) the placing agreement dated 21 August 2023 entered into between the Company and a placing agent, pursuant to which the Company agreed to place, through the placing agent, on a best effort basis, a maximum of up to 171,256,000 new Shares to not less than six places at a price of HK\$0.075 per Share under general mandate, which was completed on 7 September 2023;

- (d) the placing agreement dated 8 February 2024 entered into between the Company and a placing agent, pursuant to which the Company agreed to place, through the placing agent, on a best effort basis, a maximum of up to 18,903,000 new Shares to not less than six placees at a price of HK\$1.13 per Share under specific mandate. Such placing was terminated on 10 May 2024;
- (e) the placing agreement dated 10 May 2024 entered into between the Company and a placing agent, pursuant to which the Company agreed to place, through the placing agent, on a best effort basis, a maximum of up to 42,310,000 new Shares to not less than six placees at a price of HK\$0.52 per Share under specific mandate, which was completed on 3 July 2024; and
- (f) the Placing Agreement.

10. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

Board of Directors

Executive Directors:

Mr. Zhao Jie (*Chairman*)

Madam Maeck Can Yue (*Chief executive officer*)

Mr. Wu Huizhang

Non-executive Director:

Ms. Zheng Jingwen

Independent non-executive Directors:

Mr. Li Wei

Mr. Lin Dongming

Mr. Shen Shujing

Mr. Wang Shih-fang

Audit Committee:

Mr. Shen Shujing (*Chairman*)

Mr. Li Wei

Mr. Lin Dongming

Mr. Wang Shih-fang

Remuneration Committee:

Mr. Lin Dongming (*Chairman*)

Mr. Shen Shujing

Mr. Wang Shih-fang

Nomination Committee:

Mr. Zhao Jie (*Chairman*)

Mr. Shen Shujing

Mr. Wang Shih-fang

Registered office	Windward 3, Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Principal place of business in Hong Kong	Flat E, 15/F Leahander Centre 28 Wang Wo Tsai Street Tsuen Wan, New Territories Hong Kong
Principal share registrar and transfer office	Ocorian Trust (Cayman) Limited Windward 3, Regatta Office Park PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Branch share registrar and transfer office in Hong Kong	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Company Secretary	Ms. Tse Sau San <i>(a member of the Hong Kong Institute of Certified Public Accountants)</i>
Authorised representatives	Madam Maeck Can Yue Ms. Tse Sau San
Business address of Directors, senior management and authorised representatives	Flat E, 15/F Leahander Centre 28 Wang Wo Tsai Street Tsuen Wan New Territories Hong Kong
Principal bankers	Bank of China 102, No. 2518 Chenhang Road, Minhang District Shanghai, China Bank of Shanghai F1, Hawaii Commercial Plaza, Lane 2370 Zhaolou Road, Minhang District Shanghai, China

Shanghai Rural Commercial Bank
Room 101, 2/F, Building B
Xingcheng Business Plaza
No. 658 Qixin Road
Xinzhuang Town, Minhang District
Shanghai, China

China Construction Bank Corporation
No. 196 Xinjinqiao Road, Pudong New District
Shanghai, China

DBS Bank (Hong Kong) Limited
Units 1201, 1210–18, 12th Floor
Mira Place Tower A
132 Nathan Road, Tsimshatsui
Kowloon, Hong Kong

The Company

Volcano Spring International Holdings Limited
Flat E, 15/F
Leahander Centre
28 Wang Wo Tsai Street
Tsuen Wan, New Territories
Hong Kong

Legal adviser to the Company

C & T Legal LLP
10/F & 22/F, Shum Tower
268 Des Voeux Road Central
Sheung Wan
Hong Kong

Conyers Dill & Pearman
29th Floor, One Exchange Square
8 Connaught Place
Central
Hong Kong

**Financial adviser to the
Company**

Amasse Capital Limited
Room 1201, 12th Floor
Prosperous Building
48–52 Des Voeux Road Central
Hong Kong

Auditor and reporting accountant	CL Partners CPA Limited Unit 3203A-05, 32/F Tower 2, Lippo Centre 89 Queensway, Admiralty Hong Kong
Placing Agent	Imperium International Securities Limited Room 2603A, 26/F One Harbour Square, 181 Hoi Bun Road Kwun Tong, Kowloon Hong Kong

11. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Zhao Jie, aged 41, was appointed as an Executive Director, Chairperson, and Chairperson of the Nomination Committee of the Company on 1 August 2024. He is responsible for the Group's overall corporate management and business development strategies.

He is an entrepreneur with over 10 years of extensive experience in financial management and capital market services. In 2006, Mr. Zhao co-founded Shenzhen Zero Latitude Digital Technology Co., Ltd.* (深圳市零緯度數位科技有限公司), which was principally engaged in the provision of comprehensive customer relationship management solutions and strategic marketing planning services to governments and real estate companies. In 2009, he founded Shenzhen Tengwei Chuangzhan New Media Co. Ltd.* (深圳市騰為創展新媒體有限公司), which was principally engaged in the creation of exhibition content specifically for government and real estate companies. From 2014 to 2019, he served as the Managing Director of Shenzhen Huayang Capital Holdings Co., Ltd.* (深圳華洋資本控股有限公司), responsible for project investment and financing and coordinating internal operations. From 2019 to 2020, he served as the Managing Director of Four Seas Changshi Joint Holdings Co., Ltd.* (四海長實聯合控股有限公司), providing professional financial advisory services. Since 2020, he has been the founder and chairman of Shenzhen Jieshengsi Consulting Co., Ltd.* (深圳傑晟思顧問有限公司), which is principally engaged in the provision of mergers and acquisitions consulting, financial consulting, and capital market advisory services.

* For identification purposes only

Madam Maeck Can Yue (alias **Mäck GEB., Ji Can Yue and Ji Can Yue**), aged 58, is a Founder, and was appointed as an Executive Director, Chairperson, Chief Executive Officer and Chairperson of the Nomination Committee of the Company on 16 May 2017. She resigned as the Chairperson and the Chairperson of Nomination Committee of the Company with effect from 1 August 2024. She is responsible for the Group's overall corporate management and business development strategies. She has been appointed as a Director of all the subsidiaries of the Company.

Madam Maeck has over 20 years of experience in kitchenware industry. Prior to her establishment of Miji GmbH in June 2000 and Miji Electronics and Appliances (Shanghai) Ltd. in October 2001, she had worked for OBI GmbH & Co. Deutschland KG, a company principally engaged in the business of home improvement supplies retailing as a Director of marketing and development, where she was mainly responsible for marketing and development, from May 1998 to April 2000; and for Leica Microsystems Ltd., a company principally engaged in the business of manufacturing optical microscopes, equipment for the preparation of microscopic specimens and related products, from January 1996 to March 1998.

She obtained a Diploma of Enterprise Management in May 1996 from the Fachhochschule für Wirtschaft Berlin.

In 2001, she was recognised by the Shanghai Municipal Personnel Bureau, the Predecessor of Human Resources and Social Security (人力資源和社會保障局) as one of the scholars studied abroad who was eligible for preferential treatment for investment in Shanghai, China. She was conferred the title of Adjunct Professor on 1 September 2015 and appointed as Advisor for Master of International Business for the period from April 2017 to March 2020 by Shanghai University of International Business and Economics. She was also selected as one of the Leading Talents of Minhang District (閔行領軍人士), Shanghai, China by the Shanghai Minhang District Human Resource and Social Security Bureau (上海閔行區人力資源和社會保障局) in 2013. She also received several awards in recognition of her entrepreneurship, including the 5th Shanghai Science and Technology Entrepreneur (Women Entrepreneur) Innovation Award (第五屆上海科技企業家(女企業家)創新獎) in 2010, and Shanghai Business Outstanding Entrepreneur (上海商業優秀企業家) for 2016. In 2023, Madam Maeck was awarded the Magnolia Silver Award by the Shanghai Municipal People's Government in recognition of her contribution to the city's development.

Mr. Wu Huizhang, aged 46, was appointed as an Executive Director on 25 January 2021. He graduated from Jimei University (集美大學) with a Diploma in Port Administration. He has over 20 years of experience in export trading and enterprise management. He has been working as the General Manager of Xiamen Hezhong Zhiyuan Enterprise Management Co., Ltd.* (廈門合眾致遠企業管理有限公司) (a company principally engaged in the provision of business consultancy services) since June 2017; and the Supervisor of Fuzhou Sihui Trading Co., Ltd.* (福州斯惠貿易有限公司) (“**Fuzhou**

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Sihui) (an export trading company) since May 2017. He also worked as the Deputy General Manager of Fuzhou Sihui from March 2010 to June 2016; and the Manager of Operation Department of Xiamen China Trade International Freight Forwarding Co., Ltd.* (廈門中貿國際貨運代理有限公司) from September 2000 to January 2010. He was responsible for operation, strategic planning, financial and risk management of the aforesaid companies.

Non-executive Director

Ms. Zheng Jingwen, aged 61, was appointed as a Non-Executive Director of the Company on 2 September 2024. She earned her Doctor of philosophy degree from the University of Southern California and is a postdoctoral fellow from the University of California, San Francisco. She has accumulated over 25 years of experience in drug development, including 10 years with the FDA and 17 years in the pharmaceutical industry. While working at the FDA, she was responsible for evaluating Investigational New Drugs (IND) and New Drug Applications (NDA), where she actively participated in many different projects and had received many awards. In the pharmaceutical industry, she held senior positions at Pfizer, Amgen, and Allergan, and was responsible to lead the clinical pharmacology and pharmacokinetics programs. She has expertise in many therapeutic areas and has contributed significantly to model-informed drug development, regulatory submissions, and strategic drug development decisions.

Independent non-executive Directors

Mr. Wang Shih-fang, aged 55, was appointed as an Independent Non-Executive Director, a member of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Company on 23 June 2018. He has over 17 years of experience in the finance industry. Between July 2014 and December 2016, he was the Managing Director of Haitong International Securities Group Limited. He was also acted as a first Vice President in business planning and support department of Fubon Asset Management Co., Ltd (富邦證券投資信託股份有限公司) between March 2010 and February 2014. Prior to that, he was appointed as an Associate Director of SinoPac Securities (Asia) Limited between November 2008 to April 2010. From August 2006 to October 2008, he served Pinebridge Investments Management Taiwan Limited (柏瑞證券投資信託股份有限公司), formerly known as AIG Investment Management Corporation (Taiwan) Ltd. (友邦證券投資信託股份有限公司) as an Assistant Vice President and Head of Direct Sales. From October 2002 to July 2006, he served Eastspring Securities Investment Trust Co., Ltd (瀚亞證券投資信託股份有限公司), formerly known as PCA Securities Investment Trust Co., Ltd. (保誠證券投資信託股份有限公司) as a Manager of the Financial Business Department. In April 2001, he was awarded the Certificate of Securities Investment Trust and Consulting by Securities Investment Trust and Consulting Association of the ROC in Taiwan. In 2002, he was awarded the Certificate of Broker License by Securities and Futures Institute in Taiwan. He was also a Licensed Representative under the Securities and Futures Ordinance

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from January 2009 to April 2010. He graduated from Fu-Jen Catholic University in Taiwan with a Bachelor's Degree in Philosophy in June 1992 and a Master's Degree in Arts in June 1995. He also obtained his Master's Degree in Business Administration from the National Chengchi University in Taiwan in January 2012. He has also conducted Lectures at Fu-Jen Catholic University.

Mr. Shen Shujing, aged 40, was appointed as an Independent Non-Executive Director, Chairperson of the Audit Committee and a member of each of the Nomination Committee and Remuneration Committee of the Company on 31 May 2024. He obtained his Bachelor's degree in Accounting from Harbin Institute of Technology in September 2005 and his Master's degree in Applied Accounting and Finance from Hong Kong Baptist University in July 2012. He has over 18 years of experience in the fields of accounting, finance, business development and risk advisory. He has held the position of Finance Controller for the Asia Region at CIMC Wetrans Logistics Technology (Group) Co., Ltd., and Finance Controller at CIMC Goldwide Technology Logistics Group Co., Ltd. since February 2022. His role involves overseeing the financial management of the two companies, contributing significantly to their business strategies, and managing their resource allocation and capital structure. He also establishes a robust internal control system for these two companies and conducts regular checks to ensure compliance and risk reduction. From January 2007 to February 2022, he worked for Sinotruk (Hong Kong) International Investment Limited (a subsidiary of Sinotruk (Hong Kong) Limited (stock code: 3808), which is a company listed on the Stock Exchange), where he served as the Head of Finance and assistant to General Manager. From July 2005 to December 2006, he worked as an accountant and tax accountant of China National Heavy Duty Truck Group Co., Ltd. (中國重型汽車集團有限公司). He is an associate member of The Association of International Accountants.

Mr. Lin Dongming, aged 53, was appointed as an Independent Non-Executive Director, Chairperson of the Remuneration Committee and a member of the Audit Committee of the Company on 31 May 2024. He has extensive experience in corporate management and has been working in government departments of the People's Republic of China and sizable state-owned enterprise for 30 years. From 2004 to 2018, he served as the managing director of Sinotruk (Hong Kong) International Investment Limited (a subsidiary of Sinotruk (Hong Kong) Limited (stock code: 3808), which is a company listed on the Stock Exchange), responsible for its international business and investment and corporate finance activities. He obtained an executive master degree in business administration from Cheung Kong Graduate School of Business.

He currently also serves as Member of the Standing Committee of the 15th Jinan Political Consultative Conference and Member of the 13th Shandong Provincial Political Consultative Conference; the chairman of the Jinan Association of Hong Kong; the vice president of Association of Shandong in Hong Kong, China; the vice chairman of the supervisory board of the Shandong CPPCC Members Association in Hong Kong; the honorary chairman of the Hong Kong Shandong Chamber of Commerce and the natives

general associations of Qingdao, Weihai, Yantai and Linyi; the vice president of overseas friendship associations of Jinan, Yantai and Zaozhuang; and the honorary president of Jinan Chamber of Commerce in Guangdong Province etc.

He is currently an independent non-executive director of Shi Shi Services Limited (stock code: 8181), which is a company listed on the GEM of the Stock Exchange. He was also an executive director and a non-executive director of Finet Group Limited (stock code: 8317) for the period from August 2020 to October 2021 and October 2021 to October 2022, respectively, the securities of this company are listed on the GEM of the Stock Exchange.

Mr. Li Wei, aged 43, was appointed as the Independent Non-Executive Director, a member of the Audit Committee of the Company on 25 January 2021. He graduated from Jiujiang University (九江學院) with a Diploma in Marketing. He has over 13 years of marketing and business management experience. He has been working as a General Manager of Xiamen Xinyuanhuan Advertising Co., Ltd.* (廈門鑫源洄廣告有限公司) (an advertising company); and Xiamen Orange Elephant Information Technology Co., Ltd.* (廈門橙象資訊科技有限公司) (an information technology company) where he is responsible for the operations, strategic planning and management of these companies. From March 2016 to October 2019, he also worked as a General Manager of Fujian Xinbaocan Investment Co., Ltd.* (福建省鑫寶燦投資有限公司) (an investment consultancy company) where he was responsible for the provision of investment consultancy services and business management.

Senior management

Ms. He Meihua, aged 36, is a Financial Controller of the Group. She joined the Group in August 2024 and is responsible for overseeing financial management of our Group. She graduated from Beijing Jiaotong University in 2015 with a bachelor's degree in economics and accounting. From 2011 to 2024, Ms. He founded Shenzhen Zhengjiu Investment Group and served as the managing director, providing corporate customers with one-stop services such as strategic planning, compliance internal control, and modern financial management system construction. Ms. He has accumulated more than ten years of experience in the fields of accounting, auditing and financial and taxation management, and has extensive experience in corporate and financial management.

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12. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised of, namely Mr. Shen Shujing (the Chairman of the Audit Committee), Mr. Wang Shih-fang, Mr. Lin Dongming and Mr. Li Wei. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “11. Particulars of the Directors and senior management” in this appendix. The primary role and function of the Audit Committee are to oversee the relationship with the external auditors, to review the Group’s interim results and annual results and to monitor compliance with statutory and listing requirements.

13. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed “8. Expert and Consent” in this appendix, have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

15. EXPENSES

The expenses in connection with the Rights Issue, including placing commission and professional fees payable to financial advisers, legal adviser, reporting accountants, financial printer and other parties involved in the Rights Issue are estimated to be approximately HK\$1.6 million, which are payable by the Company.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.volcanospring.com) for 14 days from the date of this Prospectus:

- (a) the annual reports of the Company for the years ended 31 December 2022, 2023 and 2024 respectively;
- (b) the material contract disclosed in the paragraph under the heading “9. Material Contracts” in this Appendix to this Prospectus;
- (c) the letter from the Board, the text of which is set out on pages 9 to 33 of this Prospectus;
- (d) the independent reporting accountants’ assurance report on the unaudited pro forma financial information of the Group set out in Appendix II to this Prospectus;
- (e) the written consent of the expert referred to in the section headed “8. Expert and Consent” in this Appendix; and
- (f) the Prospectus Documents.

17. MISCELLANEOUS

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) As at the Latest Practicable Date, the Group had no significant exposure to foreign exchange liabilities.
- (c) The English text of this Prospectus shall prevail over the Chinese text in case of any inconsistency.