THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action 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 shares in Bonjour Holdings Limited, you should at once hand this circular and the accompanying form of proxy 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.

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

Distribution of this circular into jurisdictions other than Hong Kong may be restricted by law.

卓悦控股有限公司
BONJOUR Holdings Limited
Hong Kong Stock Code 653

Bonjour Holdings Limited
卓悦控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 653)

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; (2) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE; (3) CONNECTED TRANSACTIONS IN RELATION TO THE POSSIBLE SUBSCRIPTION AND THE SET-OFF ARRANGEMENT; AND (4) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser

VEDA | CAPITAL
智略資本

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

SBI China Capital
軟庫中華

Placing Agent

萬利證券
MONEYMORE SECURITIES LTD

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A letter from the Board is set out on pages 10 to 38 of this circular. A letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages IFA-1 to IFA-42 of this circular.

The Rights Issue will proceed on a non-underwritten basis and there is no requirement for a minimum level of subscription. Subject to the fulfilment and/or waiver of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. It should be noted that the Shares will be dealt in on an ex-rights basis from Thursday, 14 August 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 27 August 2025 to Wednesday, 3 September 2025 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Wednesday, 27 August 2025 to Wednesday, 3 September 2025 (both days inclusive) will bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the EGM to be held at 10:00 a.m. on Tuesday, 12 August 2025 at 12/F, Bonjour Tower, 36-50 Wang Wo Tsai Street, Tsuen Wan, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish.

25 July 2025

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"AFRC"	the Accounting and Financial Reporting Council
"Announcement"	the announcement of the Company dated 16 April 2025 in relation to, among other things, the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the Board of Directors
"Business Day(s)"	a day (excluding Saturday and Sunday and any day on which "extreme conditions" caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
"CCASS"	The Central Clearing and Settlement System established and operated by HKSCC
"CCASS Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
"Company"	Bonjour Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued share are listed on Stock Exchange (stock code: 653)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the same meaning ascribed thereto under the Listing Rules
"Deed of Set-Off"	the deed of set-off dated 16 April 2025 (as supplemental on 13 May 2025, 3 June 2025, 17 June 2025, 25 June 2025 and 4 July 2025 to extend the Record Date) entered between the Company and Mr. Chen in relation to the Rights Issue and the Placing
"Director(s)"	director(s) of the Company
"EAF(s)"	the form(s) of application for excess Rights Shares

"EGM"	an extraordinary general meeting of the Company to be held and convened to consider and approve the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement
"Excluded Shareholder(s)"	the Overseas Shareholder(s) whom the Board, after making enquiries regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange, considers it necessary or expedient not to offer the Rights Shares to them
"Excluded Unsold Rights Share(s)"	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholders (if any) in nil-paid form that has/have not been sold by the Company
"General Rules of CCASS"	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the Listing Rules to advise the Independent Shareholders in respect of the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement
"Independent Financial Adviser"	SBI China Capital Hong Kong Securities Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders on the terms of the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement
"Independent Shareholders"	the shareholders other than Mr. Chen

"Independent Third Party(ies)"	any persons or company and their respective ultimate beneficial owner(s) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquires, are third parties independent of and not connected with the Company and its connected persons
"Last Trading Day"	16 April 2025 being the last trading day of the Shares on the Stock Exchange prior to the publication of the Announcement
"Latest Placing Time"	6:00 p.m. on Wednesday, 24 September 2025 or such later time and date as the Company and the Placing Agent may agree in writing, being the latest time to place the Placing Shares
"Latest Practicable Date"	22 July 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Latest Time for Acceptance"	4:00 p.m. on Monday, 8 September 2025 (or such other time and date as may be determined by the Company), being the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares
"Listing Committee"	has the meaning ascribed to it in the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Master Loan Agreement"	the master loan agreement entered into between the Company (as borrower) and the Mr. Chen (as lender) dated 1 September 2023 (as supplemented on 31 March 2025), pursuant to which Mr. Chen agreed to provide the Shareholder's Loans to the Group from time to time for the purpose of financing its general working capital requirement, subject to a limit of HK$100,000,000, with the maturity date being 31 March 2026
"Mr. Chen"	Mr. Chen Jianwen, the shareholder of 225,097,293 Shares, representing approximately 50.28% of the issued share capital of the Company as at the Latest Practicable Date
"Overseas Shareholder(s)"	the Shareholder(s) with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
"PAL(s)"	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue

"Placing"	the offer by way of private placing of the Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be Independent Third Party(ies), to the independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
"Placing Agent"	MoneyMore Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) regulated activities under the SFO
"Placing Agreement"	the placing agreement dated 16 April 2025 (as supplemented on 13 May 2025, 3 June 2025, 17 June 2025, 25 June 2025 and 4 July 2025) and entered into between the Company and the Placing Agent in relation to the Placing on a best effort basis
"Placing Period"	a period commencing from the next Business Day after the date of announcement of the number of Placing Shares, which is expected to be Tuesday, 16 September 2025, and ending at 6:00 p.m. on Wednesday, 24 September 2025
"Placing Shares"	the unsubscribed Rights Shares to be placed by the Placing Agent under the Placing Agreement
"Possible Subscription"	the possible subscription of the Placing Shares by Mr. Chen from the Placing to retain his shareholding
"Posting Date"	the date of despatch of the Prospectus Documents to the Qualifying Shareholders, and the Prospectus (for information only) to the Excluded Shareholders (as the case may be)
"PRC"	the People's Republic of China which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
"Prospectus Documents"	collectively, the Prospectus and PAL(s) and the EAF(s)
"Qualifying Shareholder(s)"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
"Record Date"	Friday, 22 August 2025 or such other date as may be determined by the Company, being the date for determining entitlements of Shareholders to participate in the Rights Issue

"Rights Issue"	the proposed issue of the Rights Shares by way of rights on the basis of three (3) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents
"Rights Share(s)"	the new Shares proposed to be allotted and issued by the Company pursuant to the Rights Issue
"Set-off"	the arrangement to set-off approximately HK$54.02 million, being the amount required to be paid by Mr. Chen for the subscription of 675,291,879 Rights Shares provisionally allotted to him pursuant to the Rights Issue and pursuant to the Placing Agreement (when applicable) against the Shareholder's Loans of approximately HK$54.86 million as at the Latest Practicable Date
"Set-off Arrangement"	the arrangement to set-off the amount required to be paid by Mr. Chen pursuant to the Rights Issue and the Placing Agreement (when applicable) against the Shareholder's Loans to the Deed of Set-Off
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share Registrar"	Union Registrars Limited, the Company's Hong Kong branch share registrar and transfer office at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong
"Share(s)"	ordinary share(s) of par value HK$0.01 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholder's Loans"	the unsecured shareholder's loans provided by Mr. Chen to the Group pursuant to the Master Loan Agreement and due from the Company to the Subscriber bearing interest at 2.75% per annum, the outstanding principal amount and accrued interest of which amounted to approximately HK$54.86 million as at the Latest Practicable Date
"Specific Mandate"	the specific mandate to be granted by Independent Shareholders at the EGM to allot and issue the Placing Shares
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Subscription Price"	HK$0.080 per Rights Share

"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Undertaking"	the irrevocable undertaking given by Mr. Chen in favour of the Company in relation to the proposed Rights Issue and the Placing Agreement (when applicable)
"Untaken Rights"	the untaken rights of the Shareholders under the Rights Issue as described in the paragraph headed "Application for excess Rights Shares"
"Warrants"	a total of 29,078,947 unlisted warrants conferring rights to subscribe for 29,078,947 new Shares at the exercise price of HK$3.8 per Share
"%"	per cent

The expected timetable for the Rights Issue is set out below:

Event	**Time and date in 2025**
Latest time for lodging transfer documents to qualify for attendance and voting at the EGM	4:00 p.m. on Tuesday, 5 August
Closure of register of members of the Company for attending and voting at the EGM (both dates inclusive)	Wednesday, 6 August to Tuesday, 12 August
Latest time for lodging forms of proxy for the purpose of the EGM	10:00 a.m. on Sunday, 10 August
Record date for determining attendance and voting at the EGM	Tuesday, 12 August
Expected date and time of the EGM	10:00 a.m. on Tuesday, 12 August
Announcement of poll results of the EGM	Tuesday, 12 August
Register of members of the Company re-opens	Wednesday, 13 August
Last day of dealings in the Shares on a cum-rights basis	Wednesday, 13 August
First day of dealings in the Shares on an ex-rights basis	Thursday, 14 August
Latest time for the Shareholders to lodge transfer documents to Shares in order to qualify for the Rights Issue	4:00 p.m. on Friday, 15 August
Closure of the register of members to determine the entitlements to the Rights Issue (both days inclusive)	Monday, 18 August to Friday, 22 August
Record Date for determining entitlements to the Rights Issue	Friday, 22 August
Re-opening of the register of members of the Company	Monday, 25 August
Despatch of Prospectus Documents (in the case of Excluded Shareholders, the Prospectus only)	Monday, 25 August
First day of dealings in nil-paid Rights Shares	Wednesday, 27 August

Event	Time and date in 2025
Latest time for splitting of the PAL	4:00 p.m. on Friday, 29 August
Last day of dealings in nil-paid Rights Shares	Wednesday, 3 September
Latest Time for Acceptance of and payment for the Rights Shares and application for excess Rights Shares	4:00 p.m. on Monday, 8 September
Latest time for the Rights Issue to become unconditional	4:00 p.m. on Tuesday, 9 September
Receipt of net proceeds by the Company	Tuesday, 9 September
Announcement of the results of the Rights Issue (including the results of application for excess Rights Shares) and the number of Placing Shares subject to the Placing	Monday, 15 September
Despatch of refund cheques in relation to wholly or partially unsuccessful applications for excess Rights Shares (if any)	Tuesday, 16 September
Despatch of share certificates of fully-paid Rights Shares	Tuesday, 16 September
Commencement of Placing by the Placing Agent (if there are any Placing Shares available)	Tuesday, 16 September
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Wednesday, 17 September
Latest Time for termination of the Placing Agreement	4:00 p.m. on Wednesday, 24 September
Latest Placing Time	6:00 p.m. on Wednesday, 24 September
Completion date of the Placing	Friday, 26 September
Announcement of results of the Placing	Friday, 26 September

All times and dates specified in this circular refer to the Hong Kong times and dates. This timetable is indicative only and any subsequent changes to the expected timetable will be announced by the Company as and when appropriate.

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

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

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

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Latest Time of 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 at any time between 9:00 a.m. and 4:00 p.m. in Hong Kong.

If the Latest Time for Acceptance does not take place on or before 4:00 p.m. on the currently scheduled date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

卓悦控股有限公司
BONJOUR Holdings Limited
Hong Kong Stock Code 653

Bonjour Holdings Limited
卓悦控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 653)

Executive Directors:
Mr. Chen Jianwen *(Chairman)*
Ms. Chiu Lai Kuen, Susanna

Independent non-executive Directors:
Mr. Kwok Chi Shing
Mr. Lee Kwun Kwan
Mr. Yan Sherman Chuek-ning

Registered office:
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

Head office and principal place of business:
12/F., Bonjour Tower
No. 36-50 Wang Wo Tsai Street
Tsuen Wan, Hong Kong

25 July 2025

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; (2) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE; (3) CONNECTED TRANSACTIONS IN RELATION TO THE POSSIBLE SUBSCRIPTION AND THE SET-OFF ARRANGEMENT; AND (4) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Rights Issue, the Possible Subscription, the Set-off Arrangement and the Placing. The purpose of this circular is to provide you with, among other things, (i) further information regarding the Rights Issue, the Possible Subscription, the Set-off Arrangement, the Placing Agreement and the respective transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee in respect of the Rights Issue, the Possible Subscription, the Placing, the Set-off Arrangement and the respective transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Possible Subscription, the Placing, the Set-off Arrangement and the respective transactions contemplated thereunder; (iv) other information required under the Listing Rules; and (v) a notice convening the EGM.

PROPOSED RIGHTS ISSUE

The Rights Issue is proposed to take place with the terms set out as follows:

Issue statistic

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK$0.080 per Rights Share
Number of Shares in issue	:	447,715,799 Shares
Number of Rights Shares	:	Up to 1,343,147,397 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to HK$13,431,473.97 (assuming no change in the share capital of the Company on or before the Record Date)
Number of Shares as enlarged by the allotment and issue of the Rights Shares	:	Up to 1,790,863,196 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued)
Number of Rights Shares being undertaken by Mr. Chen	:	Up to 675,291,879 Rights Shares (the actual amount of Rights Shares to be taken up by Mr. Chen will depend on the level of subscription taken up by the Qualifying Shareholders such that the minimum public float requirement under the Listing Rules is satisfied immediately after completion of the Rights Issue)
Gross proceeds to be raised from the Rights Issue	:	Up to approximately HK$107.45 million before the expenses and the Set-off Arrangement

As at the Latest Practicable Date, the Company has outstanding Warrants to subscribe for 29,078,947 Shares. Save as aforesaid, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no change in the number of Shares in issue on or before the Record Date, 1,343,147,397 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 300% of the total number of issued Shares as at the Latest Practicable Date; and (ii) 75% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

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, and the level of subscription of the excess Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules and complying with the minimum public float requirements of the Listing Rules.

As at the Latest Practicable Date, other than the Undertaking, the Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue.

The scaling-down of applications for Rights Shares will be conducted in a fair and equitable manner, guided by the following principles: (a) EAF(s) will be scaled down before PAL(s); (b) if the scale-down is necessary due to an exceeding of shareholding by a group of Qualifying Shareholders acting in concert (referred to as the "**Affected Group(s) of Shareholders**") rather than an individual Qualifying Shareholder, the allocations of EAF(s) and PAL(s) to members of the Affected Group(s) of Shareholders will be determined based on the number of Shares held by the affected applicants on the Record Date on a pro rata basis; and (c) the allocations of EAF(s) and PAL(s) to different Affected Group(s) of Shareholders and/or affected individual Qualifying Shareholders will be made based on the number of Shares held by the affected applicant(s) and/or affected group(s) of applicant(s) on the Record Date on a pro rata basis.

Subscription Price

The Subscription Price is HK$0.080 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 25.93% to the closing price of HK$0.1080 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 27.93% to the average of the closing prices of approximately HK$0.1110 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day;

(iii) a discount of approximately 8.05% to the theoretical ex-rights price of HK$0.0870 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK$0.1080 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iv) a discount of approximately 75.91% to the unaudited consolidated net asset value per Share of approximately HK$0.332 (based on the latest published unaudited consolidated net asset value of approximately HK$148,654,000 as at 31 December 2024 and the total number of issued Shares as at the Latest Practicable Date). The Directors were aware of the fact that the Subscription Price represents a discount of approximately 75.91% to the latest published unaudited consolidated net asset value of approximately HK$0.332 per Share as at 31 December 2024. However, the Directors also note that the Shares had been traded on the Stock Exchange at an average trading price of around HK$0.1644 per Share during the six months immediately preceding the Last Trading Day and at an average trading price of around HK$0.1568 for the three months immediately preceding the Last Trading Day, representing an average discount of approximately 50.50% and 52.79% to the latest published unaudited consolidated net asset value of approximately HK$0.332 per Share as at 31 December 2024, respectively. Considering that the Shares had been consistently traded at a substantial discount to the consolidated net asset value per Share in the recent months preceding the Last Trading Day, the Directors were of the view that, when determining the Subscription Price, it would be more appropriate to make reference to the prevailing market price of the Shares which reflected the fair market value of the Shares traded on the Stock Exchange, instead of making reference to the net asset value per Share. Moreover, the Directors also consider that the willingness of the Shareholders to participate in the Rights Issue would be significantly reduced if the Subscription Price was made with reference to the consolidated net asset value per Share, and that would not be favorable to the Company and the Shareholders as a whole; and

(v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of (a) approximately 20.95% on a standalone basis, represented by the theoretical diluted price of approximately HK$0.088 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account of the higher of (i) the closing price of the Share on the Last Trading Day of HK$0.1080 per Share; and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK$0.1110 per Share) of approximately HK$0.1110 per Share; and (b) approximately 21.06% on an accumulative basis taking into account of the theoretical dilution effect of the loan capitalisation of the Company announced in November 2024.

The Subscription Price was determined with reference to, among others, (i) the market price of the Shares under the prevailing market conditions and the relevant discount to the closing prices; (ii) the prevailing market conditions of the capital market in Hong Kong taking into consideration the rather cautions investment sentiment of the general public investors in Hong Kong and economic uncertainties; (iii) the latest business performance and financial position of the Group as the Group turnaround from a net profit of approximately HK$157.22 million for the year ended 31 December 2022 to a net loss of approximately HK$134.37 million for the twelve months ended 31 December 2024 as well as recorded a net current liability position with a relatively low cash and bank balances as at 31 December 2024, the majority of which has been utilised for day-to-day operations as further elaborated under the section headed "Use of Proceeds" below; and (iv) the reasons for the Rights Issue as discussed in the section headed "Reasons for the Rights Issue, the Placing and the Set-Off Arrangement" in this letter.

Considering the Group's (i) recent financial performances and latest low cash level as mentioned in the above; (ii) the prevailing market price of the Share which illustrated a downward trend and the ongoing market sentiment including but not limited to, the willingness of investors to conduct market transactions in the capital market in Hong Kong; (iii) low liquidity of the Shares during the six months immediately preceding the Last Trading Day with the average daily trading volume of 4,710,725 Shares, representing approximately 1.05% of the total number of issued Shares as at the Last Trading Day; (iv) it will be more practical and commercially sensible to set a subscription price lower than the prevailing market price in order to enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders and investors to participate in the Rights Issue; (v) the proposed uses of the proceeds from the Rights Issue as detailed in the section headed "Use of Proceeds" which specified that how the funds generated may improve the Group's operations and that fundraising is imminent and reasonable; and (iv) the amount of the funds required by the Group to, on one hand to improve the Group's financial position and on another hand, to fulfill the expenses require for improvement of the Group's operations and that an alternative price/size ratio may either be insufficient to fulfill the Group's needs in expansion or may result in a potential bigger dilutions impact in case that the Qualifying Shareholders do not take up the Rights Shares, on balance, the Directors consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their provisional allotments and to participate in the potential growth of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must:

(i) be registered as a member of the Company on the Record Date; and

(ii) not an Excluded Shareholder.

In order to be registered as members of the Company on the Record Date, transfer documents (together with the relevant share certificates) must be lodged with the Share Registrar no later than 4:00 p.m. on Tuesday, 5 August 2025.

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

Rights of Overseas Shareholders

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders. If, based on legal opinions provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in such place(s), the Rights Issue will not be extended to such Overseas Shareholders.

The Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but will not send the PAL or EAF to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK$100 will be paid to the Excluded Shareholders pro rata to their shareholdings held on the Record Date. In light of administrative costs, the Company will retain individual amounts of HK$100 or less for its own benefit. Any unsold entitlements of the Excluded Shareholders to the Rights Shares, and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares, will be made available for excess applications by the Qualifying Shareholders under the EAF(s).

As at the Latest Practicable Date, there was no Overseas Shareholder.

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.

Closure of register of members

The register of members of the Company will be closed from Monday, 18 August 2025 to Friday, 22 August 2025 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

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

Basis of provisional allotment

The basis of the provisional allotment shall be three (3) Rights Shares for every one (1) existing Share in issue and held by the Qualifying Shareholders on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Share Registrar on or before the Latest Time for Acceptance.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of three (3) Rights Shares for every one (1) existing Share held, no fractional entitlement to Rights Shares shall arise.

Status of the Rights Shares

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

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Tuesday, 16 September 2025. Those entitled, except HKSCC Nominees Limited, will receive one share certificate for all the Rights Shares in fully-paid form, allotted and issued thereto. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Tuesday, 16 September 2025 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for, by way of excess application: (i) any unsold entitlements to the Rights Shares of the Excluded Shareholder(s) (if any) and (ii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounces or transferees of nil-paid Rights Shares. (i) and (ii) are collectively referred to as "**Untaken Rights**".

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for. The Directors will allocate any excess Rights Shares on a fair and equitable basis. Subject to the requirements of Rule10.31(3)(b) of the Listing Rules, the Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and on the following principles:

(i) as far as practicable, in proportion to the number of excess Rights Shares being applied for under each application;

(ii) no preference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and

(iii) no preference will be given to applications made for topping up odd lot holdings to whole board lot holdings.

If the aggregate number of Rights Shares underlying the Untaken Rights is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for. Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling Shareholder or its associates (together, the "**Relevant Shareholders**"), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders' applications for excess Rights Shares to the extent that the total number of excess Right Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

Mr. Chen has given the Undertaking that he and his associates will not apply for excess Rights Shares.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, investors should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors whose Shares are held by a nominee company (or held through CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For those investors who would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration by no later than 4:00 p.m. on Friday, 15 August 2025.

In the event that the Board notes unusual patterns of excess applications and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for excess Rights Shares may be rejected at the sole discretion of the Board.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and the 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 their respective commencement dates of dealings on the Stock Exchange, or such other dates as determined by HKSCC.

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

Dealings in the Rights Shares in both nil-paid and fully-paid forms will be subject to the payment of stamp duty, the Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy or 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 Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

(i) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) to approve the Rights Issue by no later than the Posting Date;

(ii) the provision to the Stock Exchange for authorization and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents not later than the Posting Date;

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

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

As at the Latest Practicable Date, none of the above condition precedents has been fulfilled. All conditions set out above cannot be waived by any party. If any of the above conditions is not satisfied at or prior to the respective time stipulated therein, the Rights Issue will not proceed.

The Rights Issue and the Placing are not inter-conditional.

The Placing is not a compensatory arrangement under Rule 7.21(1)(b) and Qualifying Shareholders will not receive any return from the Placing. Shareholders who do not entitlement in full under the Rights Issue, their proportionate shareholdings in the Company will be diluted.

THE PLACING AGREEMENT

On 16 April 2025 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure placee(s), on a best efforts basis, to subscribe for the Placing Shares (i.e. unsubscribed Rights Shares) under the Specific Mandate.

Details of the Placing Agreement are summarised as follows:

Date	:	16 April 2025 (after trading hours)
Issuer	:	The Company
Placing Agent	:	MoneyMore Securities Limited The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholders; and (ii) they are Independent Third Parties.
Placing Period	:	a period commencing from the next Business Day after the date of announcement of the number of Placing Shares, which is expected to be Tuesday, 16 September 2025, and ending at 6:00 p.m. on Wednesday, 24 September 2025
Placing fee	:	Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 2.0% of the amount which is equal to the placing price multiplied by the number of Placing Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement. For the avoidance of doubt, the Placing Agent will not be entitled to any placing commission pursuant to the Placing Shares placed to Mr. Chen.

Placing price of the Unsubscribed Rights Shares	:	HK$0.080 per Placing Share, equivalent to the Subscription Price.
Placees	:	The Placing Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) (other than Mr. Chen (when applicable)). The Placing Agent shall ensure that the Placing Shares are placed (i) to investors who and whose ultimate beneficial owners shall be Independent Third Parties (other than Mr. Chen (when applicable)); (ii) such that no placee shall become a substantial shareholder immediately following the Placing (other than Mr. Chen (when applicable)); (iii) such that the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iv) such that the Placing will not result in the Company incapable of complying with the public float requirements under the Listing Rules immediately following the Placing.
Placing Shares	:	being the number of the unsubscribed Rights Shares (if any). For the avoidance of doubt, if all the Rights Shares are fully subscribed under the Rights Issue, the Placing will not proceed. Subject to the situation that the Placing may result in a notable dilution on Mr. Chen's shareholding's percentage to under 50.28% in the Company, Mr. Chen will also be able to subscribe for and be allotted a maximum of 233,589,172 Placing Shares so that Mr. Chen will retain and be interested in up to 900,389,172 Shares, representing approximately 50.28% of the enlarged issued Shares upon the completions of the Rights Issue and the Placing assuming none of the Warrants will be exercised.

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

Conditions of the Placing Agreement : The Placing is conditional upon the fulfillment of the following conditions:

(i) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares and the grant of the Specific Mandate for the allotment and issue of the Placing Shares) by no later than the date on which the Prospectus Documents are posted;

(ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares and the Placing Shares;

(iii) 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;

(iv) the Placing Agreement not having been terminated in accordance with the provisions thereof; and

(v) the posting of copies of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospects to the Excluded Shareholders for information purpose only

As at the Latest Practicable Date, none of the above condition precedents has been fulfilled. The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the conditions (other than those set out in paragraphs (i), (ii) and (v) above) by notice in writing to the Company.

The Rights Issue and the Placing are not inter-conditional.

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

Termination of the Placing Agreement:

The Placing Arrangement shall end on the Latest Placing Time. If any of the following events occur at any time prior to the Latest Placing Time, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time on or prior to the Latest Placing Time, terminate the Placing Agreement without liability to the other parties hereto and, subject to the clauses stated on the Placing Agreement which shall continue, the Placing Agreement shall thereupon cease to have effect and none of the parties hereto shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:

(a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or

(b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(c) any material breach of any of the representations and warranties 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 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; or

(d) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

The net proceeds from the Placing will be utilized for the same purposes as described in the section headed "Use of Proceeds" in this letter. The Company will continue to comply with Rule 8.08 of the Listing Rules and the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

Application for listing of the Rights Shares and the Placing Shares

The Company will apply to the Listing Committee for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms, and the Placing Shares.

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 and the Placing Shares 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 and the Placing Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms and the Placing Shares or such other dates as may be determined by HKSCC.

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

Dealing in the Rights Shares in both their nil-paid and fully-paid forms and the Placing Shares which are registered in the register of members of the Company in Hong Kong will be in the board lots of 12,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

There will be no odd lot matching arrangement for the Rights Shares in their nil-paid or fully paid form and the Placing Shares. Having considered that (i) on the basis that the provisional allotment of three (3) Rights Shares for every one (1) existing Share held on the Record Date, no fractional entitlements to the Rights Share shall arise under the Rights Issue; and (ii) the absence of odd lot matching arrangement will not affect the Placing but may save additional expenses for the Group, the Board considers that such arrangement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 the Placing Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

THE UNDERTAKING

Rights Issue

As at the Latest Practicable Date, Mr. Chen is beneficially interested in an aggregate of 225,097,293 Shares, representing approximately 50.28% of the issued share capital of the Company. On 16 April 2025, Mr. Chen has given the Undertaking in favour of the Company, that (i) he will not dispose of any of the 225,097,293 Shares comprising the current shareholding in the Company owned by himself, and such Shares will remain beneficially owned by him up to and including the Record Date; (ii) he will lodge his acceptance of the 675,291,879 Rights Shares, which will be the number of Rights Shares provisionally allotted to him nil-paid under the Rights Issue, with the Share Registrar or the Company, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents and will not apply for excess Rights Shares; and (iii) he consents that, in the event of an under-subscription of the Rights Issue, the Company has power and authority to apply adjustments to such number of Rights Shares to be offered to himself such that the minimum public float requirement under the Listing Rules, i.e. at least 25% of the Shares are held by the public at all times, is satisfied immediately after completion of the Rights Issue.

Placing

As a result of the situation as mentioned in (iii) pursuant to the Undertaking, the number of Rights Shares to be offered to Mr. Chen may have to be scaled down in order for the Company to maintain the minimum public float requirement under the Listing Rules (immediately after the Rights Issue but before the Placing) resulting that Mr. Chen to be interested in 666,800,000 Shares, representing approximately 74.97% of the enlarged issued Shares, after the completion of the Rights Issue as illustrated in the column/scenario under "*Assuming no Qualifying Shareholders (except Mr. Chen pursuant to the Undertaking) had taken up their Rights Shares entitlement after adjustment to number of Rights Shares offer to Mr. Chen*" in the section headed "Change in the Shareholding Structure of the Company arising from the Rights Issue" in this letter.

Subject to the situation that the Placing may result in a notable dilution on Mr. Chen's shareholding's percentage to under 50.28% in the Company, Mr. Chen will also be able to subscribe for and be allotted a maximum of 233,589,172 Placing Shares so that Mr. Chen will retain 50.28% of the enlarged issued Shares upon the completions of the Rights Issue and the Placing assuming none of the Warrants will be exercised as illustrated in the column/scenario under "*Assuming no Qualifying Shareholders (except Mr. Chen pursuant to the Undertaking) had taken up their Rights Shares entitlement and all the Placing Shares have been placed*" in the section headed "Change in the Shareholding Structure of the Company arising from the Rights Issue" in this letter.

Save for the above-mentioned Undertakings, the Company has not received, as at the Latest Practicable Date, any information or irrevocable undertaking from any other Shareholder of any intention to take up the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue.

To better illustrate the above-mentioned scenarios, the following sets out the scenarios of Mr. Chen's shareholding in the Company in respect of the Undertakings (assuming no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date) taking into account of the Rights Issue and the Placing,

Scenario A: all the shareholders have taken up their Rights Shares entitlement under the Rights Issue and there will be no Placing

Events	**Shares**	**%**
Mr. Chen's shareholding as at the Latest Practicable Date	225,097,293	50.28
Should all shareholders have taken up their Rights Shares under the Rights Issue, pursuant to the Undertaking, Mr. Chen will subscribe for 675,291,879 Rights Shares under the Rights Issue	After the Rights Issue	50.28
	(i) Mr. Chen will be interested in 900,389,172 Shares; and	
	(ii) public Shareholders will be interested in a total of 890,274,024 Shares	49.71
There will be no Placing arrangement as all the Rights Shares are fully subscribed	–	n/a
Enlarged issued share after the Rights Issue	1,790,863,196 Shares	100%

Scenario B: no shareholder has taken up his/her/its Rights Shares entitlement under the Rights Issue

Events	**Shares**	**%**
Mr. Chen's shareholding as at the Latest Practicable Date	225,097,293	50.28
Should no shareholder has taken up his/her/its Rights Shares under the Rights Issue, pursuant to the Undertaking, Mr. Chen can only subscribe for a maximum of 441,702,707 Rights Shares under the Rights Issue so that the Company can maintain a minimum of 25% public float	After the Rights Issue	74.97
	(i) Mr. Chen will be interested in 666,800,000 Shares; and	
	(ii) shareholdings of the public Shareholders will not change with 222,568,506 Shares	25.02

Events		Shares	%
There will be Placing arrangement with a maximum of 901,444,690 Placing Shares available as Placing Shares, among which, 667,855,518 Placing Shares are available for independent placees and up to 233,589,172 Placing Shares are entitled to Mr. Chen (as he forfeited a portion of his entitlement of Rights Shares under the Rights Issue pursuant to the Undertaking) under the Placing to retain his shareholding in the Company prior to the Rights Issue		Subject to the results of the Placing, Mr. Chen will be able to apply for up to 233,589,172 Placing Shares Mr. Chen will be interested from 666,800,000 Shares to 900,389,172 Shares	 50.28 to 74.97
(a)	if no Placing Shares be placed, Mr. Chen's shareholding and the then total enlarged issued share capital of the Company will be, respectively	666,800,000 Shares and 889,418,506 Shares	74.97 and 100
(b)	if all Placing Shares can be placed, Mr. Chen can subscribe for up to 233,589,172 Placing Shares and the total enlarged issue share capital of the Company will be, respectively	900,389,172 Shares and 1,790,863,196 Shares	50.28 and 100

THE SET-OFF ARRANGEMENT

The Shareholder's Loans have been provided by Mr. Chen to the Group from time to time since September 2023 pursuant to the Master Loan Agreement entered into between the Company and Mr. Chen, pursuant to which Mr. Chen agreed to provide loans to the Group from time to time for the purpose of financing its general working capital requirement such as selling and distribution expenses, office administrative overheads and salaries, subject to a limit of HK$100,000,000, with the maturity date being 31 March 2026. The Shareholder's Loans are unsecured and bear interest of 2.75% per annum. Having considered that (i) the Group was not required to provide any collateral for the Shareholder's Loans, and (ii) the interest rate of the Shareholder's Loans is significantly lower as compared to the interest rates offered by banks in Hong Kong which range between approximately 7.625% to 8.625% per annum, the Directors consider the terms of the Shareholder's Loans to be on normal commercial terms or better to the Company. As at the Latest Practicable Date, the Company was indebted to Mr. Chen an aggregate amount of approximately HK$54.86 million in outstanding principal amount and accrued interest under the Shareholder's Loans.

Pursuant to the Undertaking, Mr. Chen conditionally agreed to the Set-off whereby approximately HK$54.02 million required to be paid by Mr. Chen for the subscription of 675,291,879 Rights Shares provisionally allotted to him pursuant to the Rights Issue (and pursuant to the Placing Agreement, when applicable) would be set-off against the Shareholder's Loans of approximately HK$54.86 million on a dollar-for-dollar basis.

The Set-off Arrangement will be subject to the completion of the Rights Issue but is not inter-conditional with the Rights Issue or the Placing. In the event that the resolution in respect of the Set-off Arrangement is vetoed in the EGM, Mr. Chen is expected to settle the subscription of the Rights Shares and Placing Shares (if any) with his own financial resources.

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date); and (iii) when applicable, immediately after the completions of the Rights Issue and the Placing Agreement:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue						Immediately after completions of the Rights Issue and the Placing Agreement	
			Assuming all Qualifying Shareholders have taken up the Rights Shares		Assuming no Qualifying Shareholders (except Mr. Chen pursuant to the Undertaking) had taken up their Rights Shares entitlement but before adjustments to number of Rights Shares offered to Mr. Chen (for illustration purpose)		Assuming no Qualifying Shareholders (except Mr. Chen pursuant to the Undertaking) had taken up their Rights Shares entitlement after adjustment to number of Rights Shares offered to Mr. Chen *(Note 1)*		Assuming no Qualifying Shareholders (except Mr. Chen pursuant to the Undertaking) had taken up their Rights Shares entitlement and all the Placing Shares have been placed *(Note 2)*	
	No. of Shares	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*
Mr. Chen	225,097,293	50.28	900,389,172	50.28	900,389,172	80.18	666,800,000	74.97	900,389,172	50.28
Ms. Chiu Lai Kuen Susanna	50,000	0.01	200,000	0.01	50,000	0.00	50,000	0.01	50,000	0.00
Independent Shareholders	222,568,506	49.71	890,274,024	49.71	222,568,506	19.82	222,568,506	25.02	222,568,506	12.43
Independent placees	–	–	–	–	–	–	–	–	667,855,518	37.29
Total	447,715,799	100.00	1,790,863,196	100.00	1,123,007,678	100.00	889,418,506	100.00	1,790,863,196	100.00

Notes:

1. In the event of an under-subscription of the Rights Issue, the Company has power and authority to apply adjustments to such number of Rights Shares to be offered to Mr. Chen such that the minimum public float requirement under the Listing Rules, i.e. at least 25% of the Shares are held by the public at all times, is satisfied immediately after completion of the Rights Issue.

2. Pursuant to the Placing Agreement, Mr. Chen can subscribe for the number of Placing Shares so that his shareholding's percentage in the Company immediately upon completion of the Rights Issue and the Placing will not be less than his shareholding's percentage in the Company on the date of the Placing Agreement.

3. 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 Rights Issue and the Placing.

Scenario assuming full exercise of all Warrants

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue (assuming new Shares are issued on or before the Record Date); and (iii) when applicable, immediately after the completions of the Rights Issue and the Placing Agreement:

			Immediately after completion of the Rights Issue						Immediately after completions of the Rights Issue and the Placing Agreement	
	As at the Latest Practicable Date		Assuming all Qualifying Shareholders have taken up the Rights Shares		Assuming no Qualifying Shareholders (except Mr. Chen pursuant to the Undertaking) had taken up their Rights Shares entitlement but before adjustments to number of Rights Shares offered to Mr. Chen (for illustration purpose)		Assuming no Qualifying Shareholders (except Mr. Chen pursuant to the Undertaking) had taken up their Rights Shares entitlement after adjustment to number of Rights Shares offered to Mr. Chen *(Note 1)*		Assuming no Qualifying Shareholders (except Mr. Chen pursuant to the Undertaking) had taken up their Rights Shares entitlement and all the Placing Shares have been placed *(Note 2)*	
	No. of Shares	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*
Mr. Chen	225,097,293	47.21	900,389,172	47.21	900,389,172	78.15	754,000,000	74.97	900,389,172	47.21
Ms. Chiu Lai Kuen Susanna	50,000	0.01	200,000	0.01	50,000	0.00	50,000	0.01	50,000	0.00
Independent Shareholders	251,647,453	52.78	1,006,589,812	52.78	251,647,453	21.85	251,697,453	25.02	251,647,453	13.20
Independent placees	–	–	–	–	–	–	–	–	755,092,359	39.59
Total	476,794,746	100.00	1,907,178,984	100.00	1,152,086,625	100.00	1,005,697,453	100.00	1,907,178,984	100.00

Notes:

1. In the event of an under-subscription of the Rights Issue, the Company has power and authority to apply adjustments to such number of Rights Shares to be offered to Mr. Chen such that the minimum public float requirement under the Listing Rules, i.e. at least 25% of the Shares are held by the public at all times, is satisfied immediately after completion of the Rights Issue.

2. Pursuant to the Placing Agreement, Mr. Chen can subscribe for the number of Placing Shares so that his shareholding's percentage in the Company immediately upon completion of the Rights Issue and the Placing will not be less than his shareholding's percentage in the Company on the date of the Placing Agreement.

3. 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 Rights Issue and the Placing.

USE OF PROCEEDS

Assuming full subscription under the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to the Record Date given the Warrants are far out of money), the gross proceeds from the Rights Issue will be approximately HK$107.5 million and the estimated net proceeds of the Rights Issue after the Set-off Arrangement and deducting the related expenses will be approximately HK$52 million. The Company intends to use the net proceeds from the Rights Issue for the followings:

(a) as to approximately HK$20 million will be used for repayment of indebtedness which are due in the period to September 2025, comprising of bonds of the Company in the amount of HK$15 million with annual interest of 9% and a loan of HK$5 million carrying annual interest of 23.4% obtained from a financial institution.

With reference to the Company's announcement dated 2 August 2021, on 2 August 2021, the Company engaged a placing agent to procure placees who are independent third parties to the Company to subscribe in cash for the bonds of the Company with an aggregate principal amount of up to HK$50 million with a 9% per annum interest on a best effort basis (the "**Bond Placing**"). Although the bonds issued by the Company under the Bond Placing had a maturity date of 2 years, some of the respective holders of the bonds had agreed on rollover arrangements with the Company and the Company has yet to settle the principal amount of these bonds. As at the Latest Practicable Date, the Company still has an aggregated of HK$27 million of bond payables in relation to the Bond Placing. Considering that certain bonds with the aggregate principal amount of HK$15 million are expected to be matured and will be due in the period to September 2025, the Company is intended to settle the repayment of these bonds from the proceeds of the Rights Issue.

(b) as to approximately HK$18 million will be allocated to upgrade its existing cross border e-Commerce platform HKMALL, which will facilitate the retail and wholesale of the Group's beauty, healthcare and lifestyle products across international markets, enhancing the Group's global reach. The Group, as one of the leading e-commerce platform and beauty retail group in Hong Kong, is committed to continue to exploit digital application development by devoting resources to develop system integration, including the addition of various intelligent technologies to make the HKMall more streamline and diversified. To maintain ahead of industry trends and meet the evolving needs of its customers, the Company is intended to allocate (i) up to HK$8 million to strengthen on consumer behaviors analysis by developing and adopting AI solutions that can help breakdown in details of the current and upcoming market trends, these solutions including but not limited to, building large language models and predictive models emphasizing on consumer behaviors and optimizing search behaviors to enrich its customer relationship management; (ii) up to HK$5 million to develop enhancing user experience related solutions involving the uses of AI-powered features including but not limited to, intelligent chatbot, automated tools as well as upgrading HKMall's cyber security to reduce the relevant risks in e-transactions and data transferring over the internet and across e-Commerce platforms; and (iii) up to HK$5 million to increase oversea marketing efforts, placing advertisements at seller's countries and offering promotional campaigns on social medias in the PRC such as Rednote and WeChat applications, to attract business-to-business sellers to enter into and commence businesses in the PRC market.

The upgrade of HKMall marks a significant leap forward in enhancing the platform's capabilities, user experience, and global reach. Several of the key advancements is the improvement of user experience with new AI-powered features, intelligent chatbot, automated tools, as well as AI marketing creative tools etc to make the platform more efficient and user friendly for everyone. To facilitate global expansion, HKMall will broaden its reach to include merchants from more countries, particularly targeting B2B sellers looking to enter the lucrative Chinese market, with localized support for cross-border logistics, payments, and compliance. Furthermore, the platform is developing overseas warehouses to help merchants reduce shipping times and costs, enabling smoother inventory management and faster delivery to international customers. These upgrades collectively position HKMall as a more intelligent, efficient, and globally accessible e-commerce solution.

(c) as to approximately HK$8 million will be used for investment in enhancing the Group's business model of products wholesaling, encompassing strategic partnerships in bonded warehousing, O2O (online-to-offline) commerce, and enhanced supply chain operations. A significant portion will be directed toward strategic partnerships in bonded warehousing, which will include (i) a budget of around HK$4.5 million to purchase up to 300 bonded vending machines that is expected to be installed into different areas of the PRC; and (ii) a budget of around HK$3.5 million to develop systems and software that will be applied to these bonded vending machines to gap between O2O experience providing various features that support the expansion of O2O commerce to improve customer reach and order fulfillment, including input/output transactions, fulfillment operations, promotion and advertisement functions on machines displays and applications. The utilization of these machines is expected to allow the Company to enable cost-efficient storage, streamline customs clearance, and smoothen cross-border trade. The incorporations of these initiatives shall improve the operation efficiencies of the Group's warehouse management system, order management system and inventory logistic for bonded warehouse operations and will solidify the Group's competitive edge in wholesale distribution, ensuring scalability, agility, and a seamless omnichannel experience for both B2B and B2C customers.

The Board is aware that the behaviors of the retail consumers have been shifting towards purchasing and ordering from the internet and with smart solutions along with the rapid adaptation of innovative technology changes. The Group's strategy to terminate its physical stores and traditional operation methods and to integrate new initiatives in its operations such as the development and uses of AI, e-commerce platforms, behavior tracking, automation inventory and modern social media marketing will facilitate the Group's transition and is considered critical to future competitiveness. The above-mentioned upgrades and initiatives in (b) and (c) require upfront expenditures from the Group, but after successfully implemented, are expected to better resilience to market changes and add values to the existing business models of the Group which enhance and facilitate operations. The Board therefore believes that it is critical and imminent for the Company to facilitate its transition as quickly as possible through embracing technological advancements that adapts to market changes so that the Company will be better positioned to increase its market shares, achieve efficient operation models, avoid eliminations by peers and ultimately become one of the leaders in the industry. Currently, representatives of the Group have been in discussions with different service providers for potential solutions and the costs required to materialize the above plans.

Subject to the size of the funds raised from the Rights Issue, the Board is expected to commence the said development upon completion of the Rights Issue, i.e. which is expected to be around during the third and fourth quarters of 2025 with a known budget, and then proceed to engage suitable service providers to collaborate with the Group to commence the upgrading of its HKMall operations and O2O business as stated in the above.

(d) as to the remaining of approximately HK$6 million will be used as general working capital of the Group, including day-to-day salaries, office administrative overheads and selling and distribution expenses.

As disclosed in the second interim results announcement for the twelve months ended 31 December 2024, the Group recorded a net loss attributable to owners of the Company of approximately HK$134 million and net current liabilities of approximately HK$134 million for the 12 months ended 31 December 2024 respectively. As at 30 June 2024 and 31 December 2024, the Group had bank and cash balances of approximately HK$6 million and HK$6.4 million, respectively, of which majority of the cash outflow has been utilised for day-to-day operations such as salaries and other administrative expenses. As such, taking into account (i) the current financial position of the Group; and (ii) the intended use of proceeds for the future development of the Group set out above, the Directors considered that the Group has an urgent funding need in raising additional cash and strengthen the financial position as well as liquidity of the Group through the Rights Issue. For other factors considered by the Directors in other fund raising alternatives, please refer to the "Reasons for the Rights Issue, the Placing and the Set-off Arrangement" below.

In the event that there is an under-subscription of the Rights Issue other than those under the Undertakings and after adjustments to number of Rights Shares offered to Mr. Chen, after the Set-off Arrangement there will be no proceeds from the Rights Issue.

REASONS FOR THE RIGHTS ISSUE, THE PLACING AND THE SET-OFF ARRANGEMENT

The Company is an investment holding company and the Group is principally engaged in the retail and wholesale of beauty, health-care and lifestyle products in Hong Kong, Macau and the PRC, and through the e-Commerce platform HKMALL.

The Directors are of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing its financial position without any ongoing burden of interest expenses, and also offer all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid shareholding dilution for those Shareholders who take up their entitlements under the Rights Issue in full.

Assuming full subscription under the Rights Issue and the implementation of Set-off Arrangement, the net proceeds from the Rights Issue after the Set-off Arrangement and deducting the related expenses, are estimated to be approximately HK$52 million.

Taking into account the financial resources of the Group, including its cash and cash equivalents balance of approximately HK$6.45 million as at 31 December 2024, the existing facilities available to the Group (as mentioned in section "3. Working Capital Statement" in Appendix I of this circular) and the estimated net proceeds of the Rights Issue, the Directors are of the opinion that the Group has sufficient working capital for at least the next 12 months after the completion of the Rights Issue.

The Directors have considered other financing alternatives including (i) additional debt financing; and (ii) equity fund raising such as sole placement of the Shares and open offer. The Directors are of the view that while additional debt financing will increase the Group's gearing ratio, it will also increase the ongoing interest expenses of the Group which may in turn affect the profitability of the Company.

As for equity fund raising, such as sole placement of Shares, it is a common market practice to conduct such activity on a best-effort basis and accordingly the amount to be raised would be uncertain and subject to the then market conditions. In addition, for placement of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company. In addition, to raise fund from placing, substantial amount of securities must be issued and usually the subscriber(s) may ask for a relatively deeper discount to the trading price of the Shares in view of the substantial amount of securities involved. Given that (i) the Placing will be only for the Placing Shares, i.e. Rights Shares that are not subscribed by the Qualifying Shareholders (and after excess applications) under the Rights Issue; (ii) in case the Rights Issue is undersubscribed, Mr. Chen, being the controlling Shareholder will be able to retain his shareholding in the Company back to before the Rights Issue is in place under the Placing so that the interests of the Company and Mr. Chen are realigned; and (iii) the Placing Agreement would provide (1) a distribution channel of the Placing Shares to the Company; and (2) channel of participation in the Rights Issue for independent investors, the Board considered that the Placing Agreement is fair and reasonable and would provide adequate safeguard to protect the interests of the Shareholders.

As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate in, but it does not allow the trading of rights entitlements in the open market.

Despite the above, the Board had still attempted to explore the possibility of obtaining bank borrowings and/or other alternatives of comparable size to the Rights Issue. Apart from the Placing Agent, the Group approached two other financial institutions and brokerage firms and did not receive positive responses which may likely due to, among other reasons, (i) the current net liabilities position of the Group as at 31 December 2024 and the relatively slow recovery of the retailing market in Hong Kong; (ii) the proposed size of the fund raising is significant compared to the Company's market capitalization of roughly HK$48.35 million (based on the closing price on the Last Trading day); and (iii) absence of acceptable collaterals can be offered by the Group that will be sufficient to raise funds of the size comparable to the Rights Issue.

In light of the above circumstances, in particular that (i) the Group has an urgent funding need in raising additional cash and strengthen the financial position as well as liquidity of the Group; (ii) the Company could not obtain favorable terms from debt financing of a size comparable to the Rights Issue; (iii) debt financing will incur additional interest expenses and worsen the net liabilities position of the Group; and (iv) the Rights Issue will offer existing Shareholders an opportunity to participate in the development of the Group while the Placing, which will be only for the Placing Shares, provides another channel for other independent investors to support the Group's development, the Board considers that Rights Issue and the Placing are more favourable than debt financing despite of the underlying dilutions effects.

In considering methods of settlement of the amount owed to Mr. Chen by the Company, the Company also considered loan capitalisation by issuing Shares to Mr. Chen as a form of repayment to Mr. Chen. However, such loan capitalisation would cause an immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company. Furthermore, a loan capitalisation would not raise any proceeds for the Group for its business and working capital use while the Rights Issue would enable the Company to raise additional capital. Besides, the Set-off Arrangement would reduce the interest obligation and burden caused on the financial performance and daily cash outflow of the Group in the long run.

Taking into account the costs and benefits of each of the alternatives as compared with the Rights Issue, the Directors consider raising funds by way of the Rights Issue is more attractive and feasible in the current market condition, and thus, in the interests of the Company and the Shareholders as a whole.

FUND-RAISING EXERCISE IN THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activities during the 12 months immediately preceding the the Latest Practicable Date.

Date of announcement	Event	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds
12 November 2024	Issue of new Shares under specific mandate	Approximately HK$33.18 million	Loan capitalisation	Loan capitalization

Save for the above, the Company has not conducted any other equity fund raising activities during the 12 months immediately preceding the Latest Practicable Date.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND/OR RIGHTS SHARES IN NIL-PAID FORM

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

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

Subject to the fulfilment and/or waiver (where applicable) 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 and the level of subscription of the excess Rights Shares. Qualifying Shareholders who do not entitlement in full under the Rights Issue, their proportionate shareholdings in the Company will be diluted. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The Placing is not a compensatory arrangement under Rule 7.21(1)(b) and Qualifying Shareholders will not receive any return from the Placing. Shareholders who do not entitlement in full under the Rights Issue, their proportionate shareholdings in the Company will be diluted.

ADJUSTMENTS TO THE OUTSTANDING WARRANTS

As at the Latest Practicable Date, the Company has outstanding Warrants to subscribe for 29,078,947 Shares. The Company has engaged the Independent Financial Adviser in accordance with the terms of the instrument for Warrants to certify in writing as to the adjustments (if any) required to be made in respect of the Warrants as a result of the Rights Issue. The Company will make further announcements about the adjustments in due course.

LISTING RULES IMPLICATIONS

Rights Issue

Given that the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rules 7.19A and 7.27A of the Listing Rules, the Rights Issue is subject to the approval of the Independent Shareholders by way of poll at the EGM at which any controlling shareholders and their respective associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. As such, the controlling shareholder of the Company, namely Mr. Chen who is interested in approximately 50.28% of the shareholding of the Company as at the Latest Practicable Date, and his associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue at the EGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own and when aggregated with a specific mandate to issue new Shares within 12 month period immediately preceding the Announcement. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

Placing

The Placing will be subject to the granting of the Specific Mandate which will be subject to the Independent Shareholders' approval under the Listing Rules.

Connected transactions in relation to the Placing and the Set-off Arrangement

Mr. Chen is a controlling Shareholder holding 225,097,293 Shares, representing approximately 50.28% of the issued share capital of the Company as at the Latest Practicable Date. As Mr. Chen may be able to subscribe for the Placing Shares under the Placing, the Possible Subscription and the Set-off Arrangement would therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are therefore subject to the reporting and announcement requirements and the approval of the Independent Shareholders at the EGM under the Listing Rules.

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Placing Agreement and the transactions contemplated thereunder and the Specific Mandate to allot and issue the Placing Shares.

Mr. Chen who is interested in approximately 50.28% of the Company as at the Latest Practicable Date, and his associates will abstain from voting of the Placing, the Possible Subscription and the Set-off Arrangement at the EGM. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Chen, no other Shareholder is required or indicated his intention to abstain from voting on the Placing, the Possible Subscription and the Set-off Arrangement at the EGM.

Establishment of the Independent Board Committee and appointment of the Independent Financial Adviser

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Kwok Chi Shing, Mr. Lee Kwun Kwan and Mr. Yan Sherman Chuek-ning has been established to advise the Independent Shareholders as to (i) whether the terms of the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement are fair and reasonable and in the interests of the Shareholders and the Company as a whole; and (ii) how to vote on the resolution(s) relating to the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement.

In this connection, the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement and the respective voting recommendations.

RECOMMENDATION

The Independent Board Committee, which comprises all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the EGM on the relevant resolution. SBI China has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors consider that the terms of the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM.

EGM

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement. A notice convening the EGM of the Company to be held at 10:00 a.m. on Tuesday, 12 August 2025 at 12/F, Bonjour Tower, 36-50 Wang Wo Tsai Street, Tsuen Wan, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular.

DESPATCH OF PROSPECTUS DOCUMENTS

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be despatched by the Company together with the PAL and EAF on Monday, 25 August 2025. The Prospectus Documents will also be made available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://corp.bonjourhk.com). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to Excluded Shareholders for their information only but will not send the PAL and EAF to them.

ADDITIONAL INFORMATION

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

By order of the Board
Bonjour Holdings Limited
Chen Jianwen
Chairman and Executive Director

卓悦控股有限公司
BONJOUR Holdings Limited
Hong Kong Stock Code 653

Bonjour Holdings Limited
卓悦控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 653)

25 July 2025

To the Independent Shareholders

Dear Sir or Madam,

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; (2) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE; AND (3) CONNECTED TRANSACTIONS IN RELATION TO THE POSSIBLE SUBSCRIPTION AND THE SET-OFF ARRANGEMENT

We refer to the circular of the Company dated 25 July 2025 (the "**Circular**") of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to (i) whether the terms of the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement are fair and reasonable and in the interests of the Shareholders and the Company as a whole; and (ii) how to vote on the resolution(s) relating to the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement.

The Independent Financial Adviser has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect. Having taken into account the terms of the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement, and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement.

Yours faithfully,
The Independent Board Committee

Mr. Kwok Chi Shing	**Mr. Lee Kwun Kwan**	**Mr. Yan Sherman Chuek-ning**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

Set out below is the full text of a letter of advice from SBI China Capital Hong Kong Securities Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for inclusion in this circular.



25 July 2025

To: The Independent Board Committee and the Independent Shareholders of Bonjour Holdings Limited

Dear Sir or Madam,

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; (II) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE; AND (III) CONNECTED TRANSACTIONS IN RELATION TO THE POSSIBLE SUBSCRIPTION AND THE SET-OFF ARRANGEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company to the Shareholders dated 25 July 2025 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The Rights Issue and the Undertaking

On 16 April 2025, the Company proposed to raise up to approximately HK$107.45 million, before the Set-off Arrangement and the expenses by way of the issue to the Qualifying Shareholders of a maximum of 1,343,147,397 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK$0.080 per Rights Share on the basis of three (3) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Excluded Shareholders. As at the Latest Practicable Date, the Company has outstanding Warrants to subscribe for 29,078,947 Shares. Save as aforesaid, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Subject to the fulfilment and/or waiver (where applicable) 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, and the level of subscription of the excess Rights Shares. Any unsold entitlements of the Excluded Shareholders to the Rights Shares, and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares, will be made available for excess applications by the Qualifying Shareholders under the EAF(s).

On 16 April 2025, Mr. Chen has given the Undertaking in favour of the Company, that (i) he will not dispose of any of the 225,097,293 Shares comprising the current shareholding in the Company owned by himself, and such Shares will remain beneficially owned by him up to and including the Record Date; (ii) he will lodge his acceptance of the 675,291,879 Rights Shares, which will be the number of Rights Shares provisionally allotted to him nil-paid under the Rights Issue, with the Share Registrar or the Company, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents and will not apply for excess Rights Shares; and (iii) he consents that, in the event of an under-subscription of the Rights Issue, the Company has power and authority to apply adjustments to such number of Rights Shares to be offered to himself such that the minimum public float requirement under the Listing Rules, i.e. at least 25% of the Shares are held by the public at all times, is satisfied immediately after completion of the Rights Issue. As a result of the situation as mentioned in (iii) pursuant to the Undertaking, the number of Rights Shares to be offered to Mr. Chen may have to be scaled down in order for the Company to maintain the minimum public float requirement under the Listing Rules (immediately after the Rights Issue but before the Placing). Subject to the situation that the Placing may result in a notable dilution on Mr. Chen's shareholding's percentage to under 50.28% in the Company, Mr. Chen will also be able to subscribe for and be allotted a maximum of 233,589,172 Placing Shares so that Mr. Chen will retain 50.28% of the enlarged issued Shares upon the completions of the Rights Issue and the Placing assuming none of the Warrants will be exercised.

Given that the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rules 7.19A and 7.27A of the Listing Rules, the Rights Issue is subject to the approval of the Independent Shareholders by way of poll at the EGM at which any controlling shareholders and their respective associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. As such, the controlling shareholder of the Company, namely Mr. Chen and his associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue at the EGM.

The Placing and the Possible Subscription

After the trading hours of the Stock Exchange on 16 April 2025, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure placee(s), on a best-effort basis, to subscribe for the Placing Shares. The Placing will be subject to the granting of the Specific Mandate by the Independent Shareholders at the EGM for the allotment and issue of the Placing Shares to be placed by the Placing Agent under the Placing Agreement.

The Possible Subscription refers to the possible subscription of the Placing Shares by Mr. Chen from the Placing to retain his shareholding as described above.

The Set-off Arrangement

As disclosed in the Letter from the Board, as at the Latest Practicable Date, the Company was indebted to Mr. Chen an aggregate amount of approximately HK$54.86 million in outstanding principal amount and accrued interest under the Shareholder's Loans. Pursuant to the Undertaking, Mr. Chen conditionally agreed to the Set-off whereby approximately HK$54.02 million required to be paid by Mr. Chen for the subscription of 675,291,879 Rights Shares provisionally allotted to him pursuant to the Rights Issue (and pursuant to the Placing Agreement, when applicable) would be set-off against the Shareholder's Loans of approximately HK$54.86 million on a dollar-for-dollar basis.

As at the Latest Practicable Date, Mr. Chen is a controlling Shareholder holding 225,097,293 Shares, representing approximately 50.28% of the issued share capital of the Company. As Mr. Chen may be able to subscribe for the Placing Shares under the Placing, the Possible Subscription and the Set-off Arrangement would therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are therefore subject to the reporting and announcement requirements and the approval of the Independent Shareholders at the EGM under the Listing Rules.

Mr. Chen and his associates will abstain from voting of the Placing, the Possible Subscription and the Set-off Arrangement at the EGM. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Chen, no other Shareholder is required or indicated his intention to abstain from voting on the Placing, the Possible Subscription and the Set-off Arrangement at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Kwok Chi Shing, Mr. Lee Kwun Kwan and Mr. Yan Sherman Chuek-ning has been established to advise the Independent Shareholders as to (i) whether the terms of the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement are fair and reasonable and in the interests of the Shareholders and the Company as a whole; and (ii) how to vote on the resolution(s) relating to the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement.

In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion as to whether (i) the terms of the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement are fair and reasonable so far as the Independent Shareholders are concerned; and whether they are in the interests of the Shareholders and the Company as a whole; and (ii) how the Independent Shareholders should vote in respect of the resolutions relating to the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement at the EGM. Our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Rights Issue has been approved by the Independent Board Committee.

During the past two years, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this engagement, no arrangement exists whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

In formulating our opinion, we have relied on the information and facts supplied and opinions expressed by the management of the Group. We have assumed that all information and representations provided by the management of the Group, for which they are solely responsible, were true and accurate at the time they were prepared or made and will continue to be so up to the Latest Practicable Date. Should there be any subsequent material changes which occurred during the period from the date of the Circular up to the date of the EGM and would affect or alter our opinion, we will notify the Independent Board Committee and the Independent Shareholders as soon as possible. We have no reason to doubt the truth, accuracy or completeness of the information and representations made to us by the management of the Group. We have been advised that no material facts have been omitted from the information supplied and opinions expressed. As such, we have no reason to suspect that any relevant information has been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided by the management of the Group to us, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or the future prospects of the Group, nor have we carried out any independent verification of the information provided by the management of the Group.

All Directors jointly and severally accept full responsibility for the accuracy of information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the Rights Issue, we have taken into consideration the following principal factors and reasons:

(1) Background information of the Company

The Company is an investment holding company and the Group is principally engaged in the retail and wholesale of beauty, health-care and lifestyle products in Hong Kong, Macau and the PRC, and through the e-Commerce platform HKMALL.

Financial performance

On 27 December 2024, the Company announced the change of the financial year end date from 31 December to 30 June. The next financial year end date of the Company will be 30 June 2025. As disclosed in the announcement of the Company dated 27 December 2024, the Board considers that the change of financial year end date to 30 June will enable the Group to mobilise its resources more efficiently and effectively for the preparation of results announcement as well as reports.

It is mentioned in the 2024 Second Interim Report (as defined below) that the condensed consolidated financial statements for the twelve months ended 31 December 2024 have been prepared on a going concern basis. The Directors after making due inquiries and considering the basis of cash flow forecast and taking into account the following measures (the "**Liquidity Improvement Measures**"), conclude the Group will have sufficient financial resources to meet in full of its working capital requirements and financial obligations as and when they fall due in the foreseeable future:

(a) Mr. Chen has agreed and committed to continue to support financially the operations of the Group to meet all third-party obligations for at least the ensuing twelve-month period after 31 December 2024;

(b) the Group has taken various cost control measures to tighten the costs of operations;

(c) the Group is actively negotiating with external parties and banks to obtain new sources of financing to finance the Group's working capital and improve the Group's liquidity position; and

(d) the Group will continue to maintain its relationship with the parties providing facilities to the Group and comply with any covenant requirements.

The following table summarises the financial performance of the Group for the two financial years ended 31 December 2023 and the twelve months ended 31 December 2024 as extracted from the annual report of the Company for the financial year ended 31 December 2023 ("**2023 Annual Report**") and the second interim report of the Company for the twelve months ended 31 December 2024 ("**2024 Second Interim Report**"), respectively.

	Twelve months ended 31 December 2024	For the financial year ended 31 December 2023	2022
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	*(Audited)*	*(Audited)*
Turnover	80,546	950,271	185,662
– Wholesaling and retailing of beauty, healthcare and lifestyle products	51,079	64,824	75,481
– Wholesaling of technology products	29,467	885,447	110,181
Cost of goods sold	(47,751)	(887,219)	(151,908)
Gross profit	32,795	63,052	33,754
Gros profit margin	40.7%	6.6%	18.2%
(Loss)/Profit for the period/year	(134,367)	53,971	167,221

For the twelve months ended 31 December 2024

Turnover amounted to approximately HK$80.5 million for the twelve months ended 31 December 2024, representing a decrease of approximately HK$869.7 million (or approximately 91.5%) as compared to approximately HK$950.3 million for the financial year ended 31 December 2023 due to (i) the decrease in turnover from wholesaling and retailing of beauty, healthcare and lifestyle products segment from approximately HK$64.8 million to approximately HK$51.1 million for the twelve months ended 31 December 2024; and (ii) the decrease in turnover from wholesaling of technology products segment from approximately HK$885.4 million to approximately HK$29.5 million for the twelve months ended 31 December 2024. We understand from the 2024 Second Interim Report that during the twelve months ended 31 December 2024, the decline in turnover of the Group was mainly due to (i) the slowing global economic growth, inflationary pressures, and fluctuating exchange rates dampened consumer spending; (ii) the Group's strategic move to digital retail. Total number of retail stores of the Group in Hong Kong and Macau reduced from six for the financial year ended 31 December 2023 to three for the twelve months ended 31 December 2024; and (iii) the Group's strategic investment in bonded operations. Overall business performance of the Group was temporarily affected as a significant portion of resources was channelled to building bonded warehouse operation in the PRC and deploying bonded cross-border vending machines in rail station for enhancing cross-border e-commerce capabilities and improving supply chain efficiency.

Despite the substantial decrease in turnover, the gross profit margin improved remarkably from approximately 6.6% for the financial year ended 31 December 2023 to approximately 40.7% for the twelve months ended 31 December 2024 mainly because of (i) sales to customers in wholesaling of technology products contributed larger portion of the turnover for the financial year ended 31 December 2023. Two customers in wholesaling of technology products in aggregate, contributed turnover of approximately HK$591.9 million to the Group, representing approximately 62.3% of the total turnover of the Group for the financial year ended 31 December 2023. The Group's overall gross profit margin improved for the twelve months ended 31 December 2024 in the absence of substantial wholesaling of technology products to these two customers; and (ii) as advised by the management of the Group, more sales of private label products of the Group for the twelve months ended 31 December 2024, which carried higher profit margin than other products of the Group.

The Group turned from the net profit of approximately HK$54.0 million for the financial year ended 31 December 2023 to the net loss of approximately HK$134.4 million for the twelve months ended 31 December 2024. This was mainly attributable to (i) the decrease in turnover as discussed above; and (ii) the absence of gain on deconsolidation of a subsidiary of the Company, namely Hop Fung Lung Limited (formerly known as Bonjour Cosmetic Wholesale Centre Limited, which was primarily engaged in wholesaling and retailing of beauty, healthcare and lifestyle products in Hong Kong), of approximately HK$103.0 million for the twelve months ended 31 December 2024. On 9 January 2023, the Group has lost control over Hop Fung Lung Limited due to a winding-up order made by the High Court; and (iii) the share of loss of a joint venture, namely CR Business Innovation Investment Fund L.P. (which principally engaged in property investment and the Company held 75% of ownership interest) of approximately HK$66.9 million for twelve months ended 31 December 2024 as compared to the share of profit of approximately HK$24.8 million for the financial year ended 31 December 2023. In short, the net loss for the twelve months ended 31 December 2024 was mainly because the gross profit of approximately HK$32.8 million generated unable to cover the total distribution costs and administrative expenses of approximately HK$88.1 million and the share of result of a joint venture of approximately HK$66.9 million as explained above.

For the financial year ended 31 December 2023

Turnover amounted to approximately HK$950.3 million for the financial year ended 31 December 2023, representing an increase of approximately HK$764.6 million (or approximately 411.7%) as compared to approximately HK$185.7 million for the financial year ended 31 December 2022. The increase in turnover was mainly due to the increase in turnover in the wholesaling of technology products segment, which was partially offset by the decrease in turnover in the wholesaling and retailing of beauty, healthcare and lifestyle products segment. Turnover of the wholesaling of technology products segment increased from approximately HK$110.2 million for the financial year ended 31 December 2022 to approximately HK$885.4 million for the financial year ended 31 December 2023; while the turnover of the wholesaling and retailing of beauty, healthcare and lifestyle products segment decreased from approximately HK$75.5 million for the financial year ended 31 December 2022 to approximately HK$64.8 million for the financial year ended 31 December 2023.

As shown in the 2023 Annual Report, despite the sales of beauty, healthcare and lifestyle products declined by approximately 14.1%, the sales of technology products increased by seven times than 2022. For the financial year ended 31 December 2023, there were two customers, each of them contributed more than 10% of the Group's total turnover and the aggregated turnover contributed by them was approximately HK$591.9 million, representing approximately 62.3% of the Group's total turnover. Since 2021, the Group made a strategic move to capture the growth potentials of 3C product through expanding its market reach in trading technology products. The 3C product business uses a cost-plus pricing strategy for B2B business model. The robust revenue growth in 2023 strives the Group's confidence on continuous exploration of new business model in the substantial growth of selling new products.

Despite the substantial increase in turnover, the gross profit margin decreased largely from approximately 18.2% for the financial year ended 31 December 2022 to approximately 6.6% for the financial year ended 31 December 2023 mainly because sales of technology products accounted for approximately 93.2% of total turnover of the Group for the twelve months ended 31 December 2023 whereas sales of technology products only accounted for approximately 59.3% for the financial year ended 31 December 2022. As advised by the management of the Group, wholesaling of technology products in general carried low profit margin as compared to other products of the Group.

The Group's net profit decreased by approximately HK$113.2 million (or approximately 67.7%) from approximately HK$167.2 million for the financial year ended 31 December 2022 to approximately HK$54.0 million for the financial year ended 31 December 2023. Such decrease was mainly attributable to the absence of the net of gain on disposal of subsidiaries which was approximately HK$350.0 million for the financial year ended 31 December 2022, partially offset by the newly incurred gain on deconsolidation of Hop Fung Lung Limited of approximately HK$103.0 million for the financial year ended 31 December 2023.

As disclosed in the 2023 Annual Report, on 9 January 2023, a winding-up order was made by the High Court against Hop Fung Lung Limited at the hearing pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). An official receiver was appointed as a provisional liquidator of Hop Fung Lung Limited to liquidate the company. As a result, the Group has lost control over Hop Fung Lung Limited and ceased to be a subsidiary of the Company on the same date. As disclosed in the announcement of the Company dated 9 January 2023 and 17 January 2023, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the winding-up of Hop Fung Lung Limited has no material impact on the current core business operation and financial position of the Company and its other subsidiaries.

Financial position

	As at 31 December		
	2024	**2023**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	*(Audited)*	*(Audited)*
Total assets	421,694	504,108	505,407
Bank and cash balances	6,448	16,109	17,929
Total liabilities	273,040	221,872	350,019
Bank and other borrowings	64,033	47,513	41,763
Net assets	148,654	282,236	155,388

Comparison between 31 December 2024 and 31 December 2023

Total assets decreased from approximately HK$504.1 million as at 31 December 2023 to approximately HK$421.7 million as at 31 December 2024. Such decrease was mainly attributable to decrease in investment in a joint venture (i.e. CR Business Innovation Investment Fund LP.) of approximately HK$66.9 million mainly because the result from such joint venture turned from a gain of approximately HK$24.8 million for the financial year ended 31 December 2023 to a loss of approximately HK$66.9 million for the financial year ended 31 December 2024. Bank and cash balances decreased from approximately HK$16.1 million as at 31 December 2023 to approximately HK$6.4 million as at 31 December 2024.

Total liabilities increased by approximately HK$51.1 million from approximately HK$221.9 million as at 31 December 2023 to approximately HK$273.0 million as at 31 December 2024. Such increase was mainly due to increase in amount due to controlling shareholder by approximately HK$48.0 million; and the increase in bank and other borrowings by approximately HK$16.5 million; which was partially offset by the decrease in lease liabilities by approximately HK$5.2 million, the decrease in other payables, deposits received and accrued charges by approximately HK$5.1 million and the decrease in contract liabilities by approximately HK$3.3 million.

It is mentioned in the 2024 Second Interim Report that in view of the Group's bank and cash balances of approximately HK$6.4 million, net cash outflow from operating activities of approximately HK$64.8 million and net current liabilities of approximately HK$133.9 million as at 31 December 2024, the Directors have been continuously implementing the Liquidity Improvement Measures to improve and maintain the Group's liquidity and the condensed consolidated financial statements have been prepared on a going concern basis.

Comparison between 31 December 2023 and 31 December 2022

Total assets remained at a similar level of approximately HK$505.4 million and HK$504.1 million as at 31 December 2022 and as at 31 December 2023, respectively. Bank and cash balances maintained at a similar level of approximately HK$17.9 million as at 31 December 2022 and HK$16.1 million as at 31 December 2023.

Total liabilities decreased by approximately HK$128.1 million from approximately HK$350.0 million as at 31 December 2022 to approximately HK$221.9 million as at 31 December 2023. Such decrease was mainly due to (i) the decrease in other payables, deposits received and accrued charges by approximately HK$68.9 million; (ii) the absence of amounts due to former related parties which was approximately HK$35.5 million as at 31 December 2022; and (iii) the decrease in lease liabilities by approximately HK$27.5 million.

(2) Reasons for the Rights Issue, the Placing and the Set-off Arrangement

The Rights Issue

With reference to the Letter from the Board, assuming full subscription under the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to the Record Date given the Warrants are far out of money), the gross proceeds from the Rights Issue will be approximately HK$107.45 million and the estimated net proceeds of the Rights Issue after the Set-off Arrangement and deducting the related expenses will be approximately HK$52.0 million. The Company intends to use the net proceeds from the Rights Issue for the followings:

(i) as to approximately HK$20.0 million will be used for repayment of indebtedness which are due in the period to September 2025, comprising of bonds of the Company in the amount of HK$15.0 million with annual interest of 9% and a loan of HK$5.0 million carrying annual interest of 23.4% obtained from a financial institution;

(ii) as to approximately HK$18.0 million will be allocated to upgrade its existing cross border e-Commerce platform HKMALL, which will facilitate the retail and wholesale of the Group's beauty, healthcare and lifestyle products across international markets. The platform will support bidirectional trade – both introducing global products to the PRC and distributing PRC products overseas – enhancing the Group's global reach;

(iii) as to approximately HK$8.0 million will be used for investment in enhancing the Group's business model of products wholesaling, encompassing strategic partnerships in bonded warehousing, O2O (online-to-offline) commerce, and enhanced supply chain operations; and

(iv) as to the remaining of approximately HK$6.0 million will be used as general working capital of the Group, including day-to-day salaries, office administrative overheads and selling and distribution expenses.

Bond repayment and loan settlement

Despite the substantial increase in Shareholder's Loans from approximately HK$32.1 million as at 31 December 2023 to approximately HK$80.1 million as at 31 December 2024, the Group's bank and other borrowings kept increasing from approximately HK$47.5 million as at 31 December 2023 to approximately HK$64.0 million as at 31 December 2024. Debt ratio (being calculated based on the Group's bank and other borrowings and lease liabilities divided by the total equity) increased more than double from approximately 0.4 as at 31 December 2023 to approximately 0.86 as at 31 December 2024. As mentioned in the 2024 Second Interim Report, the loan capitalisation for the shareholder's loan in the amount of HK$33,180,000 announced by the Company on 12 November 2024 was completed on 13 January 2025. As such, the impact of the loan capitalization had not yet been taken into account in calculating the debt ratio as at 31 December 2024.

As mentioned in the Letter from the Board, on 2 August 2021, the Company engaged a placing agent to procure placees who are independent third parties to the Company to subscribe in cash for the bonds of the Company with an aggregate principal amount of up to HK$50.0 million with a 9% per annum interest on a best effort basis (the "**Bond Placing**"). Although the bonds issued by the Company under the Bond Placing had a maturity date of 2 years, some of the respective holders of the bonds had agreed on rollover arrangements with the Company and the Company has yet to settle the principal amount of these bonds. As at the Latest Practicable Date, the Company still has an aggregated amount of HK$27.0 million of bond payables in relation to the Bond Placing. The Company intends to settle bonds in the amount of HK$15.0 million that are expected to be matured and will be due in the period to September 2025 and a loan in the amount of HK$5.0 million on the respective due dates with a portion of funds to be raised from the Rights Issue. We have reviewed (i) the bond certificates provided by the Company and noted that the bonds were issued to two individuals in August or September 2023 with aggregate amount of HK$15.0 million and coupon rate of 9% per annum and the due dates will be in August or September 2025; and (ii) the loan facilities letter dated 13 May 2025 issued by a financial institution to the Company and noted that the Company has obtained a fixed loan in the amount of HK$5.0 million with interest rate of 23.4% per annum (payable monthly from drawdown) and a term of three months from the drawdown on or before 23 May 2025. We are of the view that the use of proceeds from the Rights Issue for settlement of bonds and loan is in the interest of the Shareholders having considered that (i) it will reduce indebtedness level of the Group and will lower the Group's interest burden; and (ii) given the Group's rising debt ratio, current business challenges and net current liabilities position, taking proactive measures for repayment of bonds and loan that are coming due is necessary for financial stability.

Upgrade existing cross-border e-Commerce platform HKMALL

As disclosed in the 2024 Second Interim Report, since 2020, the Group has proactively shifted its business model from a single-category beauty retailer into a digital ecosystem integrating cross-border e-commerce, smart logistics and artificial intelligence marketing through the platform HKMALL. In 2024, the Group has further streamlined its operation by taking a bold strategic decision to terminate the traditional physical retail shop operations and focuses on enhancement on HKMALL e-Commerce operations. The Group's retail division is spearheaded by HKMALL. Total number of retail stores of the Group in Hong Kong and Macau has been reduced from six for the financial year ended 31 December 2023 to three for the twelve months ended 31 December 2024.

The 2024 Second Interim Report mentioned that HKMALL is a global e-commerce platform that supports Hong Kong merchants and overseas brands across 34 countries and 41 market platforms, and has created an ecosystem to assist Hong Kong small and medium enterprises in digitally transforming their traditional business models. As of 31 December 2024, there are over 370,000 stock keeping units and 3,600 suppliers on HKMALL.

Popularisation of technology applications, diverse means of electronic payment method and the Covid-19 pandemic have shifted consumer behaviour globally. Retail consumers are more adapted to place orders and perform transactions via online platform. According to the Census and Statistics Department of Hong Kong (please refer to the link: https://www.censtatd.gov.hk/en/web_table.html?id=620-67031#), the value of online retail sales as percentage of total retail sales was on an increasing trend from approximately 6.3% in the year 2020 to approximately 8.4% in the year 2024. Online platform for retail sales has become more popular over the years. We understand from the management of the Group that in light of the general market trend of using online platform for retail sales and lower costs involved in digital retails as compared to the operation of traditional retail stores which incur more overheads and rental costs, HKMALL (i.e. an online retail sales platform) will be an effective way to promote products to customers and encourage cross-border sales. It is expected that the upgrade of e-Commerce platform HKMALL will support the introduction of global products to the PRC and the distribution of the PRC products overseas. This is in line with the Company's business strategy of focusing resources on "Technology + Consumption". As mentioned in the 2024 Second Interim Report, HKMALL is the cross-border hub and it is one of the core businesses of the Group. By leveraging its advanced infrastructure and localised expertise, HKMALL empowers Hong Kong retailers to access both the Greater Bay Area's affluent consumer base and global markets. While the Group's traditional retail segment faced subdued recovery in 2024, strategic investments in new retail technologies and cross-border expansions, particularly in the Greater Bay Area and emerging Chinese markets lay the foundation for a revitalised business growth in 2025.

We understand from the management of the Group that to facilitate global expansion, HKMALL 2.0 will broaden its reach to include merchants from more countries, particularly targeting B2B sellers looking to enter the lucrative Chinese market, with localised support for cross-border logistics, payments, and compliance. Furthermore, the development of the platform would involve developing overseas warehouses to help merchants reducing shipping times and costs, enabling smoother inventory management and faster delivery to international customers. These upgrades collectively position HKMALL 2.0 as a more intelligent, efficient, and globally accessible e-commerce solution.

We understand from the Letter of the Board that approximately HK$18.0 million to be raised under the Rights Issue will be allocated for the upgrade of the Group's existing cross-border e-Commerce platform HKMALL with breakdown as follows:

Use of proceeds	**Aim**	**Amount** *Approximately*
To strengthen consumer behaviors analysis by developing and adopting AI solutions, including but not limited to, building large language models and predictive models emphasizing on consumer behaviors and optimizing search behaviors to enrich its customer relationship management	To cater breakdown in details of the current and upcoming market trends	up to HK$8.0 million
To develop enhancing user experience related solutions involving the uses of AI-powered features including but not limited to, intelligent chatbot, automated tools as well as upgrading HKMall's cyber security	To reduce the relevant risks in e-transactions and data transferring over the internet and across e-commerce platforms	up to HK$5.0 million
To increase overseas marketing efforts, placing advertisements at seller's countries and offering promotional campaigns on social medias in the PRC such as Rednote and WeChat applications	To attract business-to-business sellers to enter into and commence businesses in the PRC market	up to HK$5.0 million

Having considered that (i) the Group has been shifting business model from a single-category beauty retailer into a digital ecosystem since 2020. Over the years, it terminated certain traditional physical retail shop operations and focuses on enhancement on HKMALL e-Commerce operations. Deployment of resources for the development of HKMALL is in line with the Group's business strategy; (ii) HKMALL is considered effective for reaching customers and promoting products outside Hong Kong as compared to the traditional retail stores, which saves time, overheads and rental costs; and (iii) consumer behaviour to place orders and conduct transactions through online platform is a market trend, we concur with the Directors' view that the upgrade of cross border e-Commerce platform HKMALL is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Expand the Group's business model of product wholesaling

As disclosed in the 2024 Second Interim Report, the Group has conducted strategic investments in bonded operations by channelling a significant portion of its resources into building bonded warehouse operations in the PRC and deployed bonded cross-border vending machines across high-traffic transit hubs, creating an integrated O2O (online-to-offline) ecosystem. The Group has launched two bonded warehouses in the PRC, namely Guangzhou Huangpu Bonded Warehouse and Hainan Bonded Warehouse.

The Company has entered into memorandum of understandings with local business partners in the PRC to promote and develop supply chain and cross-border e-commerce business. In 2024, the Group and GDD Investment Group Company Limited（廣州開發區投資集團有限公司）has entered into a signed a non-binding memorandum of understanding to promote, among other things, cross-border e-commerce. On 19 January 2025, the Company and MIXMAX e-Commerce Hainan Limited（海南豐和匯電商有限公司）("**MIXMAX**") has entered into a non-binding memorandum of cooperation in relation to a potential strategic cooperation plan, pursuant to which, both parties agreed to, among other things, cooperate in the development of supply chain, cross-border e-commerce and logistics management business.

As advised by the management of the Group, in general, bonded warehouse is a storage facility where shippers can store their imported and dutiable goods without paying import taxes and duties immediately. These warehouses are operated under the relevant customs guidelines where the bonded warehouses are located. There are many advantages for businesses using bonded warehouses, but the most significant benefit is the deferral of import taxes and duties. It enables a business to manage inventory in a more strategic and cost-effective way, ultimately resulting in being able to get the right products to the right market at the right time. When a company is marketing a number of popular and high demand products and is planning to import to the PRC, these products can be shipped to and stored in bonded warehouses in the PRC in large volume without paying the applicable taxes and duties immediately. This allows the relevant company to manage inventory and logistic in a more efficient and flexible way. Taxes and duties are paid when the products leave the bonded warehouses and being imported into the PRC (i.e. the products are sold to a PRC buyer). As the products are already located in the PRC, the Company can process the last mile delivery in a timely manner, greatly reducing the time for delivery. Compared with handling the cross-border logistics every time when order is received, such arrangement greatly reduced the overheads, processing and shipping time. Moreover, as the products stored in the bonded warehouses are not subject to the applicable taxes and duties, the Company also enjoys the flexibility to re-export them back to Hong Kong or any other countries when demand is higher.

The business model of product wholesaling can be supported by the bonded warehousing as described above; as well as the market opportunities deriving from cross-border e-commerce. According to an article titled "Unleashing the Lucrative Potential of Cross-border E-commerce for Hong Kong Traders (Company survey and expert opinion)" dated 27 November 2024 published online by The Hong Kong Trade Development Council (please refer to the link: https://research.hktdc.com/en/article/MTg1OTQ2Mzk3Mw), a survey of Hong Kong companies carried out during the period from June to August 2024 revealed, among others, the following opportunities in cross-border e-commerce:

(i) expand sales channels and enhance brand awareness – the surveyed companies in general indicated that cross-border e-commerce offers positive impacts for expansion, whether via broader sales channels (69.0%), new market opportunities (50.3%), or enhanced brand awareness (48.9%); and

(ii) drive significant sales growth in two years – an overwhelming 90.0% anticipated that cross-border e-commerce could raise their total sales revenue in the next two years. On average, "companies that have developed e-commerce" believed that cross-border e-commerce could result in some 14.6% increase in their total sales.

As advised by the management of the Group, the allocated proceeds will be strategically invested to enhance the Group's wholesale business model by strengthening key operational pillars, including (i) strategic partnerships in bonded warehousing, enabling cost-efficient storage, streamlined customs clearance, and smoother cross-border trade; (ii) the expansion of O2O (online-to-offline) commerce. integrating digital storefronts with physical distribution networks to improve customer reach and order fulfilment; and (iii) the upgrade of supply chain operations, incorporating advanced logistics technologies, automation, and data analytics to optimize inventory management, reduce lead times, and enhance overall efficiency. The Directors believe that these initiatives will solidify the Group's competitive edge in wholesale distribution, ensuring scalability, agility, and a seamless omnichannel experience for both B2B and B2C customers.

We understand from the Letter of the Board that approximately HK$8.0 million to be raised under the Rights Issue will be allocated for the investment in enhancing the Group's business model of product wholesaling with breakdown as follows:

Use of proceeds	**Aim**	**Amount** *Approximately*
To purchase up to 300 bonded vending machines that is expected to be installed into different areas of the PRC	To enable cost efficient storage, streamline customs clearance, and smoothen cross-border trade	around HK$4.5 million
To develop systems and software that will be applied to these bonded vending machines to gap between O2O experience providing various features	To support the expansion of O2O commerce to improve customer reach and order fulfillment, including input/ output transactions, fulfillment operations, promotion and advertisement functions on machines displays and applications	around HK$3.5 million

Provide additional general working capital to the Group

As disclosed in the 2024 Second Interim Report, the Group recorded net loss of approximately HK$134.4 million and net cash outflow from operating activities of HK$64.8 million for the twelve months ended 31 December 2024. We obtained management accounts for the as of 31 May 2025 of the Group, and noted that the Group had bank and cash balances less than the amount as at 31 December 2024. In view of total distribution costs and administrative expense of the Group amounted to approximately HK$88.1 million in total for the twelve months ended 31 December 2024, the Group's bank and cash balances will not be sufficient to support its business operation and long-term business development. Currently, the Group mainly relies on the controlling shareholder and the bank and other borrowings for financing, which amounted to approximately HK$80.1 million and approximately HK$64.0 million respectively, as at 31 December 2024. Based on our review of a loan schedule as at 31 December 2024 provided by the Company, we noted that such bank and other borrowings carried interest rates ranging from 4% to 24% per annum. Under the current marking conditions, the Directors considered that it is inevitable that additional bank and/or other borrowings would incur higher interest expenses; whereas the Rights Issue will provide the Group with a reasonable amount of funds to meet its working capital requirements without additional interest burden.

According to the Census and Statistics Department of Hong Kong (please refer to the link: https://www.censtatd.gov.hk/en/web_table.html?id=620-67001#), the value of retail sales in the year 2024 has dropped by approximately 7.3% when compared with the year 2023. For the first two months of the year 2025 taken together, it is estimated that the value of total retail sales decreased by approximately 7.8% when compared with the same period in the year 2024. The retail market in Hong Kong is still under pressure and the weak performance of retail sales may persist in view of global economic uncertainties, geopolitical tensions, and underperformance in Hong Kong's equity and real estate markets. As such, the Group's financial performance shows no sign of recovery and it is not expected that the liquidity position of the Group can be largely improved in the near term.

Based on the above, we concur with the Director's view that funding raising activity is necessary, in particular (i) the Group experienced decrease in cash position and increase in gearing ratio. The Group's bank and cash balances reduced from approximately HK$16.1 million as at 31 December 2023 to approximately HK$6.4 million as at 31 December 2024 and further to a lower level as at 31 May 2025. On the other hand, the Group's gearing ratio (represented by the bank and other borrowings divided by the total equity) increased from approximately 16.8% as at 31 December 2023 to approximately 43.1% as at 31 December 2024. The amount due to the controlling shareholder amounted to approximately HK$80.1 million as at 31 December 2024 and such amount will be substantially reduced immediately after the Set-off Arrangement; (ii) it is essential to maintain healthy cash level to allow flexibility for the Group's business operation and development; and (iii) the net proceeds from the Rights Issue could strengthen the Group's cashflow position while could also enhance its equity base. Meanwhile, the Set-off Arrangement and the repayment of bonds and loan due in the second half of the year 2025 will reduce the Group's short-term liabilities. The Rights Issue is expected to have an overall impact of reducing the Group's gearing ratio and improving its cashflow position.

Imminent need and reasonableness of the proposed use of proceeds

The Group's imminent need and rationale for applying the proposed proceeds on the repayment of bonds and loan has been discussed in the paragraphs under "Bond repayment and loan settlement" above. It is worth mentioned that the loan obtained by the Company in May 2025 is short term in nature and involves high interest rate. It is not expected that the Group would be able to obtain better terms for other debt financing in a timely manner, in particular, having considered its net current liabilities position. The Group's total distribution costs and administrative expenses amounted to approximately HK$88.1 million for the twelve months ended 31 December 2024 while it recorded bank and cash balances less than the amount as at 31 December 2024 (i.e. less than approximately HK$6.4 million) which indicated that the Group is in urgent need of additional working capital.

It is mentioned in the Letter from the Board that the Board would expect to commence the plans set out in the respective tables under "Upgrade existing cross-border e-Commerce platform HKMALL" and "Expand the Group's business model of product wholesaling" above upon completion of the Rights Issue, which is expected to be around third quarter or fourth quarter of 2025. Currently, the Group's representatives have been in discussions with different service providers for potential solutions and cost estimation for implementation of the plans.

We concurred with the management of the Group that as at the Latest Practicable Date, the budget available for the implementation of the relevant plans is not known. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders and the Placing Shares not placed under the Placing Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Given the Group's low bank and cash balances, the net current liabilities position and the net operating cash outflow, it is more prudent for the Group not to enter into any contracts or confirm any concrete plans until the Rights Issue is completed and the actual amount of proceeds from the Rights Issue can be confirmed. We understood that the respective amount of proceeds for the proposed uses is estimated by the management of the Group based on their experience and/or knowledge after making reasonable enquiries with the relevant service providers and taking into account the Group's possible order requirements. We also understood from the management of the Group that shortly after the completion of the Rights Issue is completed, the Group will use the actual proceeds from the Rights Issue to implement the plans. We concurred with the management of the Group that the proposed uses are imminent and reasonable in light of the ever-changing consumer market. With the upgrade of its e-commerce platform and/or investment in its business model and supply chain operations, it is expected that the Group will be able to strengthen its sales platform, improve its supply chain efficiency and enhance cost effectiveness, which in turn may alleviate its business performance and/or to avoid losing market share to other market players; thus, it is critical to deploy resources to the development of such plans as quickly as possible.

Based on our independent analysis above, we believe that the Group is in imminent need of additional funds and the implementation schedule for the proposed use of proceeds is fair and reasonable.

Suitable source of financing among other financing alternatives

As disclosed in the Letter from the Board, the Directors have considered other financing alternatives including (i) additional debt financing; and (ii) equity fund raising such as sole placement of the Shares and open offer. We concur that additional debt financing will increase the total borrowings of the Group while the Group's equity base will remain no change; therefore, the gearing ratio will be increased to further level. In addition, debt financing from third parties will inevitably incur interest expenses; and the management of the Group understand that under the current economic conditions, debt financing will involve very high interest expenses or collaterals which may not be beneficial to the Company. Given the Group's net current liabilities position, the possibility of its success in obtaining debt financing would be relatively low. Even if it is feasible, the debt financing application approval process may take a long time.

We have discussed with the management of the Group to understand whether the Company has ever attempted to seek brokerage companies as an underwriter to the Rights Issue; and were told that the Company chose not to seek underwriter(s) having considered that it will offer the Qualifying Shareholders with an option to apply excess Rights Shares, if any.

As for equity fund raising, such as sole placement of the Shares, it is a common market practice to conduct such activity on a best-effort basis and accordingly the amount to be raised would be uncertain and subject to the then market conditions. In addition, for placement of new Shares, it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company. Substantial amount of securities must be issued and usually the subscriber(s) may ask for a relatively deep discount to the trading price of the Shares in view of the substantial amount of securities involved. As for open offer, similar to a rights issue, it also offers qualifying shareholders with the opportunity to participate in, but it does not allow the trading of rights entitlements in the open market.

It is mentioned in the Letter from the Board that apart from the Placing Agent, the Group approached two other financial institutions and brokerage firms and did not receive positive responses. The failure in obtaining bank borrowings and/or other financing alternatives of comparable size to the Rights Issue may due to the Group's net current liabilities position, slow recovery of market for retail business in Hong Kong, significant size of proposed fund raising as compared with the Company's market capitalisation and the absence of acceptable collaterals can be offered by the Group. We noted from the minutes of the management meeting of the Company held on 31 March 2025 that the Company had approached several financial institutions for potential financing including bond issuance and bank financing. It was discussed in the management meeting that a financial institution requested pledge of Shares in certain value from the Company as collateral for bond issuance, which exceeded the total value of Shares held by Mr. Chen; thus, rendered issuance of bond by such financial institution impossible. A few other financial institutions requested additional mortgage on the Company's head office, Bonjour Tower, which has already been mortgaged to a bank; and secondary mortgage of Bonjour Tower is practically difficult. Nevertheless, the Company obtained a loan in the amount of HK$5.0 million with the personal guarantee from Mr. Chen for a term of three months in May 2025, which incurred interest rate of 23.4% per annum as discussed in the paragraphs under "Bond repayment and loan settlement" and "Imminent need and reasonableness of the proposed use of proceeds" above. It is not expected that the Group would be able to obtain better terms for other debt financing in a timely manner.

We concurred that the proposed Rights Issue and the Placing are more favourable than debt financing despite the theoretical dilutions to the Shareholders having considered that (i) debt financing and bank borrowings will inevitably increase the gearing ratio of the Group; (ii) under the prevailing market conditions, lenders usually require pledge of assets from the borrower; and the Group's net current liabilities position and small amount of property, plant and equipment (which only amounted to approximately HK$1.8 million as at 31 December 2024) would make it difficult to obtain debt financing; and (iii) even if debt financing is granted, it may not be achievable on favourable terms in a timely manner and it may also be subject to lengthy due diligence and negotiations with financial institutions, which may not be able to meet the Group's imminent funding needs discussed above.

Compared with other fund-raising alternatives, the Rights Issue will provide each and every Qualifying Shareholders with the opportunity to participate in the future business development of the Group without material dilution of their interest in the Company. On the other hand, the Rights Issue also allows the Qualifying Shareholders the flexibility to sell off some or all of their rights entitlements in the open market (subject to the market demand) and realise the cash value therefrom.

We concur with the Directors' view that (i) in comparison with loan capitalisation by issuing Shares to Mr. Chen as a form of repayment to Mr. Chen, the proposed Rights Issue will offer the existing Shareholders with the opportunity to participate in the enlarged capital base of the Company without causing immediate dilution to their respective shareholding interests; and would enable the Company to raise additional funds; and (ii) the Set-off Arrangement would reduce the Group's short-term liabilities and interest expenses, which will improve its and financial performance and cash outflows in the long run. Therefore, raising funds by way of the Rights Issue is considered to be more attractive and feasible under the current market condition, and thus, in the interests of the Company and the Shareholders as a whole.

The Placing

In conjunction with the Rights Issue, on 16 April 2025, the Company has appointed the Placing Agent to procure independent placee(s) (other than Mr. Chen), on a best-effort basis, to subscribe for the Placing Shares, which are the Rights Shares that are not subscribed by the Qualifying Shareholders (and after excess applications) under the Rights Issue, under the Specific Mandate. Having considered that (i) the Placing is only for the Placing Shares, it provides an opportunity for the Company to maximise the funds raised for the repayment of bonds and loan, for the implementation of business development plans and for additional general working capital; and (ii) the Placing provides a distribution channel of the Placing Shares to the Company and a channel of participation for the independent investors, the Directors consider that the Placing Agreement is fair and reasonable and would provide adequate safeguard to protect the interest of minority Shareholders.

Subject to the situation that the Placing may result in a notable dilution on Mr. Chen's shareholding's percentage to under 50.28% in the Company, Mr. Chen will also be able to subscribe for and be allotted a maximum of 233,589,172 Placing Shares so that Mr. Chen will retain and be interested in up to 900,389,172 Shares (i.e. the Possible Subscription), representing approximately 50.28% of the enlarged issued Shares upon the completions of the Rights Issue and the Placing assuming none of the Warrants will be exercised.

In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders and the Placing Shares not placed under the Placing Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. The Group may or may not be able to raise sufficient net proceeds to serve the purposes as described in the section headed "Use of Proceeds" in the Letter from the Board. The Possible Subscription is an effective way to raise fund given the fact that Mr. Chen is the controlling Shareholder as at the Latest Practicable Date, whereby the Possible Subscription demonstrates his continuous support to the Group. For the avoidance of doubt, the Possible Subscription will be offset by the Shareholder's Loans and will not raise any proceeds to the Group.

In addition to the above, having considered that (a) the Subscription Price is same for the Possible Subscription and for the placing of Placing Shares to independent placee(s); and the Subscription Price is considered acceptable as discussed in the paragraphs under "Comparison with other rights issue transactions" in the section headed "(3) Principal terms of the Rights Issue" in this letter; (b) the scale down of the number of Rights Shares to be offered to Mr. Chen in the event of an under-subscription of the Rights Shares is solely for the purpose of satisfying the minimum public float requirement under the Listing Rules. As Mr. Chen has no intention to reduce his shareholding in the Company, the Possible Subscription will enable him to maintain shareholding at the existing level; and (c) the Possible Subscription will not increase the number of Shares to be held by Mr. Chen to a level exceeding his entitlement under the Rights Issue, we consider that the Possible Subscription is fair and reasonable and in the interest of the Shareholders and the Company as a whole.

The Set-off Arrangement

As mentioned in the Letter from the Board, as at the Latest Practicable Date, the Company was indebted to Mr. Chen an aggregate amount of approximately HK$54.86 million in outstanding principal amount and accrued interest under the Shareholder's Loans. Pursuant to the Master Loan Agreement entered into between the Company (as borrower) and Mr. Chen (as lender) dated 1 September 2023 (as supplemented on 31 March 2025), Mr. Chen agreed to provide the Shareholder's Loans to the Group from time to time for the purpose of financing its general working capital requirement, such as selling and distribution expenses, office administrative overheads and salaries, subject to a limit of HK$100,000,000, with the maturity date being 31 March 2026. The Shareholder's Loans are unsecured and bear interest of 2.75% per annum. The Shareholder's Loans were partially repaid following the completion of loan capitalisation involving issue of new shares of the Company pursuant to a subscription agreement entered into with Mr. Chen on 12 November 2024.

Pursuant to the Undertaking, Mr. Chen conditionally agreed to the Set-off whereby approximately HK$54.02 million required to be paid by Mr. Chen for the subscription of 675,291,879 Rights Shares provisionally allotted to him pursuant to the Rights Issue and the Placing Agreement (where applicable) would be set-off against the Shareholder's Loans of approximately HK$54.86 million on a dollar-for-dollar basis.

We consider that the Set-off Arrangement is fair and reasonable as far as the Independent Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole on the basis that (i) the outstanding Shareholder's Loans will become due shortly within twelve months and the Group is currently in a tight liquidity position in view of its relatively low level of bank and cash balances, the net current liabilities position and the net operating cash outflow; (ii) the relevant amount from the subscription of Rights Shares under the Undertaking is approximately HK$54.02 million; and under the Set-off Arrangement, the Shareholder's Loans of approximately HK$54.86 million can be substantially set off; (iii) the Group will be able to save interest expenses immediately after the Set-off and the completion of the Rights Issue; and (iv) the financial position of the Group will be strengthened by the Set-off Arrangement with the reduction in indebtedness and the increase in equity base. Mr. Chen will, through the subscription of the Rights Shares and the Possible Subscription under the Placing, largely change from a creditor of the Shareholder's Loans to a Shareholder by extinguishment of the Shareholder's Loans and increase his equity interests in the Company. The Set-off Arrangement also signifies the continuous support of Mr. Chen to the Company.

(3) Principal terms of the Rights Issue

Set out below are the principal terms for the Rights Issue:

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK$0.080 per Rights Share
Number of Shares in issue	:	447,715,799 Shares
Number of Rights Shares	:	Up to 1,343,147,397 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to HK$13,431,473.97 (assuming no change in the share capital of the Company on or before the Record Date)
Number of Shares as enlarged by the allotment and issue of the Rights Shares	:	Up to 1,790,863,196 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued)
Number of Rights Shares being undertaken by Mr. Chen	:	Up to 675,291,879 Rights Shares (the actual amount of Rights Shares to be taken up by Mr. Chen will depend on the level of subscription taken up by the Qualifying Shareholders such that the minimum public float requirement under the Listing Rules is satisfied immediately after completion of the Rights Issue)
Gross proceeds to be raised from the Rights Issue	:	Up to approximately HK$107.45 million before the expenses and the Set-off Arrangement

As at the Latest Practicable Date, the Company has outstanding Warrants to subscribe for 29,078,947 Shares. Save as aforesaid, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date. In accordance with the terms of the instrument for Warrants, the Independent Financial Adviser will certify in writing as to the adjustments (if any) required to be made in respect of the Warrants as a result of the Rights Issue. The Company will make further announcements about the adjustments in due course.

The Subscription Price

The Subscription Price is HK$0.080 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 25.93% to the closing price of HK$0.1080 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 27.93% to the average of the closing prices of approximately HK$0.1110 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day;

(iii) a discount of approximately 25.93% to the closing price of HK$0.108 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;

(iv) a discount of approximately 8.05% to the theoretical ex-rights price of HK$0.0870 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK$0.1080 per Share as quoted on the Stock Exchange on the Last Trading Day;

(v) a discount of approximately 75.91% to the unaudited consolidated net asset value per Share of approximately HK$0.332 (based on the latest published unaudited consolidated net asset value of approximately HK$148,654,000 as at 31 December 2024 and the total number of issued Shares as at the Latest Practicable Date). The Directors were aware of the fact that the Subscription Price represents a discount of approximately 75.91% to the latest published unaudited consolidated net asset value of approximately HK$0.332 per Share as at 31 December 2024. However, the Directors also note that the Shares had been traded on the Stock Exchange at an average trading price of around HK$0.1644 per Share during the six months immediately preceding the Last Trading Day and at an average trading price of around HK$0.1568 for the three months immediately preceding the Last Trading Day, representing an average discount of approximately 50.50% and 52.79% to the latest published unaudited consolidated net asset value of approximately HK$0.332 per Share as at 31 December 2024, respectively. Considering that the Shares had been consistently traded at a substantial discount to the consolidated net asset value per Share in the recent months preceding the Last Trading Day, the Directors were of the view that, when determining the Subscription Price, it would be more appropriate to make reference to the prevailing market price of the Shares which reflected the fair market value of the Shares traded on the Stock Exchange, instead of making reference to the net asset value per Share. Moreover, the Directors also consider that the willingness of the Shareholders to participate in the Rights Issue would be significantly reduced if the Subscription Price was made with reference to the consolidated net asset value per Share, and that would not be favorable to the Company and the Shareholders as a whole; and

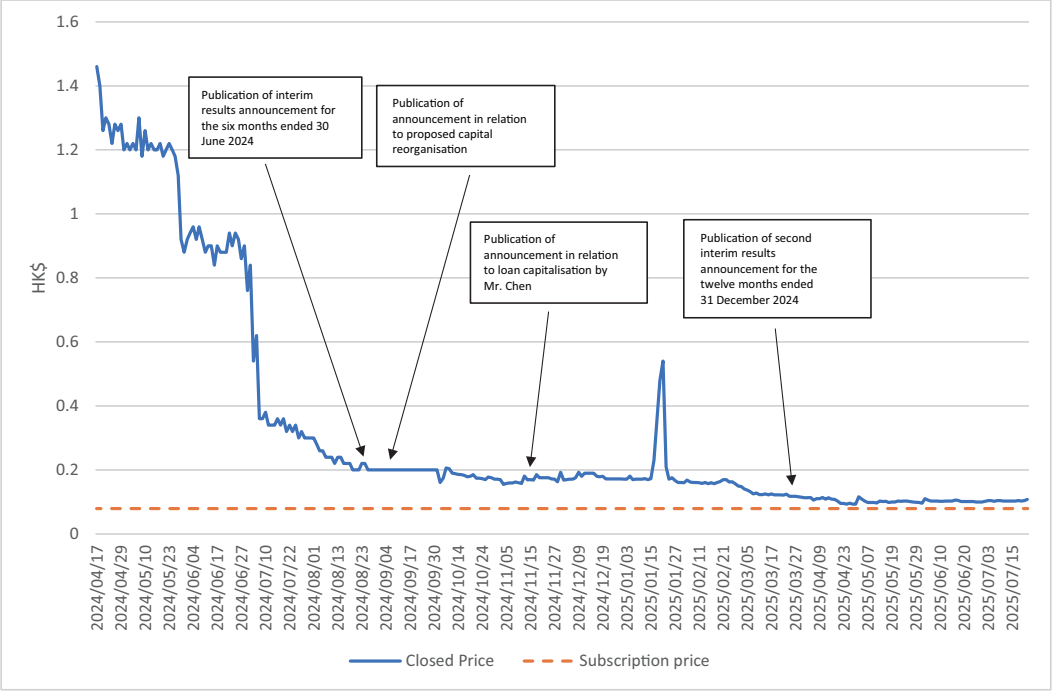
(vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of (a) approximately 20.95% on a standalone basis, represented by the theoretical diluted price of approximately HK$0.088 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account of the higher of (i) the closing price on the Last Trading Day of HK$0.1080 per Share; and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK$0.1110 per Share) of approximately HK$0.1110 per Share; and (b) approximately 21.06% on an accumulative basis taking into account of the theoretical dilution effect of the loan capitalisation of the Company announced in November 2024.

As disclosed in the Letter from the Board, the Subscription Price was determined with reference to, among others, (i) the market price of the Shares under the prevailing market conditions and the relevant discount to the closing prices; (ii) the prevailing market conditions of the capital market in Hong Kong taking into consideration the rather cautions investment sentiment of the general public investors in Hong Kong and economic uncertainties; (iii) the latest business performance and financial position of the Group as the Group turnaround from a net profit of approximately HK$157.22 million for the year ended 31 December 2022 to a net loss of approximately HK$134.37 million for the twelve months ended 31 December 2024 as well as recorded a net current liability position with a relatively low cash and bank balances as at 31 December 2024, the majority of which has been utilised for day-to-day operations; and (iv) the reasons for the Rights Issue as discussed in the section headed "Reasons for the Rights Issue, the Placing and the Set-Off Arrangement" in Letter from the Board.

The Directors consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their provisional allotments and to participate in the potential growth of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

Share price performance

In order to assess the fairness and reasonableness of the Subscription Price, we reviewed the daily closing price of the Shares (adjusted for the Company's share consolidation effective on 3 October 2024) as quoted on the Stock Exchange from 17 April 2024 up to and including the Latest Practicable Date (the "**Review Period**"), being a period of approximately 15 months up to and including the Latest Practicable Date.



Source: the website of the Stock Exchange (http://www.hkex.com.hk)

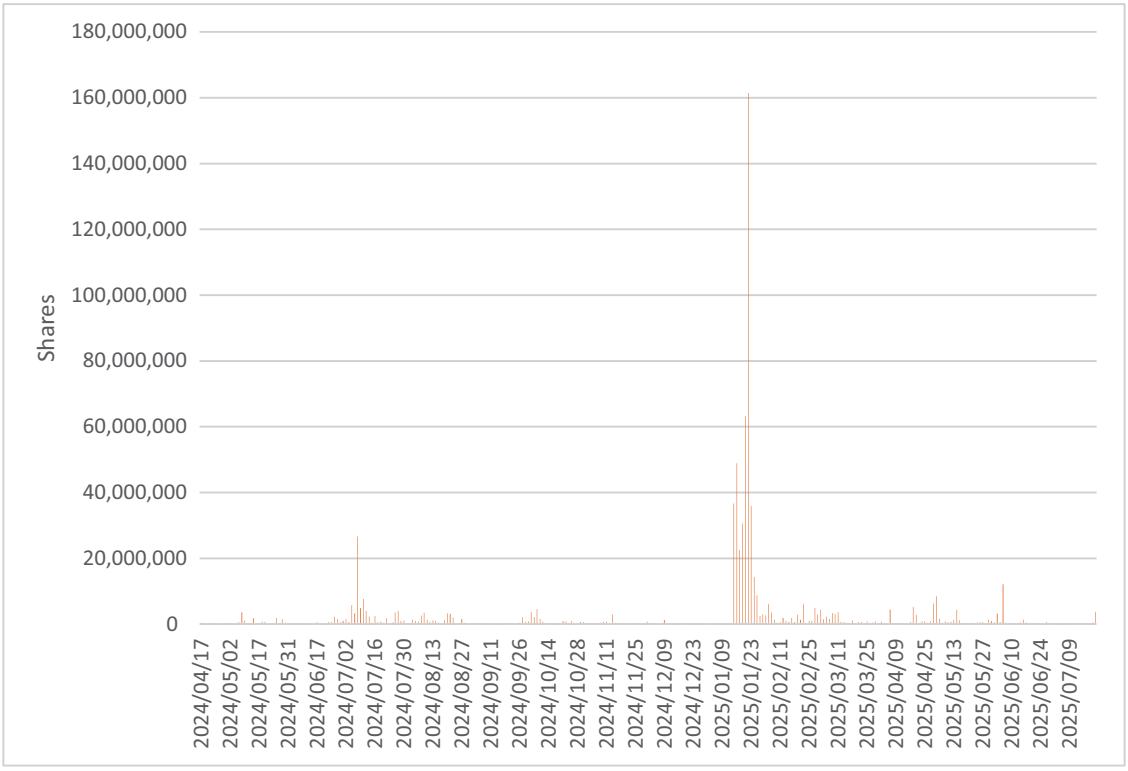
During the Review Period, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange were HK$0.093 recorded on 24, 28 and 29 April 2025 and HK$1.46 (adjusted for share consolidation) recorded on 17 April 2024, respectively.

From 17 April 2024 to 20 August 2024, the closing price of the Shares dropped substantially from HK$1.46 (adjusted for share consolidation) to HK$0.2. The Directors confirmed that they are not aware of any reasons for the decreasing trend in the closing price of the Shares. The closing price of the Shares remained at around HK$0.2 between 20 August 2024 and 2 October 2024, then fluctuated between HK$0.155 and HK$0.23 from 3 October 2024 to 16 January 2025. The closing price of the Shares climbed up to reach HK$0.54 on 21 January 2025 but went down sharply to HK$0.21 on 22 January 2025. Save for the voluntary announcement dated 20 January 2025 in relation to the entering into a non-binding memorandum of cooperation for a potential cooperation plan between the Group and MIXMAX e-Commerce Hainan Limited, the Directors confirmed that they are not aware of any reasons for the pike in the closing price of the Shares. The closing price of the Shares then dropped gradually to HK$0.108 on the Latest Practicable Date.

We note that it is a common market practice that, in order to enhance the attractiveness of a rights issue and to encourage the existing shareholders to participate in the rights issue, the subscription price of a rights issue normally represents a discount to the prevailing market prices of the relevant shares. Having considered the Group's net current liabilities position and negative operating cashflow, relatively high reliance on external financing and the Shareholder's Loans; and the closing price of the Shares was stagnant at low level since late August 2024 (without taking into account the extreme up and down on 21 January 2025 and 22 January 2025), we concur with the Directors that the Subscription Price being set at a discount to the prevailing market prices of the Shares for the Rights Issue is in line with the general practice and is acceptable.

Trading liquidity of the Shares

Set out below is the daily trading volume of the Shares during the Review Period:



The average daily trading volume of the Shares per month, and the respective percentages of the average daily trading volume as compared to the total number of issued Shares at the beginning of each calendar month during the Review Period are tabulated as follows:

Month/period	Average daily trading volume	Number of issued Shares at the beginning of each month	Percentage of average daily trading volume to the total number of issued Shares at the beginning of the month
2024			
April	110,760	237,715,799 *(Note 1)*	0.05%
May	652,497	237,715,799 *(Note 1)*	0.27%
June	413,505	237,715,799 *(Note 1)*	0.17%
July	3,362,740	237,715,799 *(Note 1)*	1.41%
August	1,206,659	237,715,799 *(Note 1)*	0.51%
September	278,547	237,715,799 *(Note 1)*	0.12%
October	891,465	237,715,799 *(Note 1)*	0.38%
November	410,245	237,715,799	0.17%
December	178,824	237,715,799	0.08%
2025			
January	22,377,741	237,715,799	9.41%
February	2,186,071	447,715,799 *(Note 2)*	0.49%
March	1,266,437	447,715,799 *(Note 2)*	0.28%
April	1,279,205	447,715,799 *(Note 2)*	0.29%
May	1,243,682	447,715,799 *(Note 2)*	0.28%
June	1,029,840	447,715,799 *(Note 2)*	0.23%
July (up to the Latest Practicable Date)	412,685	447,715,799 *(Note 2)*	0.09%

Note:

1. Adjusted for the share consolidation which has become effective on 3 October 2024.

2. 210,000,000 Shares issued on 13 January 2025 under specific mandate pursuant to the subscription agreement dated 12 November 2024.

Source: the website of the Stock Exchange (http://www.hkex.com.hk)

The above table illustrates that the average daily trading volume of the Shares per month was generally thin during the Review Period. The percentage of average daily trading volume to the total number of issued Shares at the beginning of the month ranged from approximately 0.05% to 0.51% during the Review Period, except in July 2024 (approximately 1.41%) and January 2025 (approximately 9.41%), trading in the Shares had been historically inactive and the Shares were hence rather illiquid. On 9 July 2024, the Company announced that it was not aware of any reasons for the share price and trading volume movements on 8 July 2024. On 20 January 2025, the Company announced it has entered into a non-binding memorandum of cooperation in relation to a potential strategic cooperation plan between the Group and MIXMAX. During January 2025, after the completion of loan capitalisation, Mr. Chen has disposed a total of 110,200,000 Shares on the Stock Exchange. Save for disclosed as above, we are advised that the Directors did not aware the reasons for the relatively high trading volume in January 2025.

Average daily trading volume of the Shares per month was below 0.6% of the total number of issued Shares at the beginning of the month in most of the Review Period. Since the Shares were generally illiquid in the open market, we concur with the Board that it would be difficult to attract the Qualifying Shareholders to reinvest in the Company through the Rights Issue if the Subscription Price was not set at discount to the historical closing prices of the Shares.

Comparison with other rights issue transactions

In order to assess the reasonableness of the Subscription Price, we have reviewed all rights issues conducted by other companies listed on the Stock Exchange, which announced the respective rights issue in the three months preceding the Last Trading Day, i.e. from 17 January 2025 and up to the Last Trading Day. We have identified 14 comparable companies (the "**Comparables**") and consider the selection of such three months period to be sufficient and appropriate for our analysis for fund raising exercises such as rights issues, as the market sentiment at the relevant time in general plays an important role in the determination of the Subscription Price, while reasonable number of such fund-raising exercises could be included for reference purposes. Nevertheless, Shareholders should note that the businesses, operations and prospects of the Company are not exactly the same as the Comparables and we have not conducted any in-depth investigation into the business, operations and prospects of the Comparables. Although the Comparables may differ from the Company in terms of: (i) their principal activities, market capitalization, profitability and financial position; (ii) the subscription prices and the amounts and the proposed use of proceeds; and (iii) the background of the respective rights issues, we still consider that the Comparables are fair and reasonable as they can provide a general reference to the Independent Shareholders on the recent range of discount of subscription price to the market price of the relevant shares of rights issue transactions in the equity capital market in Hong Kong. Details of our findings are summerised in the table (the "**Comparables Table**") below:

	Date of announcement	Company name (stock code)	Basis of entitlement	Premium/(Discount) of subscription price over/(to) the closing price on the last trading day (%)	Premium/(Discount) of subscription price over/(to) the average closing price of the five (5) consecutive trading days immediately prior to the last trading day (%)	Premium/(Discount) of subscription price over/(to) the theoretical ex-rights price (%)	Premium/(Discount) of subscription price over/(to) the net asset value per Share (%)	Theoretical dilution effect (non-cumulative) (%)	Maximum dilution *(Note 2)* (%)	Placing commission (%)	Market capitalisation as at the date of the respective announcement for the rights issue *(HK$ million)*	Approximate estimated net proceeds *(HK$ million)*	Excess application (Yes/No)	Underwriting arrangement (Yes/No)	Status (completed/ pending completion/ lapsed)	Principal activities
1	16 April 2025	AustAsia Group Ltd. (2425)	2 for 5	(29.11)	(29.11)	(22.76)	(80.95)	8.23	28.57%	N/A	1,106.73	308.81	Yes	No	Pending completion	Production and sales of raw milk, beef cattle and feed products, and the distribution and sales of milk products in the People's Republic of China
2	11 April 2025	ISP Holdings Ltd. (2340)	1 for 2	(74.50)	(73.60)	(66.07)	(85.59)	24.85	33.33%	N/A	68.40	10.13	Yes	No	Completed	Provision of property and facility management services
3	19 March 2025	Pacific Legend Group Ltd. (8547)	1 for 2	(13.79)	(14.09)	(9.64)	(53.99)	4.60	33.33%	1.25	27.92	13.30	No	No	Completed	Distribution of home furniture and accessories
4	14 March 2025	Good Fellow Healthcare Holdings Ltd. (8143)	1 for 1	(12.28)	(21.38)	(7.41)	233.33	10.94	50.00%	1.00	24.80	26.70	No	No	Completed	Operation of hospitals
5	07 March 2025	Volcano Spring International Holdings Ltd. (1715)	3 for 1	47.06	47.06	8.70	(23.02)	N/A	75.00%	1.00	18.63	86.80	No	No	Completed	Research and development, manufacture and trading of kitchenware and sales of health products
6	03 March 2025	China Zenith Chemical Group Ltd. (362)	2 for 1	(17.90)	(19.58)	(7.10)	Net liabilities	13.05	66.67%	N/A	37.84	59.90	Yes	Yes	Pending completion *(Note 3)*	Generation and supply of heat and power
7	27 February 2025	Timeless Resources Holdings Ltd. (8028)	1 for 2	(9.64)	(8.81)	(6.81)	(23.28)	3.21	33.33%	N/A	65.10	29.10	Yes	No	Completed	Mining business
8	18 February 2025	China Baoli Technologies Holdings Ltd. (164)	4 for 1	6.67	0.25	1.27	Net liabilities	N/A	80.00%	1.00	37.95	167.70	Yes	No	Completed	Multi-media technologies and convergence media business
9	14 February 2025	China Saftower International Holding Group Ltd. (8623)	1 for 2	(6.78)	(1.96)	(4.62)	(82.79)	2.26	33.33%	1.00	11.92	5.33	No	No	Completed	Manufacturing and sales of wires and cables
10	14 February 2025	Yues International Holdings Group Ltd. (1529)	4 for 1	(7.14)	(26.72)	(1.52)	(88.68)	21.47	80.00%	1.00% or HK$100,000	15.74	67.60	No	No	Completed	Provision of logistics services
11	07 February 2025	Stream Ideas Group Ltd. (8401)	2 for 1	(15.00)	(17.32)	(5.56)	319.24	11.58	66.67%	3.00	19.92	38.50	No	No	Completed	Provision of online advertising services
12	02 February 2025	CSI Properties Ltd. (497)	18 for 10	5.88	5.14	2.04	(93.54)	N/A	64.29%	N/A	1,565.66	1,454.69	Yes	Yes	Completed	Investment and trading of commercial properties
13	27 January 2025	Colour Life Services Group Co., Ltd. (1778)	1 for 4	0.00	(2.60)	0.165	(95.03)	0.43	20.00%	N/A	232.05	60.36	Yes	No	Completed	Provision of property management services
14	17 January 2025	Wan Kei Group Holdings Ltd. (1718)	1 for 1	(29.82)	(35.28)	(17.53)	(75.00)	17.64	50.00%	3.00	26.73	21.40	No	No	Completed	Provision of foundation works
			Maximum	47.06	47.06	8.70	319.24	24.85	80.00%	3.00	1565.66	1,454.69				
			Minimum	(74.50)	(73.60)	(66.07)	(95.03)	0.43	20.00%	1.00	11.92	5.33				
			Average	(11.17)	(14.14)	(9.77)	(12.44)	10.75	51.04%	1.53	232.81	167.88				
			Median	(10.96)	(15.71)	(6.19)	(77.98)	10.94	50.00%	1.00	32.88	49.20				
			The Company	(25.93)	(27.93)	(8.05)	(75.91)	20.95	75.00%	2.00	48.35	52.00	Yes	No		

Note:

1. Information is extracted from the relevant rights issue announcement of the respective Comparables and/or from public information.

2. Maximum dilution is calculated as the number of rights shares divided by the total number of shares as enlarged by the allotment and issue of the rights shares.

3. Trading in the shares of China Zenith Chemical Group Limited (362) has been suspended since 17 March 2025.

Source: the website of the Stock Exchange (http://www.hkex.com.hk)

As shown in the above table, the Comparables had subscription prices at a discount/premium to their respective closing price per share on the last trading day prior to the release of the relevant announcements within a range from a discount of approximately 74.50% to a premium of approximately 47.06%, with an average discount of approximately 11.17% and median discount of approximately 10.96%. In the case of the Rights Issue, the Subscription Price has a discount of approximately 25.93% to the closing price per Share as quoted on the Stock Exchange on the Last Trading Day, which falls within the range of the Comparables and below the average of the Comparables. With regard to the discount/premium to the theoretical ex-entitlement price per share of the Comparables, the Comparables ranged from a discount of approximately 66.07% to a premium of approximately 8.70%, with an average discount of approximately 9.77% and median discount of approximately 6.19%. In the case of the Rights Issue, the Subscription Price has a discount of approximately 8.05% to the theoretical ex-entitlement price per Share, which also falls within the range of the Comparables and above the average of the Comparables. With regard to the discount/premium to the net asset value price per share of the Comparables, they ranged from a discount of approximately 95.03% to a premium of approximately 319.24%, with an average discount of approximately 12.44% and median discount of approximately 77.98%. In the case of the Rights Issue, the Subscription Price has a discount of approximately 75.91% to the net asset value per Share, which also falls within the range of the Comparables and above the median of the Comparables.

Having taken into consideration that:

(i) in general, it is common for the listed issuers in Hong Kong to issue rights issue at a discount to the market price in order to enhance the attractiveness of a rights issue transaction;

(ii) the discount represented by the Subscription Price to the closing price of the Shares on the Last Trading Day and the discount represented by the Subscription Price to the theoretical ex-entitlement prices fall within the respective ranges of the Comparables;

(iii) we have reviewed the recent closing prices of the Shares for the period from 17 April 2024 to the Last Trading Day, being one year period from the Last Trading Day. Among the 246 trading days for the periods from 17 April 2024 to the Last Trading Day, there were 162 trading days which the closing price of the Shares was over 30% lower than the net asset value per Share of approximately HK$0.33 as at 31 December 2024. Therefore, the Directors consider that the current market price of the Shares in fact reflects the value of the Shares that is generally perceived by the market having taken into account the Group's business nature and the prevailing market conditions. Accordingly, the net asset value per Share is not a meaningful benchmark to assess the Subscription Price, instead, the prevailing market price of the Shares would be a more appropriate reference in determining the Subscription Price in this regard;

(iv) the recent closing price of the Shares in general remained stagnant;

(v) average daily trading volume of the Shares per month was generally thin during the Review Period;

(vi) the interest of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price so long as they are offered with an equal opportunity to participate in the Rights Issue; and

(vii) excess application is available for Qualifying Shareholders who would like to participate more in the future growth of the Group,

we consider that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

As for the Undertaking from Mr. Chen in respect of the Rights Issue, having considered that the Undertaking (a) solely represents the intention of Mr. Chen in respect of his interests in the securities of the Company under the Rights Issue; and (b) indicates Mr. Cheng's support to the Company as he has undertaken to take up his own pro-rata entitlements under the Rights Issue; whereby his acceptance of the 675,291,879 Rights Shares will be set-off against the Shareholder's Loans. As a result, the Company will be able to strengthen its equity base, improve its liquidity position and reduce its debt level, we consider that the terms of the Undertaking in respect of the Rights Issue are fair and reasonable.

Application for excess Rights Shares

As mentioned in the Letter from the Board, the Qualifying Shareholders are entitled to apply for, by way of excess application: (i) any unsold entitlements to the Rights Shares of the Excluded Shareholder(s) (if any) and (ii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounces or transferees of nil-paid Rights Shares. Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for. The Directors will allocate any excess Rights Shares on a fair and equitable basis. Subject to the requirements of Rule10.31(3)(b) of the Listing Rules, the Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and on the following principles:

(i) as far as practicable, in proportion to the number of excess Rights Shares being applied for under each application;

(ii) no preference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and

(iii) no preference will be given to applications made for topping up odd lot holdings to whole board lot holdings.

As set out in the Comparables Table above, 7 of the 14 Comparables have the arrangement for excess application for the qualifying shareholders. We agree that the arrangement for excess application under the Rights Issue are not uncommon in the market. With the arrangement of application for excess Rights Shares, the Qualifying Shareholders shall be given a pre-emptive right to subscribe for the excess Rights Shares if they wish to do so. Moreover, the allocation basis adopted by the Company is in line with the normal market practice of other rights issue with arrangement of application for excess rights shares and the shareholding of each Qualifying Shareholder, except those who do not take up their full entitlements or those who apply for the excess Rights Shares, will be largely maintained after the completion of the Rights Issue. Based on the above, we are of the view that arrangement of application for excess Rights Shares for the Qualifying Shareholders and the allocation method for the excess Rights Shares are fair and reasonable so far as the Independent Shareholders are concerned.

Non-underwritten basis

As mentioned in the Letter from the Board, 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, the level of subscription of the excess Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. As mentioned in the Letter from the Board, there are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. 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)(b) of the Listing Rules and complying with the minimum public float requirements of the Listing Rules.

It is noted that 12 out of the 14 Comparables are on a non-underwritten basis. As such, we are of the view that it is common for rights issues to be conducted on a non-underwritten basis. The Company will offer the Qualifying Shareholders with an option to apply for excess Rights Shares, if any.

Pursuant to Rule 7.21 of the Listing Rules, in every rights issue, the issuer must make arrangements to dispose of securities not subscribed by allottees under provisional letters of allotment or their renounces by either excess application or compensatory arrangement. As advised by the management of the Group, the decision to adopt the excess application rather than compensatory arrangement to dispose of the Unsubscribed Rights Issue was made after taking into consideration that: (i) the excess application or compensatory arrangements are just different mechanism to provide entitlements to the existing Shareholders for the unsubscribed shares; (ii) the Company has complied with requirements under the relevant Listing Rules in disposing the unsubscribed Rights Shares; and (iii) the excess application offers all Qualifying Shareholders an opportunity (which is not available under a compensatory arrangement) to increase their shareholding interest in the Company in addition to their entitled portion at a discount to the closing price of the Shares. Based on the above, we concurred with the Directors that the Rights Issue, conducted on a non-underwritten basis and did not adopt compensatory arrangements, is in the interests of the Company and the Shareholders as a whole.

Despite that there is no guarantee of minimum amount to be raised by the Rights Issue (other than the amount to be raised under the proposed Rights Issue for the Set-off Arrangement and undertaken by Mr. Chen), given that the Rights Issue provides an opportunity for the Group to raise funds for its financials needs, we consider the Rights Issue to be in the interests of the Company and Shareholders as a whole.

(4) Principal terms of the Placing Agreement

On 16 April 2025 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure placee(s), on a best effort basis, to subscribe for the Placing Shares (i.e. unsubscribed Rights Shares) under the Specific Mandate.

Set out below are the principal terms of the Placing Agreement as extracted from the Letter from the Board:

Date	:	16 April 2025 (after trading hours)
Issuer	:	the Company
Placing Agent	:	MoneyMore Securities Limited The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholders; and (ii) they are Independent Third Parties.
Placing Period	:	a period commencing from the next Business Day after the date of announcement of the number of Placing Shares, which is expected to be Tuesday, 16 September 2025, and ending at the 6:00 p.m. on Wednesday, 24 September 2025.
Placing fee	:	Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 2.0% of the amount which is equal to the placing price multiplied by the number of Placing Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement. For the avoidance of doubt, the Placing Agent will not be entitled to any placing commission pursuant to the Placing Shares placed to Mr. Chen.
Placing price of the Placing Shares	:	HK$0.080 per Placing Share, equivalent to the Subscription Price.
Placees	:	The Placing Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) (other than Mr. Chen (when applicable)).

		The Placing Agent shall ensure that the Placing Shares are placed (i) to investors who and whose ultimate beneficial owners shall be Independent Third Parties (other than Mr. Chen (when applicable)); (ii) such that no placee shall become a substantial shareholder immediately following the Placing (other than Mr. Chen (when applicable)); (iii) such that the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iv) such that the Placing will not result in the Company incapable of complying with the public float requirements under the Listing Rules immediately following the Placing.
Placing Shares	:	being the number of the unsubscribed Rights Shares (if any). For the avoidance of doubt, if all the Rights Shares are fully subscribed under the Rights Issue, the Placing will not proceed. Subject to the situation that the Placing may result in a notable dilution on Mr. Chen's shareholding's percentage to under 50.28% in the Company, Mr. Chen will also be able to subscribe for and be allotted a maximum of 233,589,172 Placing Shares so that Mr. Chen will retain and be interested in up to 900,389,172 Shares, representing approximately 50.28% of the enlarged issued Shares upon the completions of the Rights Issue and the Placing assuming none of the Warrants will be exercised.
Ranking of the Placing Shares	:	The Placing Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Placing.

The placing price and placing commission

Subject to the completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 2.0% of the amount which is equal to the placing price multiplied by the number of Placing Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement. For the avoidance of doubt, the Placing Agent will not be entitled to any placing commission pursuant to the Placing Shares placed to Mr. Chen.

As set out in the Comparables Table above, all 8 Comparables which involved placing, conducted placing of the rights shares that (i) are unsubscribed by the qualifying shareholders of the respective rights issue; and/or (ii) would otherwise be provisionally allotted to excluded shareholders by the placing agent. The Placing, which is to place the Placing Shares, is of similar nature to those conducted by the respective placing agents of the Comparables. The placing commission of the Comparables range from 1% to 3%, with the average of approximately 1.53%. Accordingly, as the placing commission of 2% pursuant to the Placing Agreement is slightly above the average placing commission of the Comparables but falls within range of the Comparables, and there is no placing fee payable by the Company for the Placing Shares placed to Mr. Chen under the Placing, we consider that the placing commission payable to the Placing Agent is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Given that (i) the Placing will be only for the Placing Shares, i.e. Rights Shares that are not subscribed by the Qualifying Shareholders (and after excess applications) under the Rights Issue; (ii) the placing price of the Placing Share shall be the same as the Subscription Price; and the Subscription Price is considered acceptable based on analysis set out in the paragraphs under "Comparison with other rights issue transactions" of the section headed "(3) Principal terms of the Rights Issue" in this letter; (iii) the Placing provides a distribution channel of the Placing Shares to the Company and a channel of participation for independent investors; (iv) the Placing will be managed by the Placing Agent which is an Independent Third Party; (v) the placing commission payable to the Placing Agent is fair and reasonable as mentioned above; and (vi) the Possible Subscription is fair and reasonable and in the interest of the Shareholders and the Company as a whole as discussed in the paragraphs under "The Placing" in the section headed "(2) Reasons for the Rights Issue, the Placing and the Set-off Arrangement" in this letter, we consider that the terms of the Placing Agreement, including the placing price, the placing commission and the Possible Subscription, are fair and reasonable.

Pursuant to the Placing Agreement, the placing price of the Placing Shares will be equal to the Subscription Price. Given that (i) the placing price shall not be less than the Subscription Price, which is not prejudicial to the interests of the Qualifying Shareholders; and (ii) the Subscription Price is fair and reasonable as discussed in the paragraphs under "Comparison with other rights issue transactions" of the section headed "(3) Principal terms of the Rights Issue" in this letter, we consider that the placing price is fair and reasonable so far as the Independent Shareholders are concerned.

(5) Possible financial effects of the Rights Issue

Net asset value

Taking into account the proceeds from Rights Issue, it is expected that the net assets of the Group will increase as a result of the Rights Issue. Further, we note from the section headed "Unaudited Pro Forma Financial Information of the Group" as set out in Appendix II to the Circular that the audited consolidated net tangible assets of the Group as at 31 December 2024 is approximately HK$148.7 million, while the audited consolidated net tangible assets per Share as at 31 December 2024 before the completion of the Rights Issue is approximately HK$0.33. Assuming full subscription under the Rights Issue, the Group is expected to raise net proceeds of approximately HK$106.0 million. After pro forma adjustments, the unaudited pro forma adjusted consolidated net tangible assets of the Group after the completion of the Rights Issue would improve to approximately HK$254.7 million, while the unaudited pro forma adjusted consolidated net tangible assets per Share after the completion of the Rights Issue would deteriorate by approximately 57.6% to approximately HK$0.14. Such decrease is due to the fact that the Subscription Price of HK$0.080 per Rights Share is fixed at a discount to the consolidated net tangible assets per Share prior to the completion of the Rights Issue.

Despite the decrease in consolidated net tangible assets per Share as a result of the Rights Issue, the Rights Issue is expected to have a positive impact on the Group's overall net assets position upon completion of the Rights Issue.

Liquidity position

According to the 2024 Second Interim Report, the Group had bank and cash balances of approximately HK$6.4 million as at 31 December 2024. Upon the completion of the Rights Issue, the bank and cash balances of the Group will increase as a result of the net proceeds of approximately HK$52.0 million after the Set-off Arrangement and deducting the related expenses for the Rights Issue. The Rights Issue will provide additional liquidity in the form of equity to the Group and therefore, will enhance its liquidity position. We consider that it is in the interests of the Company and the Shareholders as a whole.

Gearing ratio

The gearing ratio of the Group (represented by the bank and other borrowings divided by the total equity) was approximately 43.1% as at 31 December 2024. The net proceeds of approximately HK$52.0 million after the Set-off Arrangement and deducting the related expenses for the Rights Issue will enhance the cash position and increase the total equity of the Group immediately upon completion of the Rights Issue. The Set-off Arrangement will improve the indebtedness level and lower the gearing ratio of the Group.

Earnings

We concurred with the Directors that the Rights Issue will have a positive impact to the earnings of the Group having considered that (i) the Group can save interest expenses through the Set-off Arrangement with repayment of the interest-bearing Shareholder's Loans; and (ii) the net proceeds from the Rights Issue will be utilised to support the growth and development of the Group's existing businesses.

(6) Potential dilution effect of the Rights Issue on the shareholding interests

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their proportional shareholding interests in the Company will remain unchanged after the Rights Issue. Any Qualifying Shareholders who choose not to take up in full their assured entitlements under the Rights Issue will have their shareholdings in the Company diluted. The possible dilution effect of the Rights Issue on shareholding interests is illustrated in the section headed "Change in the shareholding structure of the Company arising from the Rights Issue" in the Letter from the Board. As in all other rights issues, the dilution on the shareholding of excluded shareholders and those qualifying shareholders who do not take up in full their assured entitlement under the Rights Issue is inevitable. Subject to the situation that the Placing may result in a notable dilution on Mr. Chen's shareholding's percentage to under 50.28% in the Company, Mr. Chen will be able to subscribe for and be allotted a maximum of 233,589,172 Placing Shares so that Mr. Chen will retain and be interested in up to 900,389,172 Shares, representing approximately 50.28% of the enlarged issued Shares upon the completions of the Rights Issue and the Placing assuming none of the Warrants will be exercised.

With reference to the Letter from the Board, the Rights Issue will result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of (a) approximately 20.95% on a standalone basis, represented by the theoretical diluted price of approximately HK$0.088 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account of the higher of (i) the closing price on the Last Trading Day of HK$0.1080 per Share; and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK$0.1110 per Share) of approximately HK$0.1110 per Share; and (b) approximately 21.06% on an accumulative basis taking into account of the theoretical dilution effect of the loan capitalisation of the Company announced in November 2024.

We compared the Rights Issue with other rights issue transactions as set out in the table under "Comparison with other rights issue transactions" in the section headed "(3) Principal terms of the Rights Issue" in this letter. We noted that the theoretical dilution effect of the Rights Issue of approximately 20.95% falls within the range although it is near to the highest end of the Comparables of approximately 24.85%.

We concurred with the view of the Board that the Subscription Price and the size of funds to be raised are fair and reasonable and thereby still in the interest in the Shareholders despite the substantial potential dilution impact in case that the Qualifying Shareholders do not take up the Rights Shares based on the following independent assessments:

(i) the dilution effect complies with the Listing Rules and the significant discount to both the closing prices and the net asset value is expected to attract more Shareholders to participate in the Rights Issue to maintain their respective shareholding interests in the Company and contribute to the Group's future growth and development;

(ii) as mentioned in the paragraph under "Imminent need and reasonableness of the proposed use of proceeds" in the section headed "(2) Reasons for the Rights Issue, the Placing and the Set-off Arrangement" in this letter, it is critical for the Company to deploy resources to the development of the plans set out set out in the respective tables under "Upgrade existing cross-border e-Commerce platform HKMALL" and "Expand the Group's business model of product wholesaling", shortly upon completion of the Rights Issue. Given the fact that the consumer market is highly competitive, market players need to respond quickly to ensure customers satisfaction. In order to maintain its competitiveness and avoid losing business opportunities, the Group has the imminent needs to upgrade its e-commerce platform for better accessibility to customers and to alleviate the supply chain for shorter lead time of delivery and cost effectiveness;

(iii) we have reviewed the 2024 Second Interim Report and noted that the bank and cash balances of the Group was at low level of approximately HK$6.4 million as at 31 December 2024, which will not be sufficient to facilitate the Group's development plans. The Group also recorded net loss of approximately HK$134.4 million and net cash outflow from operating activities of HK$64.8 million for the twelve months ended 31 December 2024. Given the current unclear market conditions, it is not expected that the Group's profitability and liquidity position can be improved significantly in the near term; thus, the Group has the funding needs for its development plans;

(iv) the Rights Issue is considered as the most suitable source of financing among other financing alternatives as discussed under "Suitable source of financing among other financing alternatives" in the section headed "(2) Reasons for the Rights Issue, the Placing and the Set-off Arrangement" in this letter. Having considered the Group's financial performance, the low and stagnant closing price of the Shares since late August 2024 (as referred in the paragraphs under headed "Share price performance" in the section headed "(3) Principal terms of the Rights Issue" in this letter) and general thin trading volume of the Shares during the Review Period (as referred in the paragraphs under "Trading liquidity of the Shares" in the section headed "(3) Principal terms of the Rights Issue" in this letter), it is inevitably that the Subscription Price has to be set at a relatively deep discount to the prevailing market prices of the Shares to encourage the Shareholders to participate in the Rights Issue; and

(v) the size of funds to be raised reflects the reasonable amount of funds required to fund the Group's development plans and meet its working capital requirements, and is balanced against the potential dilution impact on Qualifying Shareholders who do not take up the Rights Issue.

We considered that the potential dilution effects mentioned above should be balanced by the following factors: (i) the Rights Issue would enhance the Group's financial position and strengthen its capital base for business development; (ii) provide additional funds for general working capital and reduce the debt level of the Group through the Set-off Arrangement; (iii) potential dilution to the shareholding interests of the Shareholders only happens to the Qualifying Shareholders who decide not to accept their assured entitlements in full; and (iv) the Qualifying Shareholders are in fact given the opportunity to trade the nil-paid Rights Shares if they decided not to take up their entitlements in whole or in part.

RECOMMENDATION

Having considered the above principal factors and reasons, in particular:

In respect of the Rights Issue

(i) the Group recorded negative operating cashflow for the twelve months ended 31 December 2024 and, net current liabilities as at 31 December 2024. Funds to be raised from the Rights Issue will improve the Group's liquidity position and provide it with additional funds for business development and general working capital;

(ii) the Group's intention to upgrade its existing cross-border e-Commerce platform HKMALL is in line with its business strategy since 2020 to transform from a single-category beauty retailer into a digital ecosystem, in particular the move to terminate traditional physical retail shop operations and the focus on enhancement on HKMALL e-Commerce operations;

(iii) the Group's intention to enhance business model of product wholesaling is also in line with its long-term strategy to enhance cross-border trade capabilities and bonded warehousing for supply chain efficiency;

(iv) having considered various financing alternatives available to the Group, the Directors believe the Rights Issue to be the most appropriate method of fund raising and in the best interest of the Company and the Shareholders, as opposed to other alternative means of financing as discussed in the paragraphs under "Suitable source of financing among other financing alternatives" in the section headed "(2) Reasons for the Rights Issue, the Placing and the Set-off Arrangement" in this letter; and

(v) the Subscription Price, the application for excess Rights Shares and the allocation method for the excess Rights Shares are fair and reasonable and it is common for rights issues to be conducted on a non-underwritten basis as discussed in the section headed "(3) Principal terms of the Rights Issue" in this letter,

In respect of the Placing and the Possible Subscription

(i) the Placing will be only for the Placing Shares (i.e. the Rights Shares not subscribed by the Qualifying Shareholders under the provisional allotment and after excess application) and provides a supplemental way of equity fund-raising for the Company and an opportunity for the Company to maximise the funds to be raised;

(ii) the terms of the Placing Agreement (including the placing price, the placing commission and the Possible Subscription) are fair and reasonable as discussed in the section headed "(4) Principal terms of the Placing Agreement" above; and

(iii) the Possible Subscription provides a mechanism for Mr. Chen to subscribe for the number of Placing Shares for the purpose of retaining his shareholding interests in the Company, and will not increase his shareholding interests in the Company immediately upon completion of the Right Issue and the Placing. Mr. Chen has expressed such intention pursuant to the Undertaking,

In respect of the Set-off Arrangement

(i) The Group is in a tight liquidity position; however, the outstanding Shareholder's Loans will become due shortly within twelve months. The Set-off Arrangement can alleviate the liquidity pressure and reduce the interest expenses of the Group with the repayment of the Shareholder's Loans. It also signifies Mr. Chen's continuous support to the Group;

(ii) the Group currently relies more on external financings for business operation. In view of the unclear prevailing market conditions, it is reasonable for the Group to reduce its debt level. Under the Set-off Arrangement, the Shareholder's Loan of approximately HK$54.86 million will be substantially set off; and

(iii) the Set-off Arrangement will entail Mr. Chen's long-term support to the Group as he will change from a creditor of the Shareholder's Loans to a Shareholder by extinguishment of the Shareholder's Loans and increase his equity interests in the Company; and reduce the interest expenses from the Shareholder's Loans. As such, maintaining continuous support from Mr. Chen and putting efforts on cost control under the Liquidity Improvement Measures adopted for preparing the condensed consolidated financial statements for the twelve months ended 31 December 2024 on a going concern basis can be addressed,

we consider that the terms of the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to recommend the Independent Shareholders, and we ourselves advise the Independent Shareholders, to vote in favour of the resolution relating to the Rights Issue, the Placing, the Possible Subscription and the Set-off Arrangement at the EGM.

Yours faithfully,
For and on behalf of
SBI China Capital Hong Kong Securities Limited

Ringo Kwan	**Evelyn Fan**
Managing Director	*Executive Director*

Mr. Ringo Kwan and Ms. Evelyn Fan have been responsible officers of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) since 2005 and 2012, respectively. Both of them have participated in the provision of independent financial advisory services for various types of transactions involving companies listed in Hong Kong.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The financial information of the Company for (i) the twelve months ended 31 December 2024 (unaudited); (ii) the six months ended 30 June 2024 (unaudited); and (iii) each of the three financial years ended 31 December 2021, 2022 and 2023 (audited), are set out in the following documents which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (http://corp.bonjourhk.com):

– *the second interim report for the twelve months ended 31 December 2024*

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0328/2025032800748.pdf

– *the interim report for the six months ended 30 June 2024*

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0927/2024092701017.pdf

– *the annual report for the 31 December 2023*

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042900837.pdf

– *the annual report for the 31 December 2022*

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042804459.pdf

– *the annual report for the 31 December 2021*

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042804221.pdf

2. INDEBTEDNESS OF THE GROUP

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

	As at 31 May 2025 *HK$'000*
Bank borrowing – unsecured and guaranteed*	3.076
Other borrowings – unsecured and unguaranteed	53,344
Other borrowings – unsecured and guaranteed**	16,033
Amount due to the controlling shareholder – unsecured and unguaranteed	59,147
Lease liabilities – unsecured and unguaranteed	61,200
	198,000

* The Group's unsecured bank borrowing was guaranteed by Mr. Chen Jianwen.

** The Group's unsecured other borrowings were guaranteed by Mr. Chen Jianwen and Bonjour Holdings Limited.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal payables and accruals in the ordinary course of business, the Group did not have any debt securities, liabilities under acceptances, acceptance credits, hire purchase commitments, mortgages, charges, bank overdrafts or loans, or other similar indebtedness, guarantees, material capital commitment or other material contingent liabilities outstanding as at the close of business on 31 May 2025.

3. WORKING CAPITAL STATEMENT

The Directors would like to highlight that the Group's working capital sufficiency over the next twelve months from the date of this Circular will be supported by the following measures. Ensuing these are successfully implemented will help maintain adequate working capital for the Group:

(i) the controlling Shareholder will continue to provide the Shareholder's Loans up to a limit of HK$100 million to the Group which will be expired on 31 March 2026; and the controlling Shareholder has indicated continuous support upon the expiry date for a period not less than 12 months.

(ii) the Rights Issue and the Placing can be successfully proceeded.

(iii) the Group will be able to extend the repayment dates or rollover its revolving loans ("**Revolving Loans**") and bonds ("**Bonds**") with the respective lenders and bond holders. In the next twelve months, in the absence of any extension or rollover arrangement, the total principal amounts are approximately HK$41 million (i.e. HK$14 million for Revolving Loans (obtained from independent private companies and individuals) and HK$27 million for Bonds). As of the Latest Practicable Date, the Group is actively pursuing the negotiation of extensions of the outstanding loans with the loan holders and with the bond holders to renew the Bonds near the maturity dates.

In light of the above, the Directors believe that successfully extending/rolling over the Shareholder's Loan, the Revolving Loans and the Bonds together with the net proceeds from the Rights Issue and the Placing will provide the Group the time required for the enhancement of the Group's operations and thus improve its performance. The Directors, after due and careful enquiry and having ensure all of the abovementioned measures coupled with the financial resources available to the Group, including cash and cash equivalents on hand, cash flows from operating activities and available facilities, to support the working capital of the Group for its operations, for at least twelve months from the date of this Circular.

4. MATERIAL ADVERSE CHANGE

On 12 November 2024, the Company entered into a subscription agreement with Mr. Chen (as the subscriber, pursuant to which, Mr. Chen has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 210,000,000 subscription Shares for a total consideration of HK$33.18 million and such transaction was completed on 13 January 2025. The proceeds of HK$33.18 million was used to offset part of the outstanding principal and accrued interest of the shareholder's loan payable by the Company to Mr. Chen.

Save for the above, the Board confirmed that there has been no material change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date.

5. BUSINESS TREND AND FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Hong Kong's retail sector navigated a complex landscape in 2024, balancing persistent challenges with transformative opportunities. While global economic volatility, shifting consumer behaviors, and geopolitical tensions tested resilience, the accelerated adoption of digital innovation—particularly cross-border e-commerce—emerged as a defining growth driver. The accelerated shift toward digitalization has become a defining force in Hong Kong's retail sector, reshaping customer expectations and business strategies alike. E-commerce penetration surged to unprecedented levels and retailers are increasingly adopting omnichannel strategies, integrating online and offline (O2O) experiences to cater to tech-savvy customers. Innovations such as AI-driven personalized marketing, social commerce platforms, and live-stream shopping have become essential tools for driving engagement and loyalty.

The Group has embarked on a transformative journey since 2020, redefining its business model to adapt to the rapidly evolving retail landscape. This transformation has been centered around expanding product offerings, leveraging technological innovation, and building a robust omnichannel ecosystem. 2024 is a year of strategic transformation for the Group. The Group has further streamlined its operations by taking a bold strategic decision to terminate the traditional physical retail shop operations, whilst focusing the resources and investment into enhancement of the HKMALL eCommerce operations as well as development of a new form of B2B business via O2O operations in the PRC. As at 31 December 2024, the Group has terminated from having over 20 physical retail stores/outlets in Hong Kong and Macau as at 31 December 2020 to currently remaining 3 physical retail stores in Hong Kong and Macau as at 31 December 2024. Following the Group's transformation, the sales generated from eCommerce operations contributed more than 75% and the sales generated from remaining physical retail stores contributed less than 25% of the total revenue of the Group for the financial year ended 31 December 2024.

Expanding from pure cosmetics to include "Beauty, Health & Lifestyle" products and enhancing the consumer experience has allowed the Group to cater to a broader customer base and align with shifting consumer preferences. By fostering innovation, collaboration, and digital excellence, the Group continues to drive sustainable value creation for stakeholders and partners worldwide.

The Group, as one of the leading e-commerce platform and beauty retail group in Hong Kong, remains steadfast in empowering small and medium-sized enterprises through premium e-commerce solutions and integrated intelligent retail systems. These offerings are designed to accelerate the digital evolution of traditional industries into agile, innovation-driven enterprises. By leveraging its advanced e-commerce and technology platform, the Group not only optimizes cost structures and operational efficiency for businesses but also equips clients with the tools to attain superior operational performance. Moving forward, the Group will intensify efforts to scale its bidirectional cross-border wholesale operations, positioning itself as a critical enabler for international suppliers seeking to penetrate and expand within Mainland China's dynamic consumer market, as well as Mainland suppliers seeking to expand their reach into International markets.

The Group has evolved its business model to align with emerging technological and consumer trends, ensuring sustainable value creation and superior shareholder returns. Central to this evolution is the "Technology + Consumption" framework, which integrates advanced digital solutions to accelerate consumer engagement and market penetration. This strategy will remain a cornerstone of growth in 2025, enabling the Group to cultivate an interconnected, innovation-driven ecosystem that supports both its operations and the digital ambitions of partner enterprises.

Using the means of digital application technology development, the Company will continue to develop system integration, including the addition of various intelligent technologies to make system integration more streamline and diversified. The Company will keep pace with the trend and provide customers with customized systems to help them improve the overall operating efficiency and reduce costs and increase efficiency.

The Group intends to continue to focus its resources and investment into enhancement of the HKMALL eCommerce operations as well as development of a new form of B2B business via O2O operations in the Mainland China leveraging on bonded warehouse operations.

Correspondingly, the Company is expected to continue to collaborate with reputable shopping platforms, and including but not limited to, make uses of the growing influence of social media and key opinion leaders on consumer purchasing decisions, to accelerate sale of the Group's private label beauty products.

HKMALL

The development of HKMALL can support Hong Kong merchants and overseas brands and create an ecosystem to assist Hong Kong small to medium enterprises (SMEs) in digitally transforming their traditional business models. The platform offers a diverse range of beauty, skincare, health and lifestyle products through both outright ownership and consignment models. By leveraging HKMALL's advanced infrastructure and localised expertise, it impowers Hong Kong retailers to access both the GBA's affluent consumer base and global markets. This dual reach reinforces Hong Kong's position as a pivotal hub in both regional and international trade networks, driving growth and innovation in the retail sector. HKMALL is well positioned to leverage this development and expand its reach into the GBA and beyond to global markets.

Within the HKMall ecosystem, the Group operates "Bonjour Global Outlet", a dedicated e-shop specialising in beauty and skincare that features an extensive portfolio of over 100 overseas renowned brands. HKMALL is committed to delivering exceptional value by offering high-quality products at competitive prices, making luxury and efficacy accessible to all. A dedicated team continuously monitors market trends and consumer behavior, leveraging in-depth research to identify emerging preferences and popular items. This proactive approach enables HKMALL to stay ahead of industry trends and meet the evolving needs of its customers. By prioritising quality, innovation, and customer satisfaction, the Group seeks to enhance customers' quality of life with exceptional products tailored to their unique preferences and lifestyles.

Supply chain operations

One of the Group's strategies is to emphasizes omnichannel excellence, create value for customers through seamless integration of online and offline channels. Through developing the bonded warehouse operations across the PRC, significant investments have been made by the Group to enhance multichannel initiatives and building capabilities for cross-border sales. The Group has successfully strengthened its competitive edge through strategic alliances with bonded warehousing facilities in different areas of the PRC, bolstering wholesale capabilities and optimising logistics and distribution networks. These partnerships enhance supply chain agility, ensuring rapid and cost-effective product delivery while unlocking access to untapped markets.

SMEs benefit from expanded cross-border eCommerce channels, enabling broader customer reach and participation in global trade opportunities. Moving forward, the Group will intensify efforts to scale its cross-border wholesale operations, positioning itself as a critical enabler for international suppliers seeking to penetrate and expand within Mainland China's dynamic consumer market. By fostering innovation, collaboration, and digital excellence, the Group will continue to focus on driving sustainable value creation for stakeholders and partners worldwide.

Overall, while the Group's traditional retail segment faced subdued recovery in 2024, strategic investments in new retail technologies and cross-border expansions—particularly in the Greater Bay Area and emerging Chinese markets position the business for revitalized growth in 2025. Bolstered by advancements in new retail technologies and an expanded operational scope, the Group is confident in its ability to regain momentum and deliver enhanced value to shareholders.

With a robust foundation in innovation, an expanded service scope, and a recalibrated risk management framework as described in the above, the Board is confident that the Group is poised to capitalize on post-pandemic opportunities, delivering sustainable returns to shareholders and reinforcing its leadership in the digital economy era.

Looking forward, the Group remains optimistic about the growth potential of cross-border e-commerce and omnichannel retail. The expansion of innovative business models across the Greater Bay Area and other key regions in the PRC positions the Group for renewed growth in 2025. By staying attuned to market dynamics and investing in strategic initiatives, the Group is confident to drive sustainable growth and deliver value to its stakeholders in the years to come.

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

The following is an illustrative unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" as issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024, as if the Rights Issue had taken place on 31 December 2024.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Rights Issue been completed as at 31 December 2024 or at any future dates. It is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024, which is extracted from the published second interim report of the Company for the twelve months ended 31 December 2024, and adjusted as described below.

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 *HK$'000 (note 1)*	**Estimated net cash proceeds from the Rights Issue** *HK$'000 (note 2)*	**Set-off Arrangement** *HK$'000 (note 3)*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 immediately after the completion of the Rights Issue** *HK$'000*	**Unaudited consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 December 2024 before the completion of the Rights Issue** *HK$ (note 4)*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 December 2024 immediately after the completion of the Rights Issue** *HK$ (note 5)*
Based on 1,343,147,397 Rights Shares to be issued at Subscription Price of HK$0.08 per Rights Share	148,654	51,999	54,023	254,676	0.33	0.14

Notes:

(1) The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 is extracted from the condensed consolidated statements of financial position of the Group as at 31 December 2024 as set out in the published second interim report of the Company for the twelve months ended 31 December 2024, which is based on the unaudited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2024 of approximately HK$148,654,000.

(2) The estimated net cash proceeds from the Rights Issue of approximately HK$51,999,000 are based on 1,343,147,397 Rights Shares (assuming (i) the Subscription (as defined in note 4) had been completed on 31 December 2024 and (ii) the Rights Issue is subscribed in full and no further issue or repurchase of shares up to and including the Record Date) to be issued at the Subscription Price of HK$0.08 per Rights Share, after (i) amount to be set-off according to the Set-off Arrangement (as detailed in note 3) of approximately HK$54,023,000 and (ii) deduction of estimated related expenses payable by the Company amounting to HK$1,430,000.

(3) Upon the completion of the Rights Issue, approximately HK$54,023,000 from 675,291,879 Rights Shares have been undertaken by Mr. Chen, the controlling shareholder, and would be set-off against the Group's amount due to the controlling shareholder.

(4) The unaudited consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 December 2024 before completion of the Rights Issue is calculated based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 of approximately HK$148,654,000 divided by 447,715,799 shares (representing 237,715,799 shares in issue as at 31 December 2024 and 210,000,000 subscription shares being allotted and issued on 13 January 2025 (the "Subscription", assuming the Subscription had been completed as at 31 December 2024).

(5) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 December 2024 immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of Rights Issue of approximately HK$254,676,000 (being the aggregate of (i) approximately HK$148,654,000 as at 31 December 2024; (ii) the estimated net cash proceeds of HK$51,999,000 from the Rights Issue and (iii) approximately HK$54,023,000 from the effect of the Set-off Arrangement, divided by 1,790,863,196 shares which represents 447,715,799 shares (representing 237,715,799 shares in issue as at 31 December 2024 and 210,000,000 subscription shares from the Subscription) and 1,343,147,397 Rights Shares, assuming the Rights Issue and the Subscription had been completed on 31 December 2024.

(6) Save as disclosed above, no adjustment has been made to the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2024.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from Grant Thornton Hong Kong 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 circular.



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

To the Directors of Bonjour Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Bonjour Holdings Limited (the "**Company**") and its subsidiaries (collectively 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 as at 31 December 2024, and related notes as set out on pages II-1 to II-2 of Appendix II to the circular issued by the Company dated 25 July 2025 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of three rights shares for every one existing share held on the record date at the subscription price of HK$0.08 per rights share (the "**Rights Issue**") on the Group's financial position as at 31 December 2024 as if the Rights Issue had taken place as 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 unaudited condensed consolidated financial statements for the twelve months ended 31 December 2024, on which a second interim report (with no audit or review 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**") as 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 as issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 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" as issued by the HKICPA. This standard requires that the reporting accountant 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 as issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in the Circular is solely to illustrate the impact of 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 Rights Issue as 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 unaudited 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 accountant's 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.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

25 July 2025

Lam Kam Fung
Practising Certificate No.: P07822

1. RESPONSIBILITY STATEMENT

This circular, 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately before the completion of the Rights Issue; and (iii) immediately following the completion of the Rights Issue (assuming there is no change in the number of issued Shares and that the Rights Issue is fully subscribed) are as follows:

As at the Latest Practicable Date

Authorized:	*HK$*
10,000,000,000 Shares of HK$0.01 each	100,000,000

Issued and fully paid:	*HK$*
447,715,799 Shares of HK$0.01 each	4,477,157.99

Immediately after the completion of the Rights Issue (assuming on change in the number of issued Shares and that the Rights Issue is fully subscribed)

Authorized:	*HK$*
10,000,000,000 Shares of HK$0.01 each	100,000,000

Issued and fully paid:	*HK$*
1,790,863,196 Shares of HK$0.01 each	17,908,631.96

The Rights Shares, when issued and fully-paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank *pari passu* in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment of the fully-paid Rights Shares.

As at the Latest Practicable Date, the Company has outstanding Warrants to subscribe for 29,078,947 Shares. Save as aforesaid, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

The Rights Shares to be issued will be listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

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

3. DISCLOSURE OF INTERESTS

(a) Directors' Interests

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which (a) 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 and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares and underlying Shares

Name of Director	**Capacity/nature of interests**	**Number of Shares**	**Approximately % of the issued share capital** *(note)*
Mr. Chen	Beneficial owner	225,097,293	50.28
Ms. Chiu Lai Kuen Susanna	Beneficial owner	50,000	0.01

Note: these percentages have been calculated based on the total number of issued Shares as at the Latest Practicable Date, i.e. 447,715,799 Shares.

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

(b) Substantial Shareholders' Interests

Long position in the Shares and underlying Shares

Name of Shareholder	Capacity/nature of interests	Number of Shares	Approximately % of the issued share capital *(note)*
Karfond Limited	Beneficial owner	32,143,147	7.18
Far East Consortium Limited	Interest of controlled corporation	32,143,147	7.18
Far East Consortium (B.V.I) Limited	Interest of controlled corporation	32,143,147	7.18
Ample Bonus Limited	Interest of controlled corporation	32,143,147	7.18
Far East Consortium International Limited	Interest of controlled corporation	32,143,147	7.18
Sumptuous Assets Limited	Interest of controlled corporation	32,143,147	7.18
Far East Organization (International) Limited	Interest of controlled corporation	32,143,147	7.18
Mr. Chiu David		32,143,147	7.18
Mrs. Chiu Ng Nancy		32,143,147	7.18

Notes

1. These percentages have been calculated based on the total number of issued Shares as at the Latest Practicable Date, i.e. 447,715,799 Shares.

2. The share capital of Karfond Limited was wholly owned by Far East Consortium Limited. Accordingly, Far East Consortium Limited is deemed to be interested in all the underlying shares held by Karfond Limited.

3. The share capital of Far East Consortium Limited was wholly owned by Far East Consortium (B.V.I.) Limited. Accordingly, Far East Consortium (B.V.I.) Limited is deemed to be interested in all the underlying shares held by Far East Consortium Limited.

4. The share capital of Far East Consortium (B.V.I.) Limited was wholly owned by Ample Bonus Limited. Accordingly, Ample Bonus Limited is deemed to be interested in all the underlying shares held by Far East Consortium (B.V.I.) Limited.

5. The share capital of Ample Bonus Limited was wholly owned by Far East Consortium International Limited. Accordingly, Far East Consortium International Limited is deemed to be interested in all the underlying shares held by Ample Bonus Limited.

6. The share capital of Far East Consortium International Limited was substantially owned by Sumptuous Assets Limited with 48.6% of its share capital and Mr. Chiu David with 0.96% of its share capital. And the share capital of Sumptuous Assets Limited was wholly owned by Far East Organization (International) Limited. Furthermore, the share capital of Far East Organization (International) Limited was wholly owned by Mr. Chiu David. Accordingly, Sumptuous Assets Limited, Far East Organization (International) Limited and Mr. Chiu David are deemed to be interested in all the underlying shares held by Far East Consortium International Limited.

7. These underlying shares are held by Mr. Chiu David, as Mrs. Chiu Ng Nancy is the spouse of Mr. Chiu David, Mrs. Chiu Ng Nancy is deemed to be interested in all the shares held by Mr. Chiu David by virtue of the SFO.

8. These underlying shares are unlisted warrants issued by the Company to Karford Limited on 29 June 2023 upon full redemption of the Convertible Bonds. After the Share Consolidation, these interests in shares comprise of (i) a total of 3,064,200 shares held by Karfond Limited; and (ii) the 29,078,947 underlying shares that may be subscribed for pursuant to the 29,078,947 unlisted warrants issued by the Company to Karfond Limited on 29 June 2022 and subsequent adjustment in respect of the share consolidation by the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company are not aware that there is any person (not being a Director or chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company which are recorded in the registers required to be kept under Section 336 of the SFO or notified to the Company pursuant to the SFO. As at the Latest Practicable Date, none of the Directors is a director or employee of any of the substantial Shareholders as set out in the above.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and any member of the Group other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN THE ASSETS, CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any assets which have, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group. None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

6. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

7. LITIGATION

Neither the Company nor any other member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any other member of the Group as at the Latest Practicable Date.

8. MATERIAL CONTRACTS

The following material 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 the two years preceding the date of this circular:–

(i) The Master Loan Agreement and its supplemental agreement dated 31 March 2025;

(ii) the Deed of Set-off and its supplemental deeds of set-off dated 13 May 2025, 3, 17, 25 June 2025 and 4 July 2025;

(iii) the Placing Agreement and its supplemental agreements dated 13 May 2025, 3, 17, 25 June 2025 and 4 July 2025; and

(iv) the subscription agreement dated 12 November 2024 entered into between the Company and Mr. Chen for Mr. Chen to subscribe for 210,000,000 subscription Shares for a total consideration of HK$33.18 million, the details of which were disclosed in the Company's announcement dated 12 November 2024.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinions, letters or advices which are contained in this circular:

Name	Qualification
Grant Thornton Hong Kong Limited	Certified Public Accountants
SBI China Capital Hong Kong Securities Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, each of the Experts named above (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and references to its name and/or its advice in the form and context in which they respectively appear; (ii) was not beneficially interested in any share of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (iii) did not have 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 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors	*Executive Directors* Mr. Chen Jianwen *(Chairman)* Ms. Chiu Lai Kuen, Susanna *Independent non-executive Directors* Mr. Kwok Chi Shing Mr. Lee Kwun Kwan Mr. Yan Sherman Chuek-ning
Registered Office	Windward 3 Regatta Office Park P.O. Box 1350 Grand Cayman, KY1-1108 Cayman Islands

Principal place of business in Hong Kong	12/F., Bonjour Tower No. 36-50 Wang Wo Tsai Street Tsuen Wan, Hong Kong
Authorized representatives	Mr. Wong Iu Ming 12/F., Bonjour Tower No. 36-50 Wang Wo Tsai Street Tsuen Wan, Hong Kong Ms. Chiu lai Kuen, Susanna 12/F., Bonjour Tower No. 36-50 Wang Wo Tsai Street Tsuen Wan, Hong Kong
Company Secretary	Mr. Wong Iu Ming 12/F., Bonjour Tower No. 36-50 Wang Wo Tsai Street Tsuen Wan, Hong Kong
Financial Adviser to the Company	Veda Capital Limited Room 27, Units 405-414, Level 4, Core E Cyberport 3, 100 Cyberport Road Hong Kong
Independent Financial Adviser	SBI China Capital Hong Kong Securities Limited 4/F., Henley Building No. 5 Queen's Road Central Hong Kong
Reporting accountants	Grant Thornton Hong Kong Limited 11th Floor, Lee Garden Two 28 Yun Ping Road Causeway Bay, Hong Kong
Placing Agent	MoneyMore Securities Limited 6th Floor, Malahon Centre 8-12 Stanley Street Central, Hong Kong
Hong Kong branch share registrar and transfer office	Union Registrars Limited Suites 3301-04, 33/F. Two Chinachem Exchange Square 338 King's Road North Point, Hong Kong

Principal share registrar and transfer office in the Cayman Islands	Suntera (Cayman) Limited Suit 3204, Unit 2A, Block 3 Building D, P.O. Box 1586 Gardenia Court, Camana Bay Grand Cayan, KY1-1110 Cayman Islands
Principal bankers	Hang Seng Bank Limited Bank of China (Hong Kong) Limited Industrial and Commercial Bank of China (Macau) Limited Shanghai Commercial Bank Limited Nanyang Commercial Bank Limited
Stock Code	00653
Company website	http://corp.bonjourhk.com

11. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Executive Directors

Mr. Chen Jianwen ("**Mr. Chen**"), aged 62, was appointed as an executive Director on 20 January 2016.

Mr. Chen has extensive experience in corporate governance, marketing strategy, industrial integration and value reconstruction in various fields of the business community. In particular, he has more than 20 years of experience in innovating digitalized management systems for traditional enterprises.

Ms. Chiu Lai Kuen, Susanna ("**Ms. Chiu**"), aged 65, was appointed as an executive Director on 31 December 2020.

Ms. Chiu has extensive experience in accounting, business management and operations. She graduated with a bachelor's degree with first class honours in economics from the University of Sheffield in the United Kingdom and obtained an executive master of business administration degree from The Chinese University of Hong Kong. Ms Chiu is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants of England and Wales, a certified information systems auditor and a member of the Chinese Institute of the Certified Public Accountants.

Independent non-executive Directors

Mr. Kwok Chi Shing ("**Mr. Kwok**"), aged 62, was appointed as an independent non-executive Director on 21 September 2020.

Mr Kwok is currently a certified public accountant in Hong Kong. Mr Kwok obtained a degree of Master of Arts in Economics with Accountancy from The University of Aberdeen in U.K. in July 1986. He has been a fellow member of the Hong Kong Institute of Certified Public Accountants since January 1991 and a member of the Institute of Chartered Accountants of Scotland since November 1989.

Mr. Lee Kwun Kwan ("**Mr. Lee**"), aged 62, was appointed as an independent non-executive Director on 31 August 2020.

Mr. Lee is veteran in the insurance industry of Hong Kong. Mr. Lee obtained a Bachelor of Arts degree in the University of Hong Kong in 1986 and Master of Business Administration degree in Lingnan University in 2003. Mr. Lee had been appointed, from 2005 to 2006, as the President of the General Agents and Managers Association of Hong Kong Limited, from 2007 to 2011, as the member of Insurance Training Board of Vocational Training Council, from 2011 to 2014, as the Founder and First Convener for the Insurance and Financial Practitioners Alliance, from 2012 to 2016, as the member for the Insurance Advisory Committee in the Financial Services and the Treasury Bureau of the Hong Kong Government, and from 2014 to 2019, as the Vice President of The Life Underwriters Association of Hong Kong Limited.

Mr. Yan Shernman Chuek-ning ("**Mr. Yan**"), aged 62, was appointed as an independent non-executive Director on 15 September 2020.

Mr Yan is currently a practicing solicitor and a Notary Public in Hong Kong. He is also the Managing Partner of ONC Lawyers. Mr Yan graduated from the University of London with a bachelor's degree in laws and the University of Southampton with a master's degree in laws.

Senior management

Company secretary

Mr. Wong Iu Ming ("**Mr. Wong**"), aged 70, was appointed as the company secretary of the Company on 9 July 2021.

Mr. Wong is a director of a number of subsidiaries of the Company. Mr. Wong is a fellow member of The Hong Kong Institute of Certified Public Accountants. He is also currently an executive director and deputy chief executive officer of Haifu International Finance Holding Group Ltd., a director of Innogy Global Limited and a member of executive committee of The Society for the Promotion of Hospice Care. Mr. Wong had been a general manager of Internal Audit of Urban Renewal Authority, and also has extensive experience in risk controls, finance and administration, internal audit among sizable Hong Kong public bodies and multinational conglomerates.

Business address of the Directors

The business address of the Directors is the same as the Company's principal place of business in Hong Kong.

12. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board comprises all the independent non-executive Directors, namely Mr. Kwok Chi Shing, Mr. Lee Kwun Kwan and Mr. Yan Sherman Chuek-ning. The primary duties of the audit committee include the review of the Group's financial reporting process and the internal control systems as well as risk management of the Group.

13. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK$1.43 million, which are payable by the Company.

14. DOCUMENTS ON DISPLAY

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

(i) the letter from the Board, the text of which is set out on pages 10 to 38 of this circular;

(ii) the letter from the Independent Board Committee, the text of which is set out on pages IBC-1 to IBC-2 of this circular;

(iii) the letter from the Independent Financial Adviser, the text of which is set out on page IFA-1 to IFA-42 of this circular;

(iv) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;

(v) the material contract(s) referred to in the paragraph headed "8. Material contracts" in this appendix; and

(vi) the written consents from the experts as referred to in the paragraph headed "9. Experts and consents" in this appendix.

15. MISCELLANEOUS

(i) 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.

(ii) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.

(iii) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text in the event of inconsistency.

Bonjour Holdings Limited
卓悦控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 653)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Bonjour Holdings Limited (the "**Company**") will be held at 10:00 a.m. on Tuesday, 12 August 2025 at 12/F, Bonjour Tower, 36-50 Wang Wo Tsai Street, Tsuen Wan, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions of the Company, Terms and expressions that are not expressly defined in this notice of EGM shall bear the same meaning as those defined in the circular of the Company dated 25 July 2025 (the "**Circular**").

ORDINARY RESOLUTIONS

"**THAT**

1. subject to the satisfaction of the conditions set out in the letter from the Board under the heading "Conditions of the Rights Issue" in the Circular:

   (a) to consider and approve the issue by way of rights issue of not more than 1,343,147,397 Rights Shares at the Subscription Price of HK$0.080 per Rights Share on the basis of three (3) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders as at the close of business on the Record Date, other than those Excluded Shareholders, and substantially on the terms and conditions set out in the Circular (a copy of which marked "A" is produced to the meeting and initialed by the chairman of the meeting for the purpose of identification) and such other terms and conditions as may be determined by the Directors, be and is hereby approved;

   (b) any one or more Directors be and is/are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Board may make such exclusions or other arrangements in relation to the Excluded Shareholders as it may deem necessary or expedient having regard to the legal restrictions under the laws of, or the requirements of the relevant regulatory body or stock exchange in, any territory outside Hong Kong; and

2. subject to the satisfaction of the conditions set out in the letter from the Board under the heading "The Placing Agreement" in the Circular:

   to consider and approve the Placing Agreement dated 16 April 2025 entered into between the Company and MoneyMore Securities Limited (a copy of which marked "B" is produced to the meeting and initialed by the chairman of the meeting for the purpose of identification), in relation to the placing of the Placing Shares not subscribed by the Qualifying Shareholders at the placing price of HK$0.080 per Placing Share, on a best-effort basis, and the transactions contemplated thereunder be and are hereby approved;

3. conditional upon the passing of resolution number 1 and 2 as set out above and the completion of the Rights Issue:

   the Possible Subscription by Mr. Chen of the Placing Shares from the Placing to retain the shareholding interest of Mr. Chen in the Company of approximately 50.28% be and is hereby approved and confirmed, and the Directors be and are hereby authorized to do all such things and acts and execute all documents which they consider necessary, desireable or expedient to implement or to give effect to any matters relating to the Possible Subscription; and

4. conditional upon the passing of resolution number 1 and 2 as set out above and the completion of the Rights Issue:

   the total subscription price payable by Mr. Chen for the Rights Shares to which he is entitled to and/or is required to subscribe for (if any) under the Rights Issue and the Subscription respectively, would be partially settled by cash and partially set-off (the "**Set-off Arrangement**") on a dollar-to-dollar basis against the equivalent amount of the shareholder's loan indebted by the Company to Mr. Chen, and the remaining balance of the subscription price, if any, in cash and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified and the Directors be and are hereby authorised to do all such things and acts and execute all documents which they consider necessary, desirable or expedient to implement or to give effect to any matters relating to the Set-off Arrangement.

   any one or more Directors be and is/are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Rights Issue, the Placing Agreement, the Possible Subscription, the Set-off Arrangement and the respective transactions contemplated thereunder."

By order of the Board
Bonjour Holdings Limited
Chen Jianwen
Chairman and Executive Director

Hong Kong, 25 July 2025

Registered office:
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

Head office and principal place of business:
12/F., Bonjour Tower
No. 36-50 Wang Wo Tsai Street
Tsuen Wan, Hong Kong

Notes:

1. Any shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint one proxy, or if he/she/it is the holder of two or more Shares, more than one proxy to attend and vote in his/her/its stead. A proxy need not be a shareholder of the Company.

2. A form of proxy of the Meeting is enclosed. The form of proxy shall be signed by the shareholder of the Company or his/her/its attorney duly authorised in writing or, in the case of a corporation, the form of proxy must be made under seal or under the hand of an officer or attorney duly authorised on its behalf.

3. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event by 10:00 a.m. on Sunday, 10 August 2025 or not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

4. Delivery of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

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

6. In order to determine the entitlement of the shareholders of the Company to attend and vote at the Meeting, the register of members of the Company will be closed from Wednesday, 6 August 2025 to Tuesday, 12 August 2025 (both days inclusive), during which period no transfer of Shares can be registered. To qualify for the attendance and voting at the Meeting, shareholders of the Company must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Tuesday, 5 August 2025.

7. References to time and dates in this notice are to Hong Kong time and dates.

8. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions after super typhoons" announced by the Hong Kong Government is/are in effect any time after 8:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will publish an announcement on the website of the Company (http://corp.bonjourhk.com) and on the website of the Stock Exchange (www.hkexnews.hk) to notify Shareholders of the date, time and venue of the rescheduled meeting.

9. As at the date of this notice, the Board comprises Mr. Chen Jianwen and Ms. Chiu Lai Kuen, Susanna as executive Directors; Mr. Kwok Chi Shing, Mr. Lee Kwun Kwan and Mr. Yan Sherman Chuek-ning as independent non-executive Directors.