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 **Shin Hwa World 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.

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

Shin Hwa World Limited
神話世界有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 00582)

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE; AND (II) NOTICE OF SPECIAL GENERAL MEETING

Underwriter

中富證券
SR WEALTH SECURITIES

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

雋匯國際
雋匯國際金融有限公司
Jun Hui International Finance Limited

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

A notice convening the SGM of Shin Hwa World Limited to be held at 2:30 p.m. on Tuesday, 16 September 2025 at the meeting room of SOHO 1, 6/F., IBIS Hong Kong Central & Sheung Wan, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong is set out in this Circular. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend and vote at the SGM in person, please complete the form of proxy in accordance with the instructions set out thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting (as the case may be) should you so wish.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These certain events are set out in the section headed "Termination of the Underwriting Agreement" in this Circular and the Letter from the Board. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

It should also be noted that the Rights Issue is only underwritten on a best effort basis and non-fully underwritten basis. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue.

22 August 2025

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TERMINATION OF THE UNDERWRITING AGREEMENT

If, at any time prior to the Latest Time for Termination there occurs, in the reasonable opinion of the Underwriter:

(a) any of the following which will or is likely to materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudices the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue: (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or (ii) the occurrence, happening, coming into effect or becoming public knowledge of (1) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; (2) a suspension or a material limitation in trading in securities generally on the Stock Exchange; (3) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange for more than ten consecutive Business Days (other than pending publication of Rights Issue Announcement or any other document relating to the Rights Issue); (4) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authority or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; or (5) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof; or

(b) any change in the circumstances of the Company or any member of the Group occurs which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or

(c) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, military conflict, strike or lock-out which in the reasonable opinion of the Underwriter materially or adversely affects the business or financial or trading position or prospects of the Group as a whole; or

(d) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Underwriting Agreement which, in the reasonable opinion of the Underwriter, is or might be material to the Group taken as a whole; or

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

the Underwriter shall be entitled by notice in writing issued by the Underwriter to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If, at or prior to the Latest Time for Termination:

(a) the Company commits any material breach of or omits to materially observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement, where, in the reasonable opinion of the Underwriter, such breach or omission will or is likely to have a material and adverse effect on its business, financial or trading prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or

(b) the Underwriter shall receive notification pursuant to the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations, warranties or undertakings contained in the Underwriting Agreement was, when given, untrue or inaccurate or incomplete or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable discretion, determine that any such untrue representation, warranty or undertaking represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or

(c) the Company's application to the Listing Committee of the Stock Exchange for the permission for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) on the Stock Exchange is withdrawn by the Company and/or refused or revoked by the Stock Exchange;

the Underwriter shall be entitled (but not bound) by notice in writing issued by it to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement and rescind the Underwriting Agreement. Any such notice shall only be served by the Underwriter prior to the Latest Time for Termination.

Upon the giving of notice referred to above, all obligations of the Underwriter thereunder shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, but without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. Further announcement(s) will be made if the Underwriting Agreement is terminated by the Underwriter.

The expected timetable for the Rights Issue is set out below, which is for indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this Circular refer to Hong Kong local times and dates.

Event	**Date (Hong Kong time)**
Expected despatch date of the Circular, proxy form and the notice of the SGM	Friday, 22 August 2025
Latest time for lodging transfer of Shares to qualify for attendance and voting at the SGM	4:30 p.m. on Tuesday, 9 September 2025
Closure of register of members (both days inclusive)	Wednesday, 10 September 2025 to Tuesday, 16 September 2025
Latest time for lodging proxy forms for the SGM	2:30 p.m. on Sunday, 14 September 2025
Record date for attendance and voting at the SGM	Tuesday, 16 September 2025
Expected time and date of the SGM to approve the Rights Issue	2:30 p.m. on Tuesday, 16 September 2025
Announcement of the poll results of the SGM	Tuesday, 16 September 2025
Register of members re-opens	Wednesday, 17 September 2025
Last day of dealings in the Shares on cum-rights basis relating to the Rights Issue	Friday, 19 September 2025
First day of dealings in the Shares on ex-rights basis relating to the Rights Issue	Monday, 22 September 2025
Latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue	4:30 p.m. on Tuesday, 23 September 2025
Closure of register of members for the Rights Issue (both days inclusive)	Wednesday, 24 September 2025 to Tuesday, 30 September 2025
Record date for the Rights Issue	Tuesday, 30 September 2025

Register of members of the Company re-opens	Thursday, 2 October 2025
Despatch of Prospectus, PAL and EAF	Thursday, 2 October 2025
First day of dealings in nil-paid Rights Shares	Monday, 6 October 2025
Latest time for splitting the PALs	4:00 p.m. on Thursday, 9 October 2025
Last day of dealing in nil-paid Rights Shares	Tuesday, 14 October 2025
Latest time for acceptance of and payment for the Rights Shares and application of excess Rights Shares	4:00 p.m. on Friday, 17 October 2025
Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional	5:00 p.m. on Monday, 20 October 2025
Announcement of results of the Rights Issue	Friday, 24 October 2025
Despatch of share certificates for fully-paid Rights Shares and refund cheques in relation to wholly or partially unsuccessful applications for excess Rights Shares	Monday, 27 October 2025
Commencement of dealings in fully-paid Rights Shares	Tuesday, 28 October 2025

Note:

(1) Shareholders should note that the dates and deadlines specified in the above timetable and in other parts of this Circular are indicative only and subject to change. Further announcement(s) will be made if there is any change to the expected timetable.

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

The Latest Time for Acceptance will not take place as scheduled if there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning or "extreme conditions" caused by super typhoons issued by the Hong Kong Observatory:

(a) 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 for Acceptance falls. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or

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

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

In this Circular, the following expressions shall have the following meanings unless the content indicates otherwise:

"acting in concert"	has the meaning ascribed thereto under the Takeovers Code
"associate(s)"	has the same meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	for the purpose of the Underwriting Agreement, any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no.8 or above or black rainstorm signal is hoisted or the "extreme conditions" is announced in Hong Kong between 9: 00 a.m. and 5: 00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours; and for all other purposes, a day on which the Stock Exchange is open for transaction of business
"Bye-Laws"	the bye-laws of the Company as amended from time to time
"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
"Circular"	the circular to be despatched to the Shareholders by the Company, relating to, among other things, the Rights Issue
China Clear"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"Company"	Shin Hwa World Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00582)
"Companies Act"	the Companies Act 1981 of Bermuda (as amended and supplemented from time to time)
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules
"core connected person(s)"	has the same meaning ascribed to it under the Listing Rules

"CSRC"	China Securities Regulatory Commission
"Despatch Date"	Thursday, 2 October 2025 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Excluded Shareholders, as the case may be
"Director(s)"	the director(s) of the Company
"EAF(s)"	the form(s) of application for use by the Qualifying Shareholders (other than PRC Southbound Trading Investors) who wish to apply for the excess Rights Shares
"Excluded Shareholder(s)"	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"Extreme Condition"	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
"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 PRC
"Independent Board Committee"	the independent committee of the Board, comprising Mr. Li Chun Kei, Mr. Shek Lai Him Abraham and Mr. Du Peng, being all of the independent non-executive Directors, which has been established to give recommendation to the Independent Shareholders in respect of the Rights Issue

"Independent Financial Adviser" or "Jun Hui International"	Jun Hui International Finance Limited, a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being an 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
"Independent Shareholder(s)"	any Shareholder(s) who are not required to abstain from voting at the SGM under the Listing Rules
"Independent Third Party(ies)"	third party(ies) who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
"Last Trading Day"	Friday, 25 July 2025, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of Rights Issue Announcement
"Latest Practicable Date"	Monday, 18 August 2025, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information for inclusion in this Circular
"Latest Time for Acceptance"	4:00 p.m. on Friday, 17 October 2025 or such other time and date as may be agreed between the Company and the Underwriter, being the latest time for application for, and payment for, acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares as described in the Prospectus
"Latest Time for Termination"	5:00 p.m. on Monday, 20 October 2025 being the first Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
"Listing Committee"	has the same meaning ascribed to it under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MGO Obligation"	the obligation to make a mandatory general offer under the Takeovers Code

"Overseas Shareholder(s)"	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
"PAL(s)"	the provisional allotment letter(s) for the Rights Issue
"PRC"	the People's Republic of China, which for the purpose of this Circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus to be despatched to the Qualifying Shareholders (and the Excluded Shareholder(s) for information only) on the Despatch Date in connection with the Rights Issue
"Prospectus Documents"	the Prospectus, the PAL(s) and the EAF(s)
"PRC Southbound Trading Investor(s)"	the PRC investor(s) who hold Shares through China Clear as nominee under the Shenzhen-Hong Kong Stock Connect and the Shanghai-Hong Kong Stock Connect
"Public Float Requirement"	the public float requirement under Rule 8.08 of the Listing Rules
"Qualifying Shareholders"	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholder(s)
"Record Date"	Tuesday, 30 September 2025, being the record date to determine entitlements to the Rights Issue
"Registrar"	Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong
"Rights Issue"	the proposed issue of 1,825,740,693 Rights Issue at the Subscription Price on the basis of one (1) Rights Share for every one (1) Share held at the close of business on the Record Date payable in full on acceptance
"Rights Issue Announcement"	the announcement dated 25 July 2025 in relation to among other things, the Rights Issue and the appointment of Independent Financial Adviser
"Rights Share(s)"	the new Share(s) to be allotted and issued under the Rights Issue
"Scale-Down EAF Shares"	such number of Rights Shares applied for as excess application under the EAF(s) which would, if allotted by the Company, result in the incurring of an MGO Obligation on the part of the applicant

"Scale-Down PAL Shares"	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in the incurring of an MGO Obligation on the part of the applicant
"Scaling-down"	the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares, whether under the PALs or EAFs, or transferees of nil-paid Rights Shares shall be subject to, to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may trigger any MGO Obligation
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended and supplemented from time to time)
"SGM"	the special general meeting of the Company to be convened and held at 2:30 p.m. on Tuesday, 16 September 2025, in which resolution will be proposed to consider, and, if thought fit, to approve the Rights Issue
"Shanghai-Hong Kong Stock Connect"	the securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited, Shanghai Stock Exchange and China Clear
"Share(s)"	the ordinary share(s) of par value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen-Hong Kong Stock Connect"	the securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited, Shenzhen Stock Exchange and China Clear
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$0.1 per Rights Share
"substantial shareholder(s)"	has the meaning as ascribed to this term under the Listing Rules
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)

"Underwriter"	SR Wealth Securities Limited, a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the SFO
"Underwriting Agreement"	the underwriting agreement dated 25 July 2025 and entered into between the Company and the Underwriter in relation to the Rights Issue
"Underwritten Shares"	up to 1,825,740,693 of Rights Shares to be underwritten by the Underwriter
"Untaken Shares"	such number of Rights Shares (if any) in respect of which duly completed PAL(s) or EAF(s) have not been lodged for acceptance or not fully paid or otherwise rejected on or before the Latest Time for Acceptance, including any Rights Shares to which the Excluded Shareholders would otherwise have been entitled under the Rights Issue if they were to be Qualifying Shareholders, together with the Scale-down PAL Shares and the Scale-down EAF Shares not being applied (whether validly or otherwise) and/or fully paid for under the EAFs
"%"	per cent.

Shin Hwa World Limited
神話世界有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock code: 00582)

Executive Directors:
Ms. Chan Mee Sze *(Acting Chairperson)*
Dr. Wong Hoi Po
Mr. Huang Wei

Independent Non-executive Directors:
Mr. Li Chun Kei
Mr. Shek Lai Him Abraham
Mr. Du Peng

Principal office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Registered office:
Units 1412-1413, 14th Floor
China Merchants Tower
Shun Tak Centre
Nos. 168-200 Connaught Road
Central Hong Kong

22 August 2025

To the Shareholders:

Dear Sir/Madam,

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE; AND (II) NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

References are made to the Rights Issue Announcement in relation to, among other things, the Rights Issue and the appointment of Independent Financial Adviser.

The purpose of this Circular is to provide you with (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from Jun Hui International to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the SGM.

PROPOSED RIGHTS ISSUE

The Board proposes to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date. Further details of the Rights Issue are set out as follows:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$0.1 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK$0.0979 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	1,825,740,693 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	up to 1,825,740,693 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date)
Aggregate nominal value of the Rights Shares	:	up to HK$18,257,406.93
Total number of Shares in issue upon completion of the Rights Issue	:	up to 3,651,481,386 Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date)
Gross proceeds from the Rights Issue	:	up to approximately HK$182.57 million before expenses (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date)
Right of excess applications	:	Qualifying Shareholders (other than the PRC Southbound Trading Investor(s)) may apply for the Rights Shares in excess of their provisional allotment

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

Assuming no Shares are issued or repurchased on or before the Record Date and assuming all Rights Shares will be taken up, 1,825,740,693 Rights Shares to be issued pursuant to the terms of the Rights Issue represents 100% of the total number of issued Shares as at the Latest Practicable Date and approximately 50.00% of the total number of issued Shares as enlarged immediately upon completion of the Rights Issue.

The theoretical dilution effect of the Rights Issue is approximately 17.11%. As such, the theoretical dilution impact of the Rights issue is in compliance with Rule 7.27B of the Listing Rules.

The Rights Issue is only underwritten on a best-effort and non-fully underwritten basis. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or waiver of the conditions precedent of the Rights Issue and the Underwriting Agreement, the Rights Issue shall proceed regardless of the ultimate subscription level, and up to 1,825,740,693 Rights Shares (assuming there is no change in the total number of issued Shares from Latest Practicable Date up to and including the Record Date) are available to be subscribed subject, however, to any Scaling-down.

In the event that the Rights Issue is under-subscribed, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by the Underwriter or subscribers procured by it pursuant to the Underwriting Agreement will not be issued, and hence, the size of the Rights Issue will be reduced accordingly.

Subscription Price

The Subscription Price of HK$0.1 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, upon an application of excess Rights Shares, or where a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

(a) a discount of approximately 26.47% to the closing price of HK$0.136 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) a discount of approximately 34.21% to the closing price of HK$0.152 per Share as quoted on the Stock Exchange on the Last Trading Day;

(c) a discount of approximately 33.07% to the average closing price of approximately HK$0.1494 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

(d) a discount of approximately 33.99% to the average closing price of approximately HK$0.1515 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

(e) a discount of approximately 17.11% to the theoretical ex-rights price of approximately HK$0.126 per Share based on the closing price of HK$0.152 per Share as quoted on the Stock Exchange on the Last Trading Day;

(f) a discount of approximately 97.30% to the net asset value of the Company of approximately HK$3.70 per Share based on the unaudited net asset value attributable to owners of the Company of approximately HK$6,757,069,000 as at 30 June 2024 and 1,825,740,693 Shares; and

(g) a discount of approximately 97.12% to the net asset value of the Company of approximately HK$3.47 per Share based on the net asset value attributable to owners of the Company of approximately HK$6,340,262,000 as at 31 December 2024 and 1,825,740,693 Shares.

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, the size of the Rights Issue, the market price of the Shares under the prevailing market conditions, the financial condition of the Company and the reasons and benefits of Rights Issue as discussed in the paragraph headed "Reasons for and Benefits of the Rights Issue and Use of Proceeds" in the "Letter from the Board" of this Circular. The Board considers that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

(a) passing of all the necessary resolution(s) at the SGM to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Shareholders (other than those who are required to abstain from voting according to the Listing Rules or other applicable laws and regulations if necessary);

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

(c) the Prospectus Documents having been made available to the Qualifying Shareholders and the Prospectus for information purpose only having been made available to the Excluded Shareholders on or before the Despatch Date;

(d) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares, in nil-paid and fully-paid forms;

(e) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement not being terminated in accordance with the terms thereof on or before the Latest Time for Termination; and

(f) the representation, warranties and undertakings of the Company as set out in the Underwriting Agreement remain true and accurate in all material respects.

The Company shall on a best-effort basis procure the fulfillment or waiver (as the case may be) of all the conditions precedent by the Latest Time for Termination or such other date as the Company and the Underwriter may agree.

The Underwriter may at any time by notice in writing to the Company waive the condition precedent set out in (f) above. Save and except the condition precedent set out in (f) above, the other conditions precedent are incapable of being waived. If the conditions precedent are not satisfied and/or waived in whole or in part by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder (other than PRC Southbound Trading Investors) must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Tuesday, 23 September 2025. The rights of the PRC Southbound Trading Investors have been set out in the paragraph headed "Rights of PRC Southbound Trading Investors" below.

It is expected that the last day of dealings in the Shares on a cum-rights basis is Friday, 19 September 2025, and the Shares will be dealt with on an ex-rights basis from Monday, 22 September 2025.

Subject to the passing of the resolution to approve the Rights Issue by the Independent Shareholders at the SGM and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will make the Prospectus Documents available to the Qualifying Shareholders on the Despatch Date and will make available the Prospectus (without the PAL and the EAF) to the Excluded Shareholders for their information only.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 24 September 2025 to Tuesday, 30 September 2025 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of the Shares will be registered during the above book closure period.

Basis of provisional allotments

The Rights Shares will be allotted on the basis of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made only by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

Rights of PRC Southbound Trading Investors

According to the "Stock Connect Southbound Shareholding Search" available on the Stock Exchange's website, as of the Latest Practicable Date, China Clear held 10,389,240 Shares, representing approximately 0.56% of the total number of Shares in issue.

The PRC Southbound Trading Investors may participate in the Rights Issue through China Clear.

China Clear will provide nominee services for the PRC Southbound Trading Investors to (a) sell their nil-paid Rights Shares on the Stock Exchange; and/or (b) subscribe for their pro rata entitlement in respect of Rights Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations. However, China Clear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. In addition, the PRC Southbound Trading Investors (or the relevant China Clear participants as the case may be) whose stock accounts are credited with nil-paid Rights Shares could only sell those nil-paid Rights Shares on the Stock Exchange under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect but could not purchase any other nil-paid Rights Shares nor transfer any nil-paid Rights Shares to other PRC Southbound Trading Investors.

The PRC Southbound Trading Investors should consult their intermediaries (including brokers, custodians, nominees or China Clear participants) and/or other professional advisers for details of the logistical arrangements as required by China Clear and provide such intermediary with instructions on the acceptance and/or sale of the nil-paid Rights Shares. Such instructions should be given in advance of the relevant dates stated under the section headed "Expected Timetable" of this Circular and otherwise in accordance with the requirements of the intermediary of the PRC Southbound Trading Investors and/or China Clear in order to allow sufficient time to ensure that such instructions are given effect.

The Board was advised that, as the Prospectus Documents will not be and are not intended to be filed with or approved by the CSRC other than in accordance with the notice of the CSRC "Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect" (關於港股通下香港上市公司向境內原股東配售股份的備案規定) (Announcement [2016] No. 21) (the "CSRC Notice") and, if necessary, the "Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies" (境內企業境外發行證券和上市管理試行辦法) promulgated by the CSRC effective from 31 March 2023, the Rights Shares to be issued the PRC Southbound Trading Investors shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless through Shenzhen-Hong Kong Stock Connect and/or Shanghai-Hong Kong Stock Connect, or such person or entity has otherwise been exempt by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

Rights of Overseas Shareholders (other than PRC Southbound Trading Investors)

Save as disclosed under the paragraph headed "Rights of PRC Southbound Trading Investors", the Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong and the PRC. Overseas Shareholders (other than PRC Southbound Trading Investors) may not be eligible to take part in the Rights Issue as explained below.

The Board will comply with Rule 13.36 of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on the legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions of the relevant overseas regulatory body or stock exchange, the Rights Issue will not be extended to such Overseas Shareholders and no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders (other than PRC Southbound Trading Investors). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. Further details and the basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before dealings in the nil-paid Rights Shares end, if a premium in excess of all expenses of sale can be obtained. The aggregate net proceeds of such sale will be distributed by the Company to the Excluded Shareholders (pro-rata to their respective entitlements on the Record Date and round down to the nearest cent) in Hong Kong dollars, provided that if any of such Excluded Shareholders would be entitled to a net sum not less than HK$100 after deducting all relevant expenses. In view of administrative costs, the Company will retain the remaining balance of the sale proceeds after the said distribution for its own benefit. Any unsold nil-paid Rights Shares to which such Excluded Shareholders (if any) would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders (other than PRC Southbound Trading Investors) under the EAFs. For the avoidance of doubt, the Excluded Shareholders (if any) will be entitled to vote at the SGM.

Based on the register of members of the Company, as at the Latest Practicable Date, there was 1 Overseas Shareholder with registered addresses located in the PRC. Save for the Overseas Shareholder with registered address located in the PRC, there were no other Overseas Shareholders based on the register of members of the Company as at the Latest Practicable Date. Taking into account the advice provided by legal adviser in the PRC, the Directors are of the view that the relevant PRC legal restrictions and requirements of the regulatory body or stock exchange in the PRC do not make it necessary or expedient to exclude the Overseas Shareholders with registered addresses located in the PRC from the Rights Issue. Therefore, such Overseas Shareholder is not Non-Qualifying Shareholder and the Rights Issue will be extended to such Overseas Shareholder.

Overseas Shareholders (other than PRC Southbound Trading Investors) should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Shareholders and beneficial owners of the Shares (including, without limitation, their respective agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Application for the Rights Shares

The PALs and the EAFs relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein by completing such form(s) and lodging the same with separate remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance. The Company will not send the EAFs to PRC Southbound Trading Investors.

Scale-down mechanisms

Pursuant to the Underwriting Agreement, as the Rights Issue is only underwritten by the Underwriter on a best-effort and non-fully underwritten basis, and so as to avoid the unwitting triggering of the MGO Obligation, all applications for Rights Shares whether under the PAL(s) or the EAF(s), or by transferees of nil-paid Rights Shares, or by subscribers procured by the Underwriter will be made on the basis that the applications are to be scaled-down by the Company to a level which does not trigger any MGO Obligation on the part of the applicant or parties acting in concert with him/her/it. Any subscription monies for the Scale-down PAL Shares or the Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares and the Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s).

In addition, under and/or pursuant to the Scaling-down, any application for Rights Shares, whether under PAL(s) or EAF(s), shall be subject to the scale-down mechanisms of the Rights Issue as determined by the Company to levels which do not trigger any MGO Obligation. Such scale-down

of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (i) EAF(s) should be scaled down before PAL(s); and (ii) where the scale-down is necessitated by the exceeding of shareholding by a group rather than an individual Shareholder, the allocations of EAF(s) and PAL(s) to members of the affected group should be made on a pro-rata basis by reference to the number of Shares held by the affected applicants on the Record Date, but for avoidance of any doubt, any or any such onward allocation(s) shall be subject to the Scaling-down as well.

Application for the excess Rights Shares

Qualifying Shareholders (other than PRC Southbound Trading Investors) 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);

(ii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renouncees or transferees of nil-paid Rights Shares;

(iii) the Scale-down PAL Shares (if any); and

(iv) the Scale-down EAF Shares (if any).

(i) to (iv) 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, subject to the compliance with the Listing Rules (including but not limited to the Public Float Requirement), allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

(i) any excess Rights Shares will be allocated to Qualifying Shareholders (other than PRC Southbound Trading Investors) who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;

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

(iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and

(iv) 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 Rights 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.

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, subject to the compliance with the Listing Rules, allocate to each Qualifying Shareholder (other than PRC Southbound Trading Investors) who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Investors whose Shares are held by a nominee (or which are held in CCASS) should note that the Board will regard the nominee (including HKSCC Nominees Limited) whose name appears on the register of members (the "**Registered Nominee**") as a single Shareholder under the aforesaid arrangement in relation to the allocation of excess Rights Shares. Beneficial owners who hold Shares through a Registered Nominee are advised to consider whether they would like to arrange for the registration of their Shares in their own names prior to the Record Date.

Investors whose Shares are held by a Registered Nominee and who would like to have their names registered on the register of members, must lodge all necessary documents with the Registrar, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for completion of the relevant registration by 4:30 p.m. on Tuesday, 23 September 2025. The register of members will be closed from Wednesday, 24 September 2025 to Tuesday, 30 September 2025, both dates inclusive.

Qualifying Shareholders (other than PRC Southbound Trading Investors) who wish to apply for excess Rights Shares in addition to their provisional allotment must complete and sign an EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, Tricor Investor Services Limited on or before the Latest Time for Acceptance. The Company will not send the EAFs to PRC Southbound Trading Investors.

Certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Monday, 27 October 2025, to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on or before Monday, 27 October 2025 by ordinary post, at the respective Shareholders' own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Monday, 27 October 2025, by ordinary post to the applicants, at their own risk, to their registered addresses.

No fractional entitlement to the Rights Shares

On the basis of provisional allotment of one (1) Rights Share for every one (1) Share held on the Record Date, no fractional entitlements to the Rights Shares shall arise under the Rights Issue.

Odd lots arrangements

No odd lot matching services will be provided by the Company in respect of the Rights Issue.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

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 the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their 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.

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

THE UNDERWRITING AGREEMENT

On 25 July 2025 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement, pursuant to which the Underwriter has agreed to procure, on a best-effort and non-fully underwritten basis, the subscription for any unsubscribed Rights Shares subject to the terms and conditions set out in the Underwriting Agreement. The principal terms of the Underwriting Agreement are summarized below:

Date:	25 July 2025 (after trading hours of the Stock Exchange)
Underwriter:	SR Wealth Securities Limited, a corporation licensed to carry on Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the SFO.

	To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. The Underwriter confirmed that it has complied with Rule 7.19(1) of the Listing Rules.
Number of Rights Shares underwritten by the Underwriter:	Up to 1,825,740,693 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date)
Underwriting Commission:	1% of the aggregate Subscription Price in respect of the Underwritten Shares

The Rights Issue is underwritten by the Underwriter on a best-effort and non-fully underwritten basis pursuant to the terms of the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter shall use its best endeavours to ensure that (i) each subscriber of the Untaken Shares procured by it shall be an Independent Third Party, (ii) no subscriber of the Untaken Shares procured by it, together with any party acting in concert with it, will hold 30% (or such percentage which will trigger any MGO Obligation under the Takeovers Code) or more of the voting rights of the Company; and (iii) the Public Float Requirement remains to be fulfilled by the Company upon completion of the Rights Issue.

The terms of the Underwriting Agreement, including the underwriting commission rate, were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial condition of the Group, the size of the Rights Issue, the prevailing market rate of commission and the prevailing market condition. The Directors consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) is fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Underwriting Agreement.

Subject to the fulfilment (or any waiver, as the case may be, by the Underwriter) of all the conditions contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe or procure the subscription, on a best-effort basis and non-fully underwritten basis, for the Underwritten Shares that are not otherwise taken up.

Conditions of the Underwriting

The conditions of the Underwriting Agreement have been set out in the paragraph headed "Proposed Rights Issue — Conditions of Rights Issue" above.

Termination of the Underwriting Agreement

If, at any time prior to the Latest Time for Termination there occurs, in the reasonable opinion of the Underwriter:

(a) any of the following which will or is likely to materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudices the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue: (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or (ii) the occurrence, happening, coming into effect or becoming public knowledge of (1) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; (2) a suspension or a material limitation in trading in securities generally on the Stock Exchange; (3) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange for more than ten consecutive Business Days (other than pending publication of Rights Issue Announcement or any other document relating to the Rights Issue); (4) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authority or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; or (5) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof; or

(b) any change in the circumstances of the Company or any member of the Group occurs which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or

(c) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, military conflict, strike or lock-out which in the reasonable opinion of the Underwriter materially or adversely affects the business or financial or trading position or prospects of the Group as a whole; or

(d) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Underwriting Agreement which, in the reasonable opinion of the Underwriter, is or might be material to the Group taken as a whole; or

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

the Underwriter shall be entitled by notice in writing issued by the Underwriter to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If, at or prior to the Latest Time for Termination:

(a) the Company commits any material breach of or omits to materially observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement, where, in the reasonable opinion of the Underwriter, such breach or omission will or is likely to have a material and adverse effect on its business, financial or trading prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or

(b) the Underwriter shall receive notification pursuant to the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations, warranties or undertakings contained in the Underwriting Agreement was, when given, untrue or inaccurate or incomplete or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable discretion, determine that any such untrue representation, warranty or undertaking represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or

(c) the Company's application to the Listing Committee of the Stock Exchange for the permission for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) on the Stock Exchange is withdrawn by the Company and/or refused or revoked by the Stock Exchange;

the Underwriter shall be entitled (but not bound) by notice in writing issued by it to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement and rescind the Underwriting Agreement. Any such notice shall only be served by the Underwriter prior to the Latest Time for Termination.

Upon the giving of notice referred to above, all obligations of the Underwriter thereunder shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, but without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. Further announcement(s) will be made if the Underwriting Agreement is terminated by the Underwriter.

Undertakings

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

CHANGES IN SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, the Company has 1,825,740,693 Shares in issue.

The following tables set out the possible changes in the shareholding structure of the Company arising from the Rights Issue, for illustrative purpose only.

	As at the Latest Practicable Date		**Assuming full acceptance by the Qualifying Shareholders**		**Assuming no acceptance by the Qualifying Shareholders and all Untaken Shares are taken by the Underwriter or subscribers procured by the Underwriter**	
	No. of Shares	**Approximate shareholding percentage (%)**	**No. of Shares**	**Approximate shareholding percentage (%)**	**No. of Shares**	**Approximate shareholding percentage (%)**
Substantial Shareholders						
Lam Pauline (Note 1)	273,280,200	14.97	546,560,400	14.97	273,280,200	7.48
Zhang Tingting (Note 2)	253,575,000	13.89	507,150,000	13.89	253,575,000	6.94
Public Shareholders	1,298,885,493	71.14	2,597,770,986	71.14	1,298,885,493	35.57
Underwriter and/or subscribers procured by it	—	—	—	—	1,825,740,693	50.00
Total	1,825,740,693	100	3,651,481,386	100	3,651,481,386	100

Notes:

(1) Wealth Millennium Limited, the entire issued share capital of which is held by Ms. Pauline Lam, is interested in 211,312,440 Shares. Together with 61,967,760 Shares beneficially owned by Ms. Pauline Lam, Ms. Pauline Lam is deemed to be interested in a total of 273,280,200 Shares, representing approximately 14.97% of the total number of issued shares of the Company as at the Latest Practicable Date.

(2) Resplendence Investment Development Limited, the entire issued share capital of which is held by Ms. Zhang Tingting, is interested in 253,575,000 Shares, representing approximately 13.89% of the total number of issued shares of the Company as at the Latest Practicable Date.

(3) Any discrepancies in the above table between totals and sums of figures are due to rounding.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is an investment holding company. The principal activities of the Group are (i) development and operation of the integrated leisure and entertainment resort (the "**Resort Business**"); (ii) operation of gaming and entertainment facilities (the "**Gaming Business**"); and (iii) property development.

The Group operates an integrated leisure and entertainment resort, Jeju Shinhwa World which offers a wide range of facilities including hotels, theme parks and water park attractions, international catering, retail and gaming entertainment in Jeju, Korea. In recent years, the Group has faced increasing challenges in sustaining its operations due to unfavourable macroeconomic conditions combined with rising operating and financing costs, as well as shifts in customer spending behaviour. As a result, the profitability of the Group's operations has been significantly affected. The Group's cash and cash equivalent balance as at 30 June 2025 was significantly reduced as compared to that of 31 December 2024. Moreover, borrowings of the Group that are repayable within one year comprise (i) repayment of the syndicated loan (i.e. the refinancing facilities concluded in first half of 2025) for 12 months amounting to approximately HK$72 million; (ii) repayment of a loan of HK$50.00 million due and payable in November 2025; and (iii) a bond of HK$50.00 million due and payable in April 2026. In response to the imminent funding needs and these ongoing difficulties, the Company has been making continuous efforts to secure new sources of capital and financing opportunities to meet its financial obligations and support its operational needs.

As previously disclosed, the Group had explored various financing opportunities to refinance an interest-bearing bank borrowing, which would mature in June 2025 (the "**Borrowing**"). However, as disclosed in the annual report of the Company for the financial year ended 31 December 2024 (the "**2024 Annual Report**"), the entirety of the refinancing facilities confirmed in early 2025 would only partially satisfy the repayment of the Borrowing. As such, given the imminent need of funding to address the shortfall, the management of the Group decided to reallocate HK$80 million from the unutilised portion of the proceeds raised from the rights issue in 2024 for repayment of the Borrowing. As at the Latest Practicable Date, the proceeds of HK$17.1 million allocated to the development and maintenance of Jeju Shinhwa World as mentioned in 2024 Annual Report had been utilised. In respect of the maintenance and construction costs, since HK$80 million was reallocated for repayment of the Borrowing as aforementioned, the costs for (i) maintenance, renovation and upgrade of facilities of Jeju Shinhwa World amounting to approximately HK$27.3 million was financed by internal resources in the first half of 2025; and (ii) water supply construction for the development of Jeju Shinhwa World amounting to approximately HK$19.9 million will be funded by the Group's internal resources.

The Board considers that such change in the use of proceeds has been thoroughly explained and aligned with the best interests of the Company and its shareholders as a whole. The Board does not anticipate further change(s) to the use of proceeds from the Rights Issue regarding the maintenance of the existing infrastructure at Jeju Shinhwa World. Such maintenance is essential as it is critical to ensure the continuous operation of Jeju Shinhwa World. The Board considers that allocating HK$20.00 million of the estimated net proceeds from the Rights Issue would be sufficient for the maintenance and development of Jeju Shinhwa World at this stage. If and when the Group requires further maintenance or construction works in addition to the HK$20 million allocated under the Rights Issue for maintenance as explained below, the Company will appraise the then financial position of the Group and to consider funding such works by way of internal resources or other alternative financing opportunities.

Apart from the Rights Issue, the Board has considered other mean of fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, and equity fund raising such as placing of new shares and open offer.

The Board notes that debt financing would result in additional interest burden of the Company and create pressure on the liquidity of the Company. The Company has also issued bonds in 2024 and 2025. Hence, the Board considers debt financing to be less beneficial to the Company.

In relation to other equity fund raising means, the fund-raising scale of placing of new shares would be relatively small as compared to a rights issue and it would not allow the Qualifying Shareholders to participate in the fund raising exercise and their respective shareholdings in the Company would be diluted without an equal opportunity to maintain their proportionate interests in the Company. The Company has also recently carried out a placing of new Shares.

As for open offer, while it is similar to a rights issue, offering Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. As opposed to open offer, Rights Issue would offer more flexibility to the Qualifying Shareholders to choose whether (a) to maintain their respective pro-rata shareholding interests of the Company; (b) to increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market or by applying for excess Rights Shares under the EAF (subject to availability); or (c) to reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to market demand). As such, the Board considers an open offer to be less favourable to the Shareholders.

Having considered the financial position and performance of the Group in recent years, particularly, the ongoing net loss, the substantial cash outflows from operating activities, and the net current liabilities as at 31 December 2024, the Board considers that the Rights Issue represents an opportunity to raise additional funding to strengthen the Group's financial position by relieving the financial burden and provide working capital to the Group to meet the financial obligations, to maintain the operational stability and to enable sustainable development of the Group in a longer term without additional interest burden, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company on equal terms. Since the Rights Issue will allow the Qualifying Shareholders to maintain, increase or decrease their respective pro rata

shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability), the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue other than other fund raising means.

Assuming full acceptance by the Qualifying Shareholders, the estimated net proceeds from the Rights Issue will be approximately HK$178.75 million of which,

(i) approximately HK$100.00 million, is intended for repayment of a loan of HK$50.00 million due and payable in November 2025 (which was drawn down on 17 April 2025) and a bond of HK$50.00 million due and payable in April 2026. The proceed from the loan was used for the on-going operating needs in Jeju Shinhwa World, including operating supplies and equipment, utilities expenses and other general working capital; while the proceed from the bond issuance was used for working capital and business development of the Group;

(ii) approximately HK$45.00 million is intended for payment of interest expenses for the six months period ending 30 April 2026;

(iii) approximately HK$20.00 million is intended for (a) maintenance of the existing aging infrastructure in Jeju Shinhwa World to safeguard the safety standards, functionality and assets value, including but not limited to capital expenditures in certain mechanical and electrical facilities and structures; and (b) development of new facilities in Jeju Shinhwa World for the purpose of guests experience enhancement, for the nine months period ending 31 July 2026. Among the expenditure of approximately HK$20.00 million, (i) approximately HK$7.2 million will be applied for windows replacement for hotels in Jeju Shinhwa World; (ii) approximately HK$5.7 million will be applied for replacement and/or overhaul of cooling and heating equipment; (iii) approximately HK$3.2 million will be applied for overhaul of uninterrupted power system and battery replacement; (iv) approximately HK$2.3 million will be applied to meet the full capital requirement for an expansion of a performance stage within the theme park, which being one of the new facilities in the Group's development plan, to be utilized in the last quarter of 2025; and (v) approximately HK$1.6 million is intended for repairment and maintenance of general resort facilities;

(iv) approximately HK$9.00 million is intended for sales and marketing expenses for the Gaming Business and Resort Business, including event-based marketing programs and various advertising campaigns for the nine months period ending 31 July 2026; and

(v) remaining of approximately HK$4.75 million, is intended for general working capital of the Company for the year ending 31 December 2025, of which (i) staff costs and (ii) operating supplies and equipment in equal share and in sequential order;

If the Rights Issue is undersubscribed and the size of the Rights Issue is reduced, the net proceeds are expected to be utilised in the above sequential order.

In view of the above, the Board considers that it is in the interests of the Company and the Shareholders as a whole to proceed with the Rights Issue.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

Set out below is the fundraising activities conducted by the Company during the past twelve months immediately prior to the Latest Practicable Date:

Date of announcement	Fund-raising activities	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
27 June 2025	Placing of new shares under general mandate	HK$35.4 million	The Company intends to use such net proceeds from the Placing in the following manner: (i) approximately HK$13.0 million for payment of bank interest expense; (ii) approximately HK$6.0 million for the upgrade of information system and other operating technologies; (iii) approximately HK$5.0 million for sales and marketing expenses, including promotional events such as gaming tournaments and advertising campaigns; and (iv) the balance of approximately HK$11.4 million will be used for operating expenses, including staff costs, operating supplies and equipment as well as professional fees.	The net proceeds from the placing of Shares under general mandate has been used as follows: (i) approximately HK$6.2 million has been used for payment of bank interest expenses; (ii) approximately HK$1.9 million has been used for the upgrade of the information system and other operating technologies; (iii) approximately HK$2.2 million has been used for sales and marketing expenses, including promotional events such as gaming tournaments, and advertising campaigns; and (iv) approximately HK$11.4 million has been used for general working capital, including staff costs, operating supplies and equipment as well as professional fees. The remaining unutilised proceeds will be utilised as intended and are expected to be fully utilised by end of September 2025.

Save for the above and the Rights Issue, the Company has not engaged in any equity fund raising activities or any rights issue exercise during the past 12 months immediately before the Latest Practicable Date.

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

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed "Termination of the Underwriting Agreement" in this Circular). Accordingly, the proposed Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Monday, 22 September 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 6 October 2025 to Tuesday, 14 October 2025 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the proposed Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the proposed Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

LISTING RULES IMPLICATIONS

As the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the SGM by way of poll, in accordance with Rule 7.19A of the Listing Rules. Pursuant to Rule 7.27A(1) of the Listing Rules, where minority shareholders' approval is required for a rights issue under Rule 7.19A of the Listing Rules, the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting the ordinary resolution to approve the Rights Issue at the SGM.

As at the Latest Practicable Date, the Company has no controlling shareholders and no Directors or chief executive of the Company, and their respective associates are interested in any Shares. Accordingly, no Shareholder is required to abstain from voting in favour of the relevant resolution(s) of the Rights Issue at the SGM.

SGM

A notice convening the SGM is set out on pages SGM-1 to SGM-3 of this Circular. The SGM will be convened and held to consider and, if appropriate, approve the Rights Issue, each in accordance with the Bye-Laws and the Listing Rules.

The voting in respect of all the resolutions to be proposed at the SGM will be conducted by way of a poll.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

Subject to the approval of the Rights Issue by the Independent Shareholders at the SGM, the Prospectus Documents will be made available (as the case may be) to the Qualifying Shareholders on or before Thursday, 2 October 2025.

RECOMMENDATION

The Independent Board Committee comprising the independent non-executive Directors has been established to advise the Independent Shareholders (i) as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Shareholders as a whole; and (ii) how to vote, taking into account the recommendations of Jun Hui International. Jun Hui International Finance Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee on the Rights Issue.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 34 to 35 of this Circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from Jun Hui International set out on pages 36 to 56 of this Circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors believe that the terms of the Underwriting Agreement are on normal commercial terms, and the Rights Issue, are fair and reasonable so far as the Shareholders or Independent Shareholders (as the case may be) are concerned and in the interests of the Company and the Shareholders as a whole and recommend the Shareholders or the Independent Shareholders (as the case may be) to vote in favour of the resolutions to be proposed at the SGM to approve the Rights Issue.

Shareholders are advised to read the letter from the Independent Board Committee and the letter from Jun Hui International before deciding how to vote on the resolution to be proposed at the SGM.

ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of
Shin Hwa World Limited
Chan Mee Sze
Acting Chairperson and Executive Director

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this Circular, from the Independent Board Committee to the Independent Shareholders regarding the Rights Issue.

Shin Hwa World Limited
神話世界有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock code: 00582)

22 August 2025

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE

We refer to the Circular dated 22 August 2025 (the "**Circular**") of the Company of which this letter forms part. Unless the context requires otherwise, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

Jun Hui International Finance Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of the advice from Jun Hui International, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 36 to 56 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 12 to 33 of the Circular and the additional information set out in the appendices to the Circular.

Having considered the terms of the Rights Issue and the letter from Jun Hui International, we consider that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed to approve the Rights Issue at the SGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Li Chun Kei **Shek Lai Him Abraham** **Du Peng**
Independent non-executive Directors

The following is the text of the letter of advice from Jun Hui International Finance Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, which has been prepared for the purpose of inclusion in this Circular.

Jun Hui International Finance Limited
Unit 01-02, 16/F, Hing Yip Commercial Centre, 272-284 Des Voeux Road Central, Sheung Wan, Hong Kong

22 August 2025

To: the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 22 August 2025 (the "**Circular**") to the Shareholders, 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.

Reference is made to the Rights Issue Announcement in relation to, among others, the Rights Issue. The Board proposes to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) Share held on the Record Date at the Subscription Price of HK$0.1 per Rights Share, to raise up to approximately HK$182.57 million before expenses, by way of issuing up to 1,825,740,693 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date). The estimated net proceeds from the Rights Issue will be approximately HK$178.75 million (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date).

On 25 July 2025 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and respective arrangements in respect of the Rights Issue. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite, on a best-effort and non-fully underwritten basis, up to 1,825,740,693 Rights Shares, subject to the terms and conditions set out in the Underwriting Agreement, in particular, the fulfilment of the conditions precedent contained therein.

As the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the SGM by way of poll, in accordance with Rule 7.19A of the Listing Rules. Pursuant to Rule 7.27A(1) of the Listing Rules, where minority shareholders' approval is required for a rights issue under Rule 7.19A of the Listing Rules, the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting the ordinary resolution to approve the Rights Issue at the SGM.

As at the Latest Practicable Date, the Company had no controlling shareholders and no Directors or chief executive of the Company, and their respective associates were interested in any Shares. Accordingly, no Shareholder is required to abstain from voting in favour of the relevant resolution(s) of the Rights Issue at the SGM.

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Li Chun Kei, Mr. Shek Lai Him Abraham and Mr. Du Peng, has been formed to advise the Independent Shareholders as to (i) whether the terms of the Rights Issue are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how to vote at the SGM, after taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice.

In this connection, we, Jun Hui International, have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue. We do not, by this letter, warrant the merits of the Rights Issue, other than to form an opinion, for the purpose of the Listing Rules. As at the Latest Practicable Date, we did not have any relationships with, or have any interests in the Company or any other parties that could reasonably be regarded as relevant to our independence, nor we were engaged by the Company as an independent financial adviser in its other transactions in the past two years. Apart from normal professional fees payable to us for this appointment, no arrangement exists whereby we will receive any fees or benefits from any party abovementioned. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules and are eligible to give independent advice in respect of the Rights Issue.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the information, opinions and representations contained or referred to in the Circular (or otherwise provided to us by the Directors and the management of the Group (the "**Management**")), and have assumed that all information, opinions and representations contained or referred to in the Circular (or otherwise provided to us by the Directors and the Management) were true, accurate and complete in all material respects at the time when they were made and up to the date of this letter. We have also assumed that all statements of belief, opinions and intention made by the Directors in the Circular (or otherwise provided to us by the Directors and the Management) are reasonably made after due and careful enquiry. We have no reason to doubt that any relevant information has been withheld or omitted, nor are we aware of any fact or circumstance which would render the information, opinions and representations provided or made to us untrue, inaccurate or misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained or referred to in the Circular (or otherwise provided to us by the Directors and the Management) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions and representations expressed in the Circular (or otherwise provided to us by the Directors and the Management) 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 in any material respect. We consider that we have received sufficient information to enable us to reach an informed view, and have performed all the necessary steps as required under Rule 13.80 of the Listing Rules to justify our reliance on the information, opinions and representations provided or made to us so as to form a reasonable basis for our opinion and recommendation, which include, among other things:

(a) reviewed the Rights Issue Announcement, the Letter from the Board and the annual reports of the Company for the years ended 31 December 2023 and 2024 (the "**Annual Report 2023**" and "**Annual Report 2024**" respectively);

(b) conducted market and comparable researches to analyse the major terms of the Rights Issue; and

(c) discussed with the Directors and the Management regarding, among other things, the background, reasons for and benefits of the Rights Issue and the basis of the major terms of the Rights Issue.

We have not, however, for the purpose of this exercise, conducted any independent detailed verification or audit or investigation into the business, affairs, operations, financial position or future prospects of the Group or the information provided, representations made, or opinion expressed by the Directors and the Management. Our opinion was necessarily based on the legal, financial, economic, market and other conditions in effect, and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, we have considered the following principal factors and reasons:

I. Background and financial information of the Group

The Group is principally engaged in development and operation of the integrated leisure and entertainment resort (the "**Resort Business**"), operation of gaming and entertainment facilities (the "**Gaming Business**"), and property development. The following table summarises the results of operation and financial positions of the Group for the three years ended 31 December 2022, 2023 and 2024 ("**FY22**", "**FY23**" and "**FY24**", respectively):

	For the year ended 31 December		
	2024	**2023**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Revenue	1,074,248	1,036,268	1,386,800
Loss for the year	(494,142)	(522,439)	(216,911)
Finance costs, net	(94,436)	(103,078)	(98,651)
Net cash flows (used in)/from operating activities	(199,708)	(113,405)	154,587

	As at 31 December		
	2024	**2023**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Total current assets	764,674	842,086	1,316,102
Cash and cash equivalents	310,915	266,043	503,421
Total current liabilities	1,444,216	312,553	356,399
Interest-bearing bank and other borrowings:	1,231,252	1,417,489	1,556,150
- current-portion	1,204,252	—	31,937
- non-current-portion	27,000	1,417,489	1,524,213
Net current (liabilities)/assets	**(679,542)**	**529,533**	**959,703**
Net assets	**6,340,262**	**7,405,721**	**8,117,383**

Source: Annual Report 2023 and Annual Report 2024 published by the Company on the website of the Stock Exchange

(i) Financial results for FY24 compared with FY23

For FY24, the Group recorded revenue of approximately HK$1,074.2 million, representing a year-on-year increase of approximately 3.7%. As disclosed in Annual Report 2024, such increase was mainly driven by the increase in revenue from the operation of gaming and entertainment facilities of approximately HK$163.5 million, partially offset by the decrease of non-gaming revenue of approximately HK$125.5 million. The Group recorded net loss of approximately HK$494.1 million for FY24, as compared to that of approximately HK$522.4 million for FY23. As disclosed in Annual Report 2024, such decrease in loss for FY24 was mainly attributable to (i) an increase in revenue, particularly generated from the gaming business segment; (ii) a decrease in amortisation and depreciation; and (iii) a decrease in operating expenses, despite the adverse impact of a decrease in fair value of investment properties. The Group's net finance costs were approximately HK$94.4 million for FY24, as compared to that of approximately HK$103.1 million for FY23. The slight decrease in the net finance costs was mainly due to the decrease in interest expenses from bank borrowings of approximately HK$13.0 million for FY24. For FY24, the Group's net cash flows used in operating activities amounted to approximately HK$199.7 million, which increased from that of approximately HK$113.4 million for FY23.

The Group's total current assets (comprising mainly cash and cash equivalents and completed properties for sale) decreased to approximately HK$764.7 million as at 31 December 2024, from approximately HK$842.1 million as at 31 December 2023, among which, its cash and cash equivalents slightly increased to approximately HK$310.9 million as at 31 December 2024, from approximately HK$266.0 million as at 31 December 2023. The Group's total current liabilities (comprising mainly interest-bearing bank and other borrowings and trade and other payables) increased to approximately HK$1,444.2 million as at 31 December 2024, from approximately HK$312.6 million as at 31 December 2023, and such increase was mainly due to the classification of certain bank borrowings as current liabilities as at 31 December 2024. The current-portion of the interest-bearing banking and other borrowings of the Group was approximately HK$1,204.3 million as at 31 December 2024, as compared to nil as at 31 December 2023. As at 31 December 2024, the Group had net current liabilities of approximately HK$679.5 million and net assets of approximately HK$6,340.3 million.

(ii) Financial results for FY23 compared with FY22

For FY23, the Group recorded revenue of approximately HK$1,036.3 million, representing a year-on-year decrease of approximately 25.3%. As disclosed in Annual Report 2023, such decrease was mainly driven by the decrease in non-gaming revenue of approximately HK$351.2 million. The Group recorded net loss of approximately HK$522.4 million for FY23, as compared to that of approximately HK$216.9 million for FY22. As disclosed in Annual Report 2023, such increase in loss for FY23 was mainly attributable to (i) the pressure on the room price and occupancy rate due to intense competition and domestic customers travelling abroad after the easing of travel restrictions, leading to a decrease in revenue generated from the integrated resort development segment; (ii) the decrease in residential property sales owing to the downturn in the property market and the interest rate rise; (iii) the increase in marketing expenses, operating expenses resulting from inflation, particularly utility costs and facilities maintenance costs, as well as an increase in employee benefit expenses; and (iv) the absence of a net amount of approximately HK$63 million from the reversal of trade and other receivables impairment recorded in the previous financial year 2022. The Group's net finance costs were approximately HK$103.1 million for FY23, as compared to that of approximately

HK$98.7 million for FY22, and such increase was mainly attributable to the increase in interest expenses from bank borrowings of approximately HK$9.8 million for FY23. For FY23, the Group's net cash flows used in operating activities amounted to approximately HK$113.4 million, as compared to the net cash flows from operating activities of approximately HK$154.6 million for FY22.

The Group's total current assets (comprising mainly completed properties for sale and cash and cash equivalents) decreased to approximately HK$842.1 million as at 31 December 2023, from approximately HK$1,316.1 million as at 31 December 2022, and such decrease was mainly attributable to decrease in its cash and cash equivalents to approximately HK$266.0 million as at 31 December 2023, from approximately HK$503.4 million as at 31 December 2022. The Group's total current liabilities (comprising mainly trade and other payables) decreased to approximately HK$312.6 million as at 31 December 2023, from approximately HK$356.4 million as at 31 December 2022. The current-portion of the interest-bearing banking and other borrowings of the Group was nil as at 31 December 2023, as compared to approximately HK$31.9 million as at 31 December 2022. As at 31 December 2023, the Group had net current assets of approximately HK$529.5 million and net assets of approximately HK$7,405.7 million.

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

The Company is an investment holding company. The principal activities of the Group are (i) the Resort Business; (ii) the Gaming Business; and (iii) property development.

Referring to the Letter from the Board, the Group operates an integrated leisure and entertainment resort, Jeju Shinhwa World which offers a wide range of facilities including hotels, theme parks and water park attractions, international catering, retail and gaming entertainment in Jeju, Korea. In recent years, the Group has faced increasing challenges in sustaining its operations due to unfavourable macroeconomic conditions combined with rising operating and financing costs, as well as shifts in customer spending behaviour. As a result, the profitability of the Group's operations has been significantly affected. The Group's cash and cash equivalent balance as at 30 June 2025 was significantly reduced as compared to that of 31 December 2024. Moreover, borrowings of the Group that are repayable within one year comprise (i) repayment of the syndicated loan (i.e. the refinancing facilities concluded in the first half of 2025) for 12 months amounting to approximately HK$72 million; (ii) repayment of a loan of HK$50.00 million due and payable in November 2025; and (iii) a bond of HK$50.00 million due and payable in April 2026. In response to the imminent funding needs and these ongoing difficulties, the Company has been making continuous efforts to secure new sources of capital and financing opportunities to meet its financial obligations and support its operational needs.

Having considered the financial position and performance of the Group in recent years, particularly, the ongoing net loss, the substantial cash outflows from operating activities, and the net current liabilities as at 31 December 2024, the Board considers that the Rights Issue represents an opportunity to raise additional funding to strengthen the Group's financial position by relieving the financial burden and provide working capital to the Group to meet the financial obligations, to maintain the operational stability and to enable sustainable development of the Group in a longer term without additional interest burden, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company on equal terms.

As discussed in the section headed "Background and financial information of the Group" above, the Group incurred net losses for each of FY22, FY23 and FY24, and recorded net cash flows used in operating activities of approximately HK$199.7 million and HK$113.4 million for FY24 and FY23, respectively. In addition, the Group had net current liabilities of approximately HK$679.5 million as at 31 December 2024. Further, as referred to Annual Report 2024, the continued interest rate, exchange rate and tariff uncertainties lead to challenges for business seeking growth and financing opportunities, making the forthcoming year challenging for the Group, and the persistently high interest rates have increased financing costs in the current business environment, making it difficult for the Group to secure financing on favourable terms. In view of the Group's recent financial performance, the challenging operating and financing environment, the Group's borrowings that are repayable within one year as discussed above and the Group's cash position as at 30 June 2025 as advised by the Directors, we agree with the Directors that the Group is likely to continue facing liquidity pressure in the near term.

As referred to the Letter from the Board, assuming full acceptance by the Qualifying Shareholders, the estimated net proceeds from the Rights Issue will be approximately HK$178.75 million of which:

(i) approximately HK$100.00 million, is intended for repayment of a loan of HK$50.00 million due and payable in November 2025 (which was drawn down on 17 April 2025) and a bond of HK$50.00 million due and payable in April 2026. The proceed from the loan was used for the on-going operating needs in Jeju Shinhwa World, including operating supplies and equipment, utilities expenses and other general working capital; while the proceed from the bond issuance was used for working capital and business development of the Group;

(ii) approximately HK$45.00 million is intended for payment of interest expenses for the six months period ending 30 April 2026;

(iii) approximately HK$20.00 million is intended for (a) maintenance of the existing aging infrastructure in Jeju Shinhwa World to safeguard the safety standards, functionality and assets value, including but not limited to capital expenditures in certain mechanical and electrical facilities and structures; and (b) development of new facilities in Jeju Shinhwa World for the purpose of guests experience enhancement, for the nine months period ending 31 July 2026. Among the expenditure of approximately HK$20.00 million, (i) approximately HK$7.2 million will be applied for windows replacement for hotels in Jeju Shinhwa World; (ii) approximately HK$5.7 million will be applied for replacement and/or overhaul of cooling and heating equipment; (iii) approximately HK$3.2 million will be applied for overhaul of uninterrupted power system and battery replacement; (iv) approximately HK$2.3 million will be applied to meet the full capital requirement for an expansion of a performance stage within the theme park, which being one of the new facilities in the Group's development plan, to be utilized in the last quarter of 2025; and (v) approximately HK$1.6 million is intended for repairment and maintenance of general resort facilities;

(iv) approximately HK$9.00 million is intended for sales and marketing expenses for the Gaming Business and Resort Business, including event-based marketing programs and various advertising campaigns for the nine months period ending 31 July 2026; and

(v) remaining of approximately HK$4.75 million, is intended for general working capital of the Company for the year ending 31 December 2025, of which (i) staff costs and (ii) operating supplies and equipment in equal share and in sequential order.

If the Rights Issue is undersubscribed and the size of the Rights Issue is reduced, the net proceeds are expected to be utilised in the above sequential order.

We are furnished by the Company with the relevant documents, among others, the loan and bond subscription agreements concerning the use of proceeds of the Rights Issue and note that the loan and the bond each with the amount of HK$50 million falls due in November 2025 and matures in April 2026, respectively, suggesting the Group's near-term funding needs, as well as the relevant interest repayment schedule and the breakdown of capital expenditures and expenses showing its business need to raise the relevant proceeds. As at 31 December 2024, the Group recorded net current labilities of approximately HK$679.5 million and cash and cash equivalents of approximately HK$310.9 million, well below its current portion of the interest-bearing bank and other borrowings of approximately HK$1,231.3 million. Taking together with the recurring net losses, the negative net operating cash flows, the Group's borrowings that are repayable within one year as illustrated above and the Group's cash position as at 30 June 2025 as advised by the Directors, we consider that the Group has an immediate need for additional funding to meet its repayment obligations under the relevant loan and bond and to mitigate potential default risk as well as need for funding to serve its operations.

As disclosed in the Company's announcement of annual results for the year ended 31 December 2024 dated 28 March 2025, the unutilised proceeds from the rights issue completed in July 2024 (the "**2024 Rights Issue**") originally earmarked for maintenance, renovation and upgrade of facilities in and water supply construction for the development of Jeju Shinhwa World of approximately HK$47.2 million as at 31 December2024 were reallocated to bank borrowing repayment (the "**Change in UOP**"). Notwithstanding the Change in UOP, we consider that applying approximately HK$20.00 million of the net proceeds from the Rights Issue for (a) maintenance of the existing aging infrastructure in Jeju Shinhwa World; and (b) development of new facilities in Jeju Shinhwa World, is justifiable, having considered that: (i) the Change in UOP resulted from lower-than-expected refinancing amount of an interest-bearing bank borrowing, which created an imminent funding need at that time, as advised by the Directors. We are provided with the relevant loan agreements and noted a reduction in the facility amount following the refinancing concluded in the first half of 2025; (ii) as referred to the Letter from the Board, as at the Latest Practicable Date, the net proceeds from the 2024 Rights Issue of approximately HK$17.1 million that remained allocated for maintenance, renovation and upgrade of facilities in Jeju Shinhwa World after the Change in UOP had been fully utlilised; (iii) as advised by the Directors, among the proceeds of approximately HK$47.2 million reallocated under the Change in UOP, approximately HK$27.3 million was subsequently financed by the Group's internal resources in the first half of 2025 for the intended maintenance, renovation and upgrade of facilities in Jeju Shinhwa World; and (iv) we are provided and discussed with the Company about the breakdown of capital expenditures and expenses for the maintenance of the existing aging infrastructure and development of new facilities in Jeju Shinhwa World. As referred to the Letter from

the Board, it is noted that, among the intended proceeds of approximately HK$20.00 million, (i) approximately HK$7.2 million will be applied for windows replacement for hotels in Jeju Shinhwa World; (ii) approximately HK$5.7 million will be applied for replacement and/or overhaul of cooling and heating equipment; (iii) approximately HK$3.2 million will be applied for overhaul of uninterrupted power system and battery replacement; (iv) approximately HK$2.3 million will be applied to meet the full capital requirement for an expansion of a performance stage within the theme park, which being one of the new facilities in the Group's development plan; and (v) approximately HK$1.6 million is intended for repairment and maintenance of general resort facilities, which shows the Group's need to raise the relevant proceeds.

As discussed with the Directors, we understand that the Company has considered other equity or debt fund raising alternatives, including but not limited to debt financing, and equity fund raising such as placing of new shares and open offer. With respect to debt financing, new bank facilities or capital-market borrowings would increase the Group's interest burden and further constrain margins and liquidity. Moreover, such borrowings would likely be subject to lengthy due diligence and negotiations, making the process relatively uncertain and time-consuming. In the case of placing or subscription of new shares to selected investors, it would not allow the Qualifying Shareholders to participate in the fund raising exercise and their respective shareholdings in the Company would be diluted without an equal opportunity to maintain their proportionate interests in the Company. By comparison, both an open offer and a rights issue allow qualifying shareholders to maintain their pro-rata shareholdings, however, only the rights issue provides tradable nil-paid entitlements, enabling non-participating shareholders to realise value of their rights entitlement. Accordingly, the Rights Issue offers flexibility either to participate in the Company's future development or to monetise their rights in the market.

Having considered: (i) the Group is likely to continue facing liquidity pressure in the near term; (ii) the Group has an immediate need for additional funding to meet its repayment obligations under the relevant loan and bond and to mitigate potential default risk as well as need for funding to serve its operations; and (iii) the Rights Issue offers flexibility either to participate in the Company's future development or to monetise their rights in the market, we agree with the Board's view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

III. Principal terms of the Rights Issue

As referred to the Letter from the Board, the Board proposes to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date. Further details of the Rights Issue are set out as follows:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$0.1 per Rights Share

Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK$0.0979 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	1,825,740,693 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	up to 1,825,740,693 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date)
Aggregate nominal value of the Rights Shares	:	up to HK$18,257,406.93
Total number of Shares in issue upon completion of the Rights Issue	:	up to 3,651,481,386 Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date)
Gross proceeds from the Rights Issue	:	up to approximately HK$182.57 million before expenses (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date)
Right of excess applications	:	Qualifying Shareholders (other than the PRC Southbound Trading Investor(s)) may apply for the Rights Shares in excess of their provisional allotment

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

Assuming no Shares are issued or repurchased on or before the Record Date and assuming all Rights Shares will be taken up, 1,825,740,693 Rights Shares to be issued pursuant to the terms of the Rights Issue represents 100% of the total number of issued Shares as at the Latest Practicable Date and approximately 50.00% of the total number of issued Shares as enlarged immediately upon completion of the Rights Issue.

Referring to the Letter from the Board, the theoretical dilution effect of the Rights Issue is approximately 17.11%. As such, the theoretical dilution impact of the Rights issue is in compliance with Rule 7.27B of the Listing Rules.

Subscription Price

The Subscription Price of HK$0.1 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, upon an application of excess Rights Shares, or where a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

(a) a discount of approximately 26.47% to the closing price of HK$0.136 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) a discount of approximately 34.21% to the closing price of HK$0.152 per Share as quoted on the Stock Exchange on the Last Trading Day;

(c) a discount of approximately 33.07% to the average closing price of approximately HK$0.1494 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

(d) a discount of approximately 33.99% to the average closing price of approximately HK$0.1515 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

(e) a discount of approximately 17.11% to the theoretical ex-rights price of approximately HK$0.126 per Share based on the closing price of HK$0.152 per Share as quoted on the Stock Exchange on the Last Trading Day;

(f) a discount of approximately 97.30% to the net asset value of the Company of approximately HK$3.70 per Share based on the unaudited net asset value attributable to owners of the Company of approximately HK$6,757,069,000 as at 30 June 2024 and 1,825,740,693 Shares; and

(g) a discount of approximately 97.12% to the net asset value of the Company of approximately HK$3.47 per Share based on the net asset value attributable to owners of the Company of approximately HK$6,340,262,000 as at 31 December 2024 and 1,825,740,693 Shares.

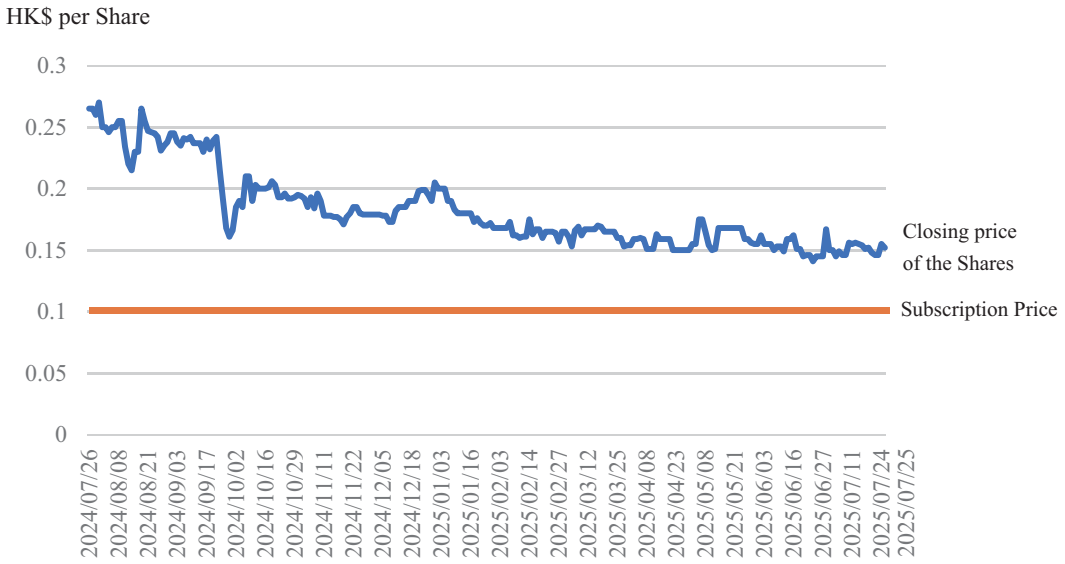
As disclosed in the Letter from the Board, the Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, the size of the Rights Issue, the market price of the Shares under the prevailing market conditions, the financial condition of the Company and the reasons and benefits of Rights Issue as discussed in the section headed "Reasons for and Benefits of the Rights Issue and Use of Proceeds" in the Circular. The Board considers that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(i) Historical closing price and trading volume of the Shares

In order to assess the fairness and reasonableness of the Subscription Price, we have taken into account (i) the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 26 July 2024 to 25 July 2025, being a period of approximately twelve months up to and including the Last Trading Day (the "**Review Period**"); and (ii) the average daily trading volumes of the Shares for each of the months/period during the Review Period. We consider that the Review Period is adequate to illustrate the historical trend and level of movements in the closing prices of the Shares, reflect prevailing market sentiment, and provide a general overview of the recent price and trading performance of the Shares.

Closing prices of the Shares

The chart below shows the daily closing prices of the Shares as quoted on the Stock Exchange during the Review Period:



Source: the website of the Stock Exchange

During the Review Period, the closing prices of the Shares demonstrated a general downward trend from HK$0.265 per Share on 26 July 2024, the date of commencement of the Review Period, to HK$0.152 per Share on the Last Trading Day. The closing prices of the Shares were between a low of HK$0.141 per Share on 24 June 2025 and a high of HK$0.270 per Share on 31 July 2024, with an average closing price of approximately HK$0.182 per Share. The closing prices of the Shares had been staying above the Subscription Price during the entire Review Period.

The Subscription Price of HK$0.1 per Share represents (i) a discount of approximately 29.1% to the lowest closing price of HK$0.141 per Share; (ii) a discount of approximately 63.0% to the highest closing price of HK$0.270 per Share; and (iii) a discount of approximately 45.0%

to the average daily closing price of approximately HK$0.182 per Share, during the Review Period. As such, the attractiveness of the Rights Issue for the Qualifying Shareholders to participate and maintain their respective shareholding interests in the Company shall be enhanced accordingly with the Subscription Price offered at discounts as illustrated above.

Trading volumes of the Shares

Set out below is the average daily trading volume of the Shares per relevant month/period, and the respective percentage of the average daily trading volume of the Shares to the total number of issued Shares as at the end of relevant month/period, in the Review Period:

Year/Month	Total trading volume of the Shares	Number of trading days	Average daily trading volume of the Shares	Percentage of average daily trading volume of total issued Shares as at the end of relevant month/period
2024				
July (from 26 July)	1,203,519	4	300,880	0.02%
August	17,193,898	22	781,541	0.05%
September	52,120,150	19	2,743,166	0.18%
October	11,273,957	21	536,855	0.04%
November	6,661,848	21	317,231	0.02%
December	11,501,854	20	575,093	0.04%
2025				
January	829,764	19	43,672	0.00%
February	14,836,645	20	741,832	0.05%
March	1,228,716	21	58,510	0.00%
April	5,429,556	19	285,766	0.02%
May	3,597,526	20	179,876	0.01%
June	9,555,807	21	455,038	0.03%
July (up to 25 July)	14,109,751	18	783,875	0.05%(Note)
Maximum	52,120,150	22	2,743,166	0.18%
Minimum	829,764	4	43,672	0.00%
Mean	11,503,307	19	600,257	0.04%

Source: the website of the Stock Exchange

Note: The Company completed a placing of new shares under general mandate on 15 July 2025 , upon which the number of total issued Shares increased from 1,521,450,693 to 1,825,740,693. Therefore, for illustrative purpose, the calculation for that month is based on the weighted average number of issued Shares.

It is noted that the average daily trading volume of the Shares per relevant month/period accounted for only a small portion of the total number of issued Shares as at the end of the relevant month/period, which ranged from approximately 0.00% to 0.18% during the Review Period.

Given the generally thin trading liquidity of the Shares during the Review Period, we consider that it is reasonable to offer discount for the Subscription Price to promote the attractiveness of the Rights Issue.

(ii) Comparable analysis

In order to further assess the fairness and reasonableness of terms of the Rights Issue, we have reviewed comparable transactions involving proposed rights issue announced by companies listed on the Stock Exchange in the past three months up to and including to the Last Trading Day (the "**Comparable Transactions**"). We have, to our best effort and so far as we are aware, identified 17 Comparable Transactions which we consider to be exhaustive. We consider the following list of the Comparable Transactions is fair, representative and comparable to the Rights Issue, taking into account that (i) they involve the same type of transaction as the Rights Issue, i.e. the proposed rights issue by listed companies on the Stock Exchange, which could facilitate meaningful comparison purpose; (ii) the three-month period up to and including the Last Trading Day represents a reasonable and meaningful time period to capture the most recent market practice under the prevailing market conditions and sentiment for the proposed rights issue; and (iii) a list of 17 Comparable Transactions identified in accordance with the aforesaid selection criteria is considered adequate to provide a general reference for comparison purpose.

Independent Shareholders should note that the businesses, operations, prospects and market capitalisation of the Group may not be the same as, or vary from, those of the listed companies undertaking the Comparable Transactions, and the Comparable Transactions set out below are for the purpose of providing a general insight on the terms in respect of the proposed rights issue during the said three months period. Details of the Comparable Transactions are set out below:

			Premium/(discount) of subscription price over/(to)						
Date of announcement	**Company name (stock code)**	**Basis of entitlement**	**closing price per share on the last trading day**	**average closing price per share for the last five trading days up to and including or prior to the last trading date**	**theoretical ex-rights price on the last trading day**	**latest published consolidated net asset value per share**	**Theoretical dilution effect**	**Excess application/ Compensatory arrangement (Excess application = EA; Compensatory arrangement= CA)**	**Underwriting commission**
23-07-25	Future Machine Limited (1401)	1 for 2	-72.3%	-72.3%	-63.5%	-28.6%	24.1%	CA	N/A
10-07-25	XJ International Holdings Co., Ltd. (1765)	1 for 8	5.8%	7.0%	5.3%	-83.7%	N/A*(Note1)*	CA	0%
08-07-25	Alco Holdings Limited (328)	4 for 1	-19.0%	-19.0%	-4.5%	N/A*(Note2)*	15.5%	CA	N/A
07-07-25	Sanergy Group Limited (2459)	1 for 2	-55.6%	-56.3%	-45.5%	-89.0%	18.8%	CA	N/A
25-06-25	Sino Splendid Holdings Limited (8006)	3 for 2	-11.1%	-12.1%	-4.8%	-52.4%	6.7%	CA	N/A
17-06-25	Risecomm Group Holdings Limited (1679)	5 for 1	-22.5%	-21.6%	-4.6%	N/A*(Note2)*	18.7%	CA	N/A

Date of announcement	Company name (stock code)	Basis of entitlement	Premium/(discount) of subscription price over/(to) closing price per share on the last trading day	average closing price per share for the last five trading days up to and including or prior to the last trading date	theoretical ex-rights price on the last trading day	latest published consolidated net asset value per share	Theoretical dilution effect	Excess application/ Compensatory arrangement (Excess application = EA; Compensatory arrangement= CA)	Underwriting commission
10-06-25	Greenheart Group Limited (94)	1 for 2	-9.3%	-5.0%	-6.4%	-88.8%	3.0%	CA	N/A
10-06-25	Pinestone Capital Limited (804)	3 for 2	-40.7%	-41.6%	-22.1%	-70.8%	-24.9%	CA	N/A
04-06-25	Howkingtech International Holding Limited (2440)	1 for 2	-49.7%	-50.0%	-39.7%	50.2%	16.7%	EA	N/A
02-06-25	Lvji Technology Holdings Inc. (1745)	1 for 2	-32.1%	-33.1%	-24.1%	-72.6%	11.3%	EA	7.1%
23-05-25	Grand Talents Group Holdings Limited (8516)	5 for 2	-33.0%	-33.0%	-12.3%	-38.2%	23.6%	CA	N/A
22-05-25	China Health Group Limited (673)	3 for 10	-28.6%	-37.1%	-23.7%	12.4%	23.6%	CA	0%
15-05-25	Zhongzheng International Company Limited (943)	1 for 2	0.0%	0.0%	0.0%	-54.5%	N/A*(Note1)*	CA	0%
13-05-25	Shougang Century Holdings Limited (103)	3 for 20	12.3%	14.3%	10.6%	-40.1%	N/A*(Note1)*	EA	N/A
13-05-25	Capital Realm Financial Holdings Group Limited (204)	3 for 1	4.2%	21.4%	1.0%	-86.3%	N/A*(Note1)*	CA	N/A
09-05-25	China Sci-Tech Industrial Investment Group Limited (339)	1 for 2	-43.1%	-47.4%	-38.6%	N/A*(Note2)*	16.2%	CA	N/A
07-05-25	SEEC Media Group Limited (205)	1 for 2	-23.6%	-26.2%	-17.3%	-51.5%	N/A*(Note1)*	CA	N/A
		Maximum	**12.3%**	**21.4%**	**10.6%**	**50.2%**	**24.9%**		**7.1%**
		Minimum	**-72.3%**	**-72.3%**	**-63.5%**	**-89.0%**	**3.0%**		**0%**
		Average	**-24.6%**	**-24.2%**	**-17.1%**	**-49.6%**	**16.9%**		**1.8%**
25-07-25	**The Company**	**1 for 1**	**-34.2%**	**-33.1%**	**-17.1%**	**-97.1%**	**17.1%**	**EA**	**1%**

Source: the website of the Stock Exchange

Notes:

(1) The relevant Comparable Transaction results in no theoretical dilution effect

(2) The relevant company recorded net liabilities

As set out in the table above, it is noted that:

(i) the subscription price per rights share in the Comparable Transactions ranged from a discount of approximately 72.3% to a premium of approximately 12.3% over their respective closing price per share on the last trading day, with an average discount of approximately 24.6%. The Subscription Price represents a discount of approximately 34.2% to the closing price of the Shares on the Last Trading Day, which is within the range and broadly in line with the average of the Comparable Transactions;

(ii) the subscription price per rights share in the Comparable Transactions ranged from a discount of approximately 72.3% to a premium of approximately 21.4% over their respective average closing price per share for the last five trading days up to and including or prior to the last trading day, with an average discount of approximately 24.2%. The Subscription Price represents a discount of approximately 33.1% to the average closing price of the Shares for the five consecutive trading days up to and including the Last Trading Day, which is within the range and broadly in line with the average of the Comparable Transactions;

(iii) the subscription price per rights share in the Comparable Transactions ranged from a discount of approximately 63.5% to a premium of approximately 10.6% over their respective theoretical ex-rights price on the last trading day, with an average discount of approximately 17.1%. The Subscription Price represents a discount of approximately 17.1% to the theoretical ex-rights closing price of the Shares on the Last Trading Day, which is within the range and comparable to the average of the Comparable Transactions;

(iv) the subscription price per rights share in the Comparable Transactions ranged from a discount of approximately 89.0% to a premium of approximately 50.2% over their respective latest published consolidated net asset value per share, with an average discount of approximately 49.6%. The Subscription Price represents a discount of approximately 97.1% to the net asset value of the Company of approximately HK$3.47 per Share (the "**NAV Per Share**") based on the net asset value attributable to owners of the Company of approximately HK$6,340,262,000 as at 31 December 2024 and 1,825,740,693 Shares, which is deeper than the highest discount among the Comparable Transactions. However, having considered that during the Review Period, the closing price of the Shares were between HK$0.141 to HK$0.270 per Share, representing a deep discount to the NAV Per Share throughout the period. Even at the peak closing price of HK$0.270 per Share, the Shares were still trading at a discount of approximately 92.2% to the NAV Per Share, indicating that investors might not value the Shares solely on the Group's net assets, therefore, the NAV Per Share may not be a meaningful benchmark for assessing the fairness and reasonableness of the Subscription Price. Moreover, setting the Subscription Price at or near the NAV Per Share would imply a substantial premium to prevailing market price, which may not be commercially sensible and would likely depress the Shareholders' participation in the Rights Issue and undermine the objective of raising fund; and

(v) the theoretical dilution effect of the Comparable Transactions ranged from approximately 3.0% to approximately 24.9%, with an average of approximately 16.9%, while the theoretical dilution effect of the Rights Issue of approximately 17.1% is within the range of the Comparable Transactions.

Despite the Subscription Price was below the closing prices of the Shares during the Review Period, given that: (a) as shown in the table of the Comparable Transactions above, it a common market practice to issue rights shares at a discount to prevailing market price to enhance the attractiveness of the rights issue; (b) given the generally thin trading liquidity of the Shares during the Review Period, we consider that it is reasonable to offer discount for the

Subscription Price to promote the attractiveness of the Rights Issue; (c) the discounts of the Subscription Price to (1) the closing price on the Last Trading Day, (2) the average closing price per share for the last five trading days up to and including or prior to the Last Trading Day and (3) the theoretical ex-rights price on the Last Trading Day are within the range of and broadly in line with or comparable to the average of the Comparable Transactions, whilst the NAV Per Share may not be a meaningful benchmark for assessing the fairness and reasonableness of the Subscription Price despite the Subscription Price represents a discount of approximately 97.1% to the NAV Per Share; (d) the theoretical dilution effect of the Rights Issue is within the range of the Comparable Transactions; (e) all Qualifying Shareholders are offered an equal opportunity to subscribe for the Rights Shares under the Rights Issue; and (f) those Qualifying Shareholders who do not wish to subscribe for their pro-rata entitlement of the Rights Shares can receive economic benefits from selling their nil-paid Rights Shares in the market, we consider that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

The Underwriting Agreement

On 25 July 2025 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement, pursuant to which the Underwriter has agreed to procure, on a best-effort and non-fully underwritten basis, the subscription for any unsubscribed Rights Shares subject to the terms and conditions set out in the Underwriting Agreement. The principal terms of the Underwriting Agreement are summarised below:

Date	:	25 July 2025 (after trading hours of the Stock Exchange)
Underwriter	:	SR Wealth Securities Limited, a corporation licensed to carry on Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the SFO To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. The Underwriter confirmed that it has complied with Rule 7.19(1) of the Listing Rules.
Number of Rights Shares underwritten by the Underwriter	:	Up to 1,825,740,693 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date)
Underwriting Commission (the "**Underwriting Commission**")	:	1% of the aggregate Subscription Price in respect of the Underwritten Shares

The Rights Issue is underwritten by the Underwriter on a best-effort and non-fully underwritten basis pursuant to the terms of the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter shall use its best endeavours to ensure that (i) each subscriber of the Untaken Shares procured by it shall be an Independent Third Party, (ii) no subscriber of the Untaken Shares procured by it, together with any party acting in concert with it, will hold 30% (or such percentage which will trigger any MGO Obligation under the Takeovers Code) or more of the voting rights of the Company; and (iii) the Public Float Requirement remains to be fulfilled by the Company upon completion of the Rights Issue.

As disclosed in the Letter from the Board, the terms of the Underwriting Agreement, including the underwriting commission rate, were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial condition of the Group, the size of the Rights Issue, the prevailing market rate of commission and the prevailing market condition. The Directors consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the Underwriting Commission) is fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Underwriting Agreement.

As set out in the table under the section headed "Comparable analysis" above, the underwriting commission payable in the Comparable Transactions ranged from 0% to approximately 7.1% of the gross proceeds from the underwritten shares, with an average of approximately 1.8%. Given (i) the terms of the Underwriting Agreement, including the Underwriting Commission, were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial condition of the Group, the size of the Rights Issue, the prevailing market rate of commission and the prevailing market condition; and (ii) the Underwriting Commission of 1% falls within the range and is close to the average of the Comparable Transactions, we consider that the terms of the Underwriting Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

Application for the excess Rights Shares

Qualifying Shareholders (other than PRC Southbound Trading Investors) 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);

(ii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renouncees or transferees of nil-paid Rights Shares;

(iii) the Scale-down PAL Shares (if any); and

(iv) the Scale-down EAF Shares (if any).

(i) to (iv) 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, subject to the compliance with the Listing Rules (including but not limited to the Public Float Requirement), allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

(i) any excess Rights Shares will be allocated to Qualifying Shareholders (other than PRC Southbound Trading Investors) who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;

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

(iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and

(iv) 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.

As set out in the table under the section headed "Comparable analysis" above, three out of the 17 Comparable Transactions had the arrangement of application for excess rights share, as such, we consider that the arrangement for excess application under the Rights Issue is not unusual 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. Based on the above, we are of the view that arrangement of application for excess Rights Shares for the Qualifying Shareholders is fair and reasonable so far as the Independent Shareholders are concerned.

IV. Potential dilution effect

All the 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 shareholding interests in the Company will remain unchanged after the Rights Issue.

Referring to the section headed "Changes in shareholding structure" set out in the Letter from the Board, the shareholding interests of the existing public Shareholders would be diluted by a maximum of approximately 35.57 percentage points immediately after completion of the Rights Issue, assuming no acceptance by the Qualifying Shareholders and all Untaken Shares are taken by the Underwriter or subscribers procured by the Underwriter.

We are aware of the potential dilution effect as a result of the Rights Issue. However, after taking into consideration that (i) the theoretical dilution effect of the Rights Issue falls within range of those of the Comparable Transactions and is in compliance with Rule 7.27B of the Listing Rules; (ii) Independent Shareholders are offered a chance to express their views on the terms of the Rights Issue through their votes at the SGM; (iii) all Qualifying Shareholders are offered an equal opportunity to subscribe for the Rights Shares under the Rights Issue; and (iv) those Qualifying Shareholders who do not wish to subscribe for their pro-rata entitlement of the Rights Shares can receive economic benefits from selling their nil-paid Rights Shares in the market, we consider that the potential dilution effect of the Rights Issue is acceptable.

V. Financial effects of the Rights Issue

(i) Net tangible assets

According to the unaudited pro forma financial information of the Group set out in Appendix II to this Circular, the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2024 was approximately HK$6,221.0 million. Upon completion of the Rights Issue, the Group would have unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2024 being approximately HK$6,399.8 million.

(ii) Liquidity

As disclosed in Annual Report 2024, as at 31 December 2024, the cash and cash equivalents of the Group were approximately HK$310.9 million. Immediately upon completion of the Rights Issue, the cash and cash equivalents of the Group is expected to increase by the expected net proceeds from the Rights Issue of approximately HK$178.8 million.

(iii) Gearing ratio

As disclosed in Annual Report 2024, the Group's gearing ratio, which was calculated by dividing the total liabilities divided by total assets, was approximately 19.6% as at 31 December 2024. Since approximately HK$100.0 million of the net proceeds from the Rights Issue is intended for repayment of a loan of HK$50.0 million and a bond of HK$50.0 million. The gearing ratio of the Group is expected to improve upon the application of such proceeds.

In light of the above, we consider that the overall financial impact to the Group upon completion of the Rights Issue is in the interests of the Company and the Shareholders.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial positions of the Group will be upon Completion.

OPINION AND RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that the terms of the Rights Issue are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
JUN HUI INTERNATIONAL FINANCE LIMITED

Karol Hui	**Renny Chan**
Executive Director	*Associate Director*

Note: Ms. Karol Hui and Mr. Renny Chan are licensed persons registered with the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and have over 13 years and eight years of experience in corporate finance industry respectively.

I. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three financial years ended 31 December 2022, 2023 and 2024 are disclosed in the following documents which have been published on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (https://www.shw.com.hk/en/ir_reports.php):

- Annual report of the Company for the financial year ended 31 December 2024 (pages 86 to 228)
  https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0423/2025042300509.pdf

- Annual report of the Company for the financial year ended 31 December 2023 (pages 82 to 220)
  https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042501630.pdf

- Annual report of the Company for the financial year ended 31 December 2022 (pages 78 to 220)
  https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042500969.pdf

The management discussion and analysis of the Company for each of the financial years ended 31 December 2022, 2023 and 2024 are disclosed in the annual reports of the Company for the financial years ended 31 December 2022, 2023 and 2024 respectively.

II. INDEBTEDNESS

As at the close of business on 30 June 2025, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Circular, the Group had the following indebtedness:

(a) Interest-bearing bank borrowings

The interest-bearing bank borrowings of approximately HK$1,163,986,000 were unguaranteed and secured by the Group's certain property, plant and equipment, investment properties, properties under development and completed properties for sale.

(b) Interest-bearing other borrowings

The interest-bearing other borrowings (i.e. including a bond of HK$50.00 million due and payable in April 2026 and a bond of HK$27.00 million due and payable in November 2032) of approximately HK$127,000,000 was unguaranteed and unsecured.

(c) Lease liabilities of approximately HK$5,539,000 were unguaranteed and unsecured.

Save as aforesaid and apart from intra-group liabilities, normal trade and other payables and accruals in the ordinary course of business, as at the close of business on 30 June 2025, the Group did not have any debt securities issued and outstanding or agreed to be issued but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade payables) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, guarantees or material contingent liabilities.

III. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the financial resources presently available to the Group, including the existing borrowing facilities available, the existing cash and bank balances, and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Circular.

IV. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up, and up to and including the Latest Practicable Date.

V. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group's long-term prospects are supported by both the overall market conditions and the strategic development plans of the Group. Jeju Shinhwa World ("**JSW**") is poised to benefit from a global and regional rebound in tourism, with consumer interest returning to experiential travel, wellness, and lifestyle-oriented destinations. As travel restrictions eased, JSW that offers a variety of attractions and amenities, stands to attract visitors seeking more than just traditional entertainment.

The Company's vision to position its JSW as a multi-purpose, all-day destination aligns with evolving customer behavior, where demand for diverse and immersive experiences has become the norm. The inclusion of non-gaming facilities such as MICE (Meetings, Incentives, Conferences and Events), retail zone and cultural events will significantly broaden JSW's attractiveness. These amenities not only target domestic leisure seekers and tourists but also attract education groups, community associations, lifestyle influencers, and event organizers looking for unique and well-equipped venues.

The event-based marketing programs such as poker tournaments, golf clinics and concert provide a low-cost, high-engagement platform to connect with diversified communities. These programs are expected to generate recurring visitation, brand loyalty, and positive word-of-mouth, helping the Group to sustain a healthy occupancy rate across all resort facilities. In particular, the event-based programs offer the opportunity to position JSW as a multi-purposed venue, boosting ancillary spending in food, retail, and the theme parks, and thereby boost the revenue of the Group.

The Group will stay focused on facilities upgrade. The capital expenditures in facilities maintenance and upgrades ensure the functionality and safety standard and particularly safeguard the asset value of JSW. The increase in customer spending and overall revenue will support stronger operational cash flows and provide the Company with greater leverage to negotiate partnerships, secure sponsorships, or attract additional investment in future development stages.

In the foreseeable future, the improved mix of revenue streams from leisure, entertainment, retail, and events will reduce the Group's reliance on room occupancy. This diversified model, combined with the Company's commitment to market responsiveness, positions JSW strongly to outperform in a competitive business environment. Nonetheless, given the sluggish state of the property market, the Group will closely monitor the trend and remain vigilant for the opportunities in property development of JSW, which necessitates substantial capital investment.

While the Group has been under financial pressure due to its existing financial and operational obligations, it has actively sought solutions to overcome these challenges. With adequate financial support, the Company is confident that it has the potential to evolve JSW into a leading destination that, delivering stable returns to stakeholders and enriching the broader tourism and cultural landscape. The Group will continue to evaluate its funding needs and financial position periodically and will explore fund raising and financing facilities if and when needed or opportunities arise.

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

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company has been prepared by the directors of the Company in accordance with Rule 4.29 of the Listing Rules is set out to illustrate the effects of the Rights Issue on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2024 as if the Rights Issue had been completed on 31 December 2024.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared for illustrative purpose 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 the owners of the Company immediately or any future date after the completion of the Rights Issue.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2024, as extracted from the published annual report for the year ended 31 December 2024 of the Company, and is adjusted for the effect of the Rights Issue.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2024 *HK$'000 (Note1)*	**Estimated net proceeds from the Rights Issue** *HK$'000 (Note2)*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue as at 31 December 2024** *HK$'000*	**Audited consolidated net tangible assets of the Group attributable to the owners of the Company per share before completion of the Rights Issue** *HK$ (Note3)*	**Unaudited pro forma of adjusted consolidated net tangible assets attributable to the owners of the Company per share immediately after completion of the Rights Issue** *HK$ (Note4)*
Based on 1,825,740,693 Right Shares to be issued at Subscription Price of HK$0.1 per Rights Share	6,221,017	178,750	6,399,767	4.09	1.75

Notes:

1. The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2024 is based on the consolidated net assets of the Group attributable to owners of the Company of approximately HK$6,340,262,000, after deducting goodwill and other intangible assets of approximately HK$119,245,000 as at 31 December 2024, extracted from the published annual report of the Group for the year ended 31 December 2024.

2. The estimated net proceeds from the Rights Issue are calculated based on gross proceeds of approximately HK$182,570,000 from the issue of 1,825,740,693 Rights Shares at the Subscription Price of HK$0.1 per Rights Share after deduction of the estimated professional fees and other related expenses payable by the Company of approximately HK$3,820,000 attributable to the Rights Issue. The estimated net proceeds are approximately HK$178,750,000.

3. The audited consolidated net tangible assets of the Group attributable to the owners of the Company per share before completion of the Rights Issue is determined based on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2024 of approximately HK$6,221,017,000, divided by 1,521,450,693 shares in issue as at 31 December 2024.

4. The unaudited pro forma of adjusted consolidated net tangible assets attributable to the owners of the Company per Consolidated Share immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue as at 31 December 2024 of approximately HK$6,399,767,000, divided by 3,651,481,386 shares which comprise (i) 1,521,450,693 shares in issue as at 31 December 2024; (ii) 304,290,000 shares issued under general mandate on 15 July 2025; and (iii) 1,825,740,693 Rights Shares to be issued immediately after the completion of the Rights Issue.

5. 1,825,740,693 Rights Shares to be issued, which is calculated based on 1,521,450,693 shares in issue as at 31 December 2024 and additional 304,290,000 shares of the Company issued under general mandate on 15 July 2025.

6. No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 31 December 2024.

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

The following is the text of a report received from the independent reporting accountants, Moore CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of inclusion in this circular.



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

TO THE DIRECTORS OF SHIN HWA WORLD LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shin Hwa World 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 (the "**Unaudited Pro Forma Financial Information**") consists of the unaudited pro forma statement of consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2024 and related notes as set out in Part A of Appendix II to the circular dated 22 August 2025 (the "**Circular**") issued by the Company in connection with the proposed rights issue on the basis of one rights share for one share of the Company (the "**Rights Issue**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Part A of Appendix II to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group's consolidated net tangible assets attributable to owners of the Company as at 31 December 2024 as if the Rights Issue had taken place on 31 December 2024. As part of this process, information about the Group's consolidated financial position as at 31 December 2024 has been extracted by the Directors from the annual report of the Company for the year ended 31 December 2024, dated 28 March 2025, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules")** and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Management

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

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented 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 Rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

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

The purpose of Unaudited Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2024 would have been as presented.

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

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, 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 Rule 4.29(1) of the Listing Rules.

Moore CPA Limited
Certified Public Accountants

Chu Mei Yue, Michelle
Practising Certificate Number: P05826
Hong Kong, 22 August 2025

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

(a) As at the Latest Practicable Date

		HK$
Authorised share capital:		
1,000,000,000,000	Shares of HK$0.01 each	10,000,000,000
Issued and fully paid-up or credited as fully paid-up share capital:		
1,825,740,693	Shares of HK$0.01 each	18,257,406.93

(b) Immediately following the completion of the Rights Issues (assuming there is no change in the total number of issued Shares from the date of the Rights Issue Announcement up to and including the Record Date)

		HK$
Authorised share capital:		
1,000,000,000,000	Share of HK$0.01 each	10,000,000,000
Issued and fully paid-up or credited as fully paid-up share capital:		
3,651,481,386	Share of HK$0.01 each	36,514,813.86

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

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) Interests of Directors and chief executives of the Company

As at Latest Practicable Date, none of the Directors nor chief executives, was a director or employee of a company which had an interest in or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO and none of the Directors, the chief executives of the Company nor their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register maintained by the Company, pursuant to Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange, pursuant to the Model Code.

(b) Interests of substantial Shareholders

As far as was known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following persons or companies had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Name	Nature of interests	Number of Shares	Approximate shareholding percentage
Ms. Lam Pauline ("**Ms. Lam**")	Held by controlled corporation(1)	211,312,440	11.57%
	Beneficial owner(1)	61,967,760	3.39%
Wealth Millennium Limited ("**Wealth Millennium**")	Beneficial owner(1)	211,312,440	11.57%
Ms. Zhang Tingting ("**Ms. Zhang**")	Held by controlled corporation(2)	253,575,000	13.89%
Resplendence Investment Development Limited ("**Resplendence**")	Beneficial owner(2)	253,575,000	13.89%
Dr. Yang Zhihui ("**Dr. Yang**")	Held by controlled corporation(3)	148,156,729	8.11%
Landing International Limited ("**Landing International**")	Beneficial owner(3)	148,156,729	8.11%
Ms. Xu Ning ("**Ms. Xu**")	Interest of spouse(3)	148,156,729	8.11%

Notes:

(1) Wealth Millennium Limited, the entire issued share capital of which is held by Ms. Pauline Lam, is interested in 211,312,440 Shares. Together with 61,967,760 Shares beneficially owned by Ms. Pauline Lam, Ms. Pauline Lam is deemed to be interested in a total of 273,280,200 Shares, representing approximately 14.97% of the total number of issued Shares of the Company.

(2) Resplendence Investment Development Limited, the entire issued share capital of which is held by Ms. Zhang Tingting, is interested in 253,575,000 Shares, representing approximately 13.89% of the total number of issued Shares of the Company.

(3) Landing International, the entire issued share capital of which is held by Dr. Yang, is interested in 148,156,729 Shares, representing approximately 8.11% of the total number of issued shares of the Company. Ms. Xu is the spouse of Dr. Yang. Under the SFO, Ms. Xu is deemed to be interested in the same number of Shares in which Dr. Yang is interested in.

(4) Any discrepancies in the above table between totals and sums of figures are due to rounding.

Save as disclosed above, so far as the Directors were aware, as at the Latest Practicable Date, there were no other persons who have an interest or a short position in the Shares or 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.

4. LITIGATION

As at the Latest Practicable Date, as far as the Directors are aware, neither the Company nor any member of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

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

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors had any business or interest that competes or may compete with the business of the Group and had any other conflict of interest with the Group.

7. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP

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

8. MATERIAL CONTRACTS

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

(a) the subscription agreement dated 1 March 2024 entered into between the Company, Resplendence Investment Development Limited and Ms. Zhang Tingting in relation to the subscription of 845,250,000 Shares;

(b) the underwriting agreement dated 18 April 2024 and entered into between the Company and the Underwriter in relation to the rights issue undertaken in 2024;

(c) the placing agreement dated 27 June 2025 entered into between the Company and the Underwriter in relation to the placing of a total of up to 304,290,000 new Shares; and

(d) the Underwriting Agreement.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinions, letters or advice contained in this Circular:

Name	Qualifications
Moore CPA Limited	Registered Public Interest Entity Auditor
Jun Hui International Finance Limited	a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they are respectively included.

As at the Latest Practicable Date, none of the above experts had any shareholding, directly or indirectly, in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts had any direct or indirect interest in any assets which had been, since 31 December 2024 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Head Office and Principal Place of Business in Hong Kong	Units 1412-1413, 14th Floor, China Merchants Tower, Shun Tak Centre Nos. 168-200 Connaught Road Central Hong Kong
Authorised Representatives	Mr. Huang Wei Mr. Pang Kai Cheong
Directors	*Executive Directors:* Ms. Chan Mee Sze (Acting Chairperson) Dr. Wong Hoi Po Mr. Huang Wei *Independent Non-executive Directors:* Mr. Li Chun Kei Mr. Shek Lai Him Abraham Mr. Du Peng
Company Secretary	Mr. Pang Kai Cheong *An associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute*
Business address of Directors and the Authorised Representatives	Units 1412-1413, 14th Floor, China Merchants Tower, Shun Tak Centre Nos. 168-200 Connaught Road Central Hong Kong
Legal Advisers to the Company	Deacons 5th Floor, Alexandra House 18 Chater Road, Central Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Jun Hui International Finance Limited Unit 01-02, 16/F Hing Yip Commercial Centre 272-284 Des Voeux Road Central Sheung Wan, Hong Kong

Auditor/Reporting Accountants of the Company	Moore CPA Limited Registered Public Interest Entity Auditor 1001-1010, North Tower, World Finance Centre Harbour City, 19 Canton Road Tsimshatsui, Kowloon Hong Kong
Principal Bankers	KEB Hana Bank 35 Euljiro Jung-gu Seoul, South Korea Shinhan Bank 20 Sejong-daero 9-gil, Jung-gu Seoul, South Korea Woori Bank 51 Sogong-ro(Hoehyeon-dong 1-ga), Jung-gu, Seoul, South Korea
Principal share registrar and transfer office	Appleby Global Corporate Services (Bermuda) Limited Canon's Court, 22 Victoria Street, PO Box HM 1179, Hamilton HM EX, Bermuda
Branch share registrar and transfer office in Hong Kong	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong

11. EXPENSES

The expenses in connection with the Rights Issue, including but not limited to the underwriting commission, printing, registration, translation, financial advisory, legal and accounting fees are estimated to be approximately HK$3.82 million, subject to the final subscription, and are payable by the Company.

12. PARTICULARS OF DIRECTORS

Executive Directors

Ms. Chan Mee Sze ("**Ms. Chan**"), aged 51, has been an executive director of the Company since 1 September 2018 and the Acting Chairperson of the Board since 18 November 2022. Ms. Chan holds several directorship in certain subsidiaries of the Group as well. She was appointed as a member of Nomination Committee of the Company with effect from 25 July 2025.

Ms. Chan obtained a Bachelor's degree in Laws from the University of London and a Master's degree in Business Administration from the University of Dundee, United Kingdom. Ms. Chan has been admitted to practice as a solicitor in England and Wales. She is also a chartered secretary, a chartered governance professional and a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Chan has extensive experience in corporate administration and corporate finance and she has over 14 years of experience as director of listed companies in Hong Kong.

Dr. Wong Hoi Po ("**Dr. Wong**"), aged 48, has been an executive director of the Company since 3 February 2020. Dr. Wong holds a Doctoral Degree in Business Administration, a Master's Degree of Business Administration in Finance, and a Bachelor's Degree in Accounting from the United States. He currently serves as Chief Financial Officer at Jeju Shinhwa World, the flagship integrated resort project of the Group, which is operated and developed by Jeju Shinhwa World Co., Ltd. (formerly known as Landing Jeju Development Co., Ltd.) ("**JSW**"). He served as Senior Vice President at JSW from 1 March 2019 to 5 January 2020. In addition, Dr. Wong holds several directorships in certain subsidiaries of the Group. Prior to joining JSW, he worked as Chief Financial Officer at Creative Brilliant Investment Company Limited, Macau from 2016 to 2019. Before 2016, Dr. Wong had worked as an executive director of finance at Venetian Macau Limited for 10 years. As an external auditor, he started his finance and accounting career for an accounting firm in the United States in 2000. With approximately 20 years of professional and practical experience in the field of accounting and finance, Dr. Wong also served as a part-time visiting associate professor at Macau University of Science & Technology, lecturing a number of business administration programs at the master's degree level.

Mr. Huang Wei ("**Mr. Huang**"), aged 43, has been an executive director of the Company since 14 April 2021. He graduated from Zhongnan University of Economics and Law with bachelor degree of International Economics and Trading and obtained a master degree of Business Administration. Mr. Huang is responsible for the senior operation and management of hotels and theme parks of the Group. He also holds a directorship in a subsidiary of the Group. Mr. Huang was a director of Guanghe Landscape Culture Communication Co., Ltd, ShanXi (shares of which are listed on the Shanghai Stock Exchange, stock code: 600234) until October 2020. He has 20 years of experience in finance and travel industries.

Independent Non-Executive Directors

Mr. Li Chun Kei ("**Mr. Li**"), aged 42, has been an independent non-executive director of the Company since 15 January 2020. Mr. Li graduated from the University of Hull, United Kingdom with a Bachelor's degree in Law in July 2007. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Li has over 10 years of experience in corporate finance and accounting. He also worked at PricewaterhouseCoopers from 2008 to 2011.

Mr. Shek Lai Him Abraham ("**Mr. Shek**"), aged 80, has been an independent non-executive Director of the Company since 14 August 2020. Mr. Shek graduated from the University of Sydney and holds a Bachelor of Arts Degree and a Diploma in Education. He was appointed as a Justice of the Peace in 1995 and was awarded the Silver Bauhinia Star and the Gold Bauhinia Star by the government of Hong Kong in 2007 and 2013 respectively. Mr. Shek was a member of the Legislative Council of Hong Kong representing the Real Estate and Construction Functional Constituency from 2000 to 2021. He is a member of the Court of The University of Hong Kong, an honorary member of Court of The Hong Kong University of Science & Technology, a court member of City University of Hong Kong and a court member of Hong Kong Metropolitan University.

Previously, Mr. Shek was the Chairman and an executive director of Goldin Financial Holdings Limited (shares of which were listed on the main board of the Stock Exchange, in liquidation and was delisted on 31 October 2023, stock code: 530). He is the Chairman and non-executive director of JY Grandmark Holdings Limited from 6 June 2025 (stock code:2231). He is also an independent non-executive director of China Resources Building Materials Technology Holdings Limited (formerly known as China Resources Cement Holdings Limited) (stock code: 1313), Chuang's China Investments Limited (stock code: 298), Chuang's Consortium International Limited (stock code: 367), Cosmopolitan International Holdings Limited (stock code: 120), CSI Properties Limited (stock code: 497), Everbright Grand China Assets Limited (stock code: 3699), Far East Consortium International Limited (stock code: 35), Hao Tian International Construction Investment Group Limited (stock code: 1341), Alliance International Education Leasing Holdings Limited (formerly known as International Alliance Financial Leasing Co., Ltd) (stock code: 1563), ITC Properties Group Limited (stock code: 199), Lai Fung Holdings Limited (stock code: 1125), CTF Services Limited (formerly known as NWS Holdings Limited) (stock code: 659) and Paliburg Holdings Limited (stock code: 617), all being listed public companies in Hong Kong. Mr. Shek is also an independent non-executive director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust (stock code: 2778)) and Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust (stock code: 1881)), both trusts are listed on the Stock Exchange.

During the last three years, Mr. Shek was an independent non-executive director of Lifestyle International Holdings Limited (shares of which were listed on the main board of the Stock Exchange, stock code:1212) and Country Garden Holdings Company Limited (stock code: 2007).

Mr. Du Peng ("**Mr. Du**"), aged 43, has been an independent non-executive Director of the Company since 12 March 2021. Mr. Du graduated from Zhongnan University of Economics and Law with a Doctoral degree of marketing in June 2009. He was the Academic Director of MBA Education Centre and the Head of Department of Marketing of Zhongnan University of Economics and Law. He is currently the Professor, the Vice Dean of the School of Business and Administration and the Deputy Director of the MBA Education Center. He has years of experience in marketing consultancy and training. In addition, Mr. Du is an independent director of Zhongbai Holdings Group Co., Ltd. (shares of which are listed on the Shenzhen Stock Exchange, stock code: 000759).

13. MISCELLANEOUS

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

(b) The English text of this Circular and the accompanying form of proxy shall prevail over the respective Chinese text in the case of inconsistency.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available on the websites of the Company (http://www.shw.com.hk) and the Stock Exchange (https://www.hkexnews.hk), from the date of this Circular up to and including the date of the SGM:

(a) the annual reports of the Company for the financial year ended 31 December 2022, 2023 and 2024;

(b) the letter from the Independent Board Committee, the text of which is set out on pages 34 to 35 of this Circular;

(c) the letter of advice from Jun Hui International to the Independent Board Committee and the Independent Shareholders on the Rights Issue, the text of which is set out on pages 36 to 56 of this Circular;

(d) the report from Moore CPA Limited on the unaudited pro forma financial information of the Group as set out in Appendix II to this Circular;

(e) the material contracts referred to in the paragraph headed "8. Material Contracts" in this appendix; and

(f) the written consents referred to in the paragraph headed "9. Experts and Consents" in this appendix.

Shin Hwa World Limited
神話世界有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 00582)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting (the "**SGM**") of Shin Hwa World Limited (the "**Company**") will be held at 2:30 p.m. on Tuesday, 16 September 2025 at the meeting room of SOHO 1, 6/F., IBIS Hong Kong Central & Sheung Wan, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong for the purposes of considering and, if thought fit, passing with or without amendments the following resolutions of the Company:

ORDINARY RESOLUTION

1. "**THAT** subject to and conditional upon the fulfilment of all conditions as set out in the section headed "Letter from the Board — Proposed Rights Issue — Conditions of the Rights Issue" in the circular of the Company dated 22 August 2025:

(a) the issue of up to 1,825,740,693 new Shares (assuming no further issue and repurchase of the shares of the Company up to the Record Date (as defined below)) (the "**Rights Shares**") pursuant to an offer by way of rights to the shareholders of the Company (the "**Shareholders**") at the subscription price of HK$0.1 per Rights Share (the "**Subscription Price**") on the basis of one (1) Rights Shares for every one (1) Share held by the Shareholders (the "**Qualifying Shareholders**") whose names appear on the register of members of the Company on Tuesday, 30 September 2025, or such other date as may be determined by the Company for determining entitlements of the Shareholders to participate in the Rights Issue (as defined below) (the "**Record Date**"), save for the Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) to whom the Directors, based on legal opinions to be provided by the legal advisers to the Company, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s) (the "**Excluded Shareholders**"), and on and subject to such terms and conditions as may be determined by the Directors (the "**Rights Issue**"), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

(b) the underwriting agreement dated 25 July 2025 entered into between the Company and SR Wealth Securities Limited (a copy of which has been produced to the Meeting marked "A" and signed by the chairman of the Meeting for the purpose of identification), in relation to the underwriting of the Rights Shares on a best effort basis, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(c) the board of Directors or a committee thereof be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the Rights Shares may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, any Directors be and is hereby authorised to make such exclusions or other arrangements in relation to any Excluded Shareholders, and to do all such acts and things or make such arrangements as he/she considers necessary, desirable or expedient having regard any restrictions under the bye-laws of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong to give effect to any or all other transactions contemplated in this resolution; and

(d) any one Director be and are hereby authorised to do all such acts and things and execute and deliver all such documents, which are ancillary to the Rights Issue and the Underwriting Agreement, and where required, any two Directors or one Director and company secretary of the Company to affix the Company's seal, on behalf of the Company as he/she may consider necessary, desirable or expedient to implement or give effect to any matters in connection with the Rights Issue, the Underwriting Agreement, and the transactions contemplated thereunder."

By Order of the Board
Shin Hwa World Limited
Chan Mee Sze
Acting Chairperson and Executive Director

Hong Kong, 22 August 2025

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.

2. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote on his behalf. A member who is the holder of two or more Shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.

3. To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting (as the case may be).

4. Where there are joint registered holders of any Share, any one of such persons may vote at the meeting either personally or by proxy in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders are present at the meeting personally or by proxy, then one of the said persons so present whose name stands first on the Register of Members shall alone be entitled to vote in respect of such Share.

5. Completion and return of the form of proxy will not preclude the shareholders of the Company from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

6. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the resolution set out in this Notice will be decided by poll at the above meeting.

7. For determining the entitlement to attend and vote at the SGM, the Register of Members will be closed from Wednesday, 10 September 2025 to Tuesday, 16 September 2025, both days inclusive. During this period, no transfer of Shares will be registered. In order to be eligible to attend and vote at the Special General Meeting, all transfer forms of Shares accompanied by the relevant share certificates must be lodged with the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 9 September 2025. The record date for the purpose of ascertaining Shareholders' right to attend and vote at the SGM will be on Tuesday, 16 September 2025.

8. (i) If tropical cyclone warning signal no. 8 or above remains hoisted or a black rainstorm warning signal is in force or "extreme conditions" caused by super typhoons is announced at 7:00 a.m. at the date of the SGM, the SGM will be adjourned in accordance with the bye-laws of the Company. Shareholders will be informed of the date, time and venue of the adjourned Meeting by a supplementary notice posted on the respective websites of the Company (www.shw.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

   (ii) The SGM will be held as scheduled when an amber or red rainstorm warning signal is in force. Members should make their own decision as to whether they would attend the SGM under bad weather conditions bearing in mind their own situation and if they should choose to do so, they are advised to exercise care and caution.

As at the date of this notice, the Board comprises Ms. Chan Mee Sze (Acting Chairperson), Dr. Wong Hoi Po, and Mr. Huang Wei as executive Directors; and Mr. Li Chun Kei, Mr. Shek Lai Him Abraham and Mr. Du Peng as independent non-executive Directors.