
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in SILKwave INC, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein.



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

**(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE
HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS;
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Company



Independent Financial Adviser to the Company



The Rights Issue will be made on a non-underwritten basis. There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue.

The Rights Issue is subject to fulfilment of the conditions of the Rights Issue as set out in the section headed "Letter from the Board — Conditions of the Rights Issue" in this circular. If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in Shares and/or nil-paid Rights Shares up to the date on which the Rights Issue has become unconditional should be aware of the risk that the Rights Issue may not proceed and are advised to exercise caution.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 40 to 41 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-26 of this circular.

The notice convening the EGM of SILKwave INC to be held at Unit B, 8/F., Kingston International Centre, 19 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong on Wednesday, 21 January 2026, at 11:00 a.m. or at any adjournment thereof is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy and indicate voting instruction in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no less than forty-eight (48) hours before the time for holding the EGM (i.e. by 11:00 a.m. on Monday, 19 January 2026) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish.

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 19 November 2025 in relation to the Rights Issue
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday and public holiday) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chi Capital”	Chi Capital Holdings Ltd, a controlling shareholder of the Company and a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Wong as at the Latest Practicable Date
“Company”	Silkwave Inc, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 471)
“Convertible Notes”	the 7-year zero coupon unsecured unlisted convertible notes in the aggregate principal amount of US\$65,000,000 issued by the Company in accordance with the terms of the subscription agreement dated 29 June 2021
“connected person(s)”	Has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders to apply for Excess Rights Shares
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Rights Issue and the transactions contemplated thereunder
“Excess Rights Shares”	any Rights Shares provisionally allotted but not subscribed for prior to the Latest Time for Acceptance, any entitlements not provisionally allotted to any Non-Qualifying Shareholders, and any Rights Shares created from the aggregation of fractions

DEFINITIONS

“Existing Share(s)/Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Financial Adviser”	Kingston Corporate Finance Limited, a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Company in relation to the Rights Issue
“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 board committee of the Company comprising all independent non-executive Directors, which has been established under the Listing Rules to advise the Independent Shareholders on the Rights Issue and the transactions contemplated thereunder
“Independent Financial Adviser”	Hooray Capital Limited, a licensed corporation carrying out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Rights Issue and the transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Last Day for Transfer”	Monday, 26 January 2026, or such other date as the Company may determine by the Company, being the last date for lodging transfer of Shares prior to the closure of the register of members of the Company in order to be qualified for the Rights Issue
“Last Trading Day”	Wednesday, 19 November 2025, being the last trading day of the Shares on the Stock Exchange immediately prior to the release of the Announcement
“Latest Practicable Date”	29 December 2025, being practicable date prior to printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Monday, 23 February 2026, or such other time and date as the Company may determine by the Company, being the latest time and date for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Mr. Lui”	Mr. Lui Chun Pong, who was the non-executive Director (resigned on 26 November 2025) and one of the directors of the Financial Adviser
“Mr. Wong”	Mr. Wong Chau Chi, who is the chairman of the Board, the Chief Executive Officer and the controlling shareholder of the Company
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making reasonable enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions or prohibitions under the laws of the relevant jurisdictions or the requirements of the relevant regulatory body or stock exchange in such jurisdictions
“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued by the Company to the Shareholders containing details of the Rights Issue
“Prospectus Posting Date”	Tuesday, 3 February 2026, or such other date as the Company may determine by the Company, being the date of which the Prospectus Documents are made available to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders

DEFINITIONS

“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Monday, 2 February 2026, or such other date as may be determined by the Company, being the date for determining entitlements of the Shareholders to participate in the Rights Issue
“Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of three (3) Rights Shares for every one (1) Existing Share held by the Qualifying Shareholders on the Record Date at the Subscription Price
“Rights Share(s)”	up to (i) 359,821,602 Shares (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date); or (ii) 383,161,602 Shares (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date other than the full conversion of the Convertible Notes)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.455 per Rights Share
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“United States”	the United States of America
“%”	per cent

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue. All times and dates stated in this circular refer to Hong Kong local times and dates. The expected timetable is indicative only and may be varied. Any changes to the expected timetable will be announced by way of an announcement by the Company as and when appropriate.

Events	Time and date
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Wednesday, 14 January 2026
Closure of register of members of the Company to determine entitlement to attend and vote at the EGM (both days inclusive)	Thursday, 15 January 2026 to Wednesday, 21 January 2026
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Monday, 19 January 2026
Record Date for attending and voting at the EGM	Wednesday, 21 January 2026
Expected time and date of the EGM	11:00 a.m. on Wednesday, 21 January 2026
Announcement of poll results of the EGM	Wednesday, 21 January 2026
Register of members of the Company re-opens	Thursday, 22 January 2026
Last day of dealings in the Shares on a cum-rights basis of the Rights Issue	Thursday, 22 January 2026
First day of dealings in the Shares on an ex-rights basis of the Rights Issue	Friday, 23 January 2026
Latest time for lodging transfer of Shares in order to be qualified for the Rights Issue	4:30 p.m. on Monday, 26 January 2026
Closure of register of members of the Company to determine the entitlement to the Rights Issue (both days inclusive)	Tuesday, 27 January 2026 to Monday, 2 February 2026
Record Date to determine entitlements to the Rights Issue	Monday, 2 February 2026
Register of members of the Company re-opens	Tuesday, 3 February 2026

EXPECTED TIMETABLE

Despatch of the Prospectus Documents (including the PAL, EAF and Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only) Tuesday, 3 February 2026

First day of dealings in nil-paid Rights Shares Thursday, 5 February 2026

Latest time for splitting of PALs 4:30 p.m. on Monday, 9 February 2026

Last day of dealings in nil-paid Rights Shares Thursday, 12 February 2026

Latest time for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares 4:00 p.m. on Monday, 23 February 2026

Announcement of results of the Rights Issue including the results of application for Excess Rights Shares Monday, 2 March 2026

Despatch of share certificates for fully-paid Rights Shares Tuesday, 3 March 2026

Despatch of refund cheques, if any, for wholly or partially unsuccessful excess applications or if the Rights Issue does not proceed Tuesday, 3 March 2026

Commencement of dealings in fully-paid Rights Shares 9:00 a.m. on Wednesday, 4 March 2026

All times and dates in this circular refer to Hong Kong local times and dates.

Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the Listing Rules.

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

The Latest Time for Acceptance will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or “extreme conditions” is announced by the Government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 23 February 2026. Instead, the latest time for acceptance of and payment for the Rights Shares and application and payment for Excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

EXPECTED TIMETABLE

- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 23 February 2026. Instead, the latest time for acceptance of and payment for the Rights Shares and application and payment for Excess Rights Shares will be extended to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on or before 4:00 p.m. on Monday, 23 February 2026, 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) of any change to the expected timetable as soon as practicable.

LETTER FROM THE BOARD



SILKWAVE INC

中 播 數 據 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

Executive Directors:

Mr. WONG Chau Chi (*Chairman and Chief Executive*)

Ms. WOO Lan Ying (*Vice-Chairperson*)

Mr. YANG Tenghao

Registered office:

Cricket Square, Hutchins Drive

P. O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent Non-executive Directors:

Mr. CHOW Kin Wing

Mr. Lam Cheung Shing, Richard

Mr. TAM Hon Wah

Headquarters and principal place of business in Hong Kong:

Unit B1, 8/F

Kingston International Centre

19 Wang Chiu Road, Kowloon Bay

Kowloon, Hong Kong

31 December 2025

To the Shareholders,

Dear Sir or Madam,

**(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE
HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS;
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Introduction

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendations from the Independent Board Committee in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regard to the aforesaid; (iv) other information required under the Listing Rules; and (v) a notice convening the EGM.

LETTER FROM THE BOARD

PROPOSED RIGHTS ISSUE

On 19 November 2025, the Board resolved to propose the Rights Issue, details of which are summarised below:

Rights Issue Statistics

Basis of the Rights Issue	: three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	: HK\$0.455 per Rights Share
Number of Shares in issue as at the date of the Latest Practicable Date	: 119,940,534 Shares
Number of Rights Shares	: up to (i) 359,821,602 Rights Shares (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date); or up to (ii) 383,161,602 Rights Shares (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Notes on or before the Record Date)
Aggregated nominal value of the Rights Shares	: up to (i) HK\$3,598,216.02 (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date); or up to (ii) HK\$3,831,616.02 (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Notes on or before the Record Date)
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	: (i) 479,762,136 (assuming full subscription under the Rights Issue, no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue); or (ii) 510,882,136 (assuming full subscription under the Rights Issue, no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Notes and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

LETTER FROM THE BOARD

Gross proceeds from the Rights Issue	: (i) approximately HK\$163.72 million before expenses (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$174.34 million before expenses (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Notes)
Net proceeds from the Rights Issue	: (i) approximately HK\$162.00 million after expenses (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$172.62 million before expenses (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Notes)
Net price (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	: (i) approximately HK\$0.450 per Rights Share (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date) or (ii) approximately HK\$0.451 (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Notes)
Rights of excess application	: Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments.

As at the Latest Practicable Date, there are outstanding Convertible Notes which are convertible into 7,780,000 new Shares prior to the Record Date. (For the Convertible Notes which will not be converted on or before the Record Date, please refer to the section headed "POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE NOTES" in this circular.) Save for the aforesaid, as at the Latest Practicable Date, the Group has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible into or giving rights to subscribe for, convert or exchange into any Shares prior to the Record Date.

LETTER FROM THE BOARD

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 359,821,602 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 300% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) 75% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Assuming no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Notes and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 383,161,602 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) approximately 319.46% of the issued share capital of the Company as at the Latest Practicable Date; (ii) 300% of the issued share capital of the Company as enlarged by the issue of Shares upon full exercise of the Convertible Notes; and (iii) 75% of the issued share capital of the Company as enlarged by the issue of Shares upon full exercise of the Convertible Notes and the allotment and issue of the Rights Shares.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders and aggregated fractions of Rights Shares will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) and EAF(s), or transferees of nil-paid Rights Shares (or either of them, whichever shall be appropriate), may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (a) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and (b) does not cause the Company's public float to decrease to below 25%. Any subscription monies not being utilised due to the scaled-down application of entitled Rights Shares or Excess Rights Shares will be refunded to the affected applicants.

If the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

LETTER FROM THE BOARD

The Subscription Price

The Subscription Price is HK\$0.455 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares or where applicable, upon an application of Excess Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 34.06% to the closing price of HK\$0.690 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 31.06% to the closing price of HK\$0.660 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 32.29% to the average of the closing prices of HK\$0.672 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 31.58% to the average of the closing prices of approximately HK\$0.665 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 10.13% to the theoretical ex-rights price of approximately HK\$0.5063 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.660 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 24.51% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$0.5103 per Share and the benchmarked price of approximately HK\$0.676 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.660 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.676 per Share); and
- (vii) a discount of approximately 62.81% to the latest published unaudited consolidated net asset value per Share as at 30 June 2025 of approximately HK\$1.2236 (based on the net asset value attributable to the owners of the Company as at 30 June 2025 of approximately US\$18,863,000 (equivalent to approximately HK\$146,754,140 based on the exchange rate of US\$1 = HK\$7.78) as disclosed in the interim results announcement of the Company dated 29 August 2025 for the six months ended 30 June 2025 and 119,940,534 Shares in issue as at the Latest Practicable Date).

LETTER FROM THE BOARD

Determination of the Subscription Price

The Subscription Price was determined by the Company with reference to, among others, (i) the recent closing prices of the Shares; (ii) the low liquidity of the Shares; (iii) the financial conditions of the Company; (iv) the amount of funds the Company intends to raise under the Rights Issue; and (v) the reasons as discussed in the section headed “REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS” below in this circular.

For the six months preceding the Last Trading Day (“**Half-Year Period**”), the share price of the Company traded within a range of the lowest closing price of HK\$0.500 on 16 June 2025 to the highest closing price of HK\$1.480 on 13 October 2025 and 14 October 2025 respectively, with an average trading price of HK\$0.685. The average daily trading volume was approximately 832,011 Shares, representing approximately 0.69% of the total issued shares as at the Last Trading Day. During the Half-Year Period, the closing price of the Share remained stable between HK\$0.500 to HK\$0.720 from 19 May 2025 to 2 October 2025. The Board noticed that the closing price of the Share suddenly increased from HK\$0.720 on 2 October 2025 to HK\$1.350 on 6 October 2025, despite there was not any price-sensitive announcement was published by the Company during that period. Subsequently, the closing price of the Share decreased from HK\$1.480 on 14 October 2025 to HK\$0.700 on 16 October 2025 and continued trading steadily until the Last Trading Day. The Directors consider the price fluctuations observed in October 2025 to be anomalous.

Whilst the Subscription Price represents a discount of approximately 62.81% to the latest published unaudited consolidated net asset value per Share as at 30 June 2025 of approximately HK\$1.2236 (“**NAV per Share**”) as mentioned above, the Directors consider that the NAV per Share is not the sole determining factor for setting the Subscription Price. During the Half-Year Period, the Shares traded below NAV per Share on 122 out of 127 trading days, exceeding it on only 5 trading days. The average closing price of the Share during the Half-Year Period (i.e. HK\$0.685) represents a discount of approximately 44.02% to the NAV per Share (i.e. HK\$1.2236). Accordingly, setting the Subscription Price at or near the NAV per Share would imply a substantial premium to the prevailing market prices of the Shares, which would not be commercially viable and would likely discourage Shareholder participation in the Rights Issue, thereby undermining the fundraising objectives.

Having also considered (i) the funding needs of the Group as detailed in the section headed “REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS”; (ii) to enhance attractiveness to Qualifying Shareholders; (iii) the closing price performance of the Share during the Half-Year Period as stated above; and (iv) the market comparison of the Comparables (as defined below), the Directors are of the view that setting the Subscription Price at a discount, within the range and proximate to the average of the Comparables’ LTD Discount, 5-Day Discount and 10-Day Discount (as defined below) is fair and reasonable and in the best interests of the Company and the Shareholders as a whole, as it is expected to encourage broader participation in the Rights Issue.

As disclosed in the annual report of the Company for the year ended 31 December 2024 (“**FY2024**”), the Group recorded a decrease in revenue from approximately US\$7.3 million for the year ended 31 December 2023 to approximately US\$6.4 million for FY2024, which represents a decrease of approximately 12.33%, which was mainly due to weakened performance in the Group’s trading business in Taiwan, which includes printed circuit board (PCB) operations and technology components for AI-related applications, amid challenging economic conditions.

LETTER FROM THE BOARD

The Company's 20% equity interest in Silkwave Holdings Limited ("Silkwave"), which is developing a satellite-connected multimedia service for vehicles in the PRC using its AsiaStar satellite assets (including frequency spectrum and orbital slot), reported a significantly reduced shared loss of US\$541,000 in FY2024, down from US\$49.6 million in FY2023. This improvement reflects a reassessment of Silkwave's commercial operations, prompted by ongoing delays in securing regulatory approvals and high-power satellite procurement, which impacted projected cash flows and led to a lower valuation of Silkwave's assets. Silkwave has completed its network infrastructure, technology, and ecosystem platform and has been conducting trial services across PRC. However, persistent regulatory delays from Chinese authorities continue to prevent the launch of commercial services, deferring revenue generation.

With growing market recognition of satellite services and applications, particularly following PRC's border reopening in early 2023 after three years of Covid-related restrictions, Silkwave is actively pursuing regulatory approvals and commercial service rollouts in the PRC while exploring opportunities in ASEAN markets to utilise its unutilised satellite capacity. The impairment loss on the Company's intangible assets also decreased significantly from US\$20.22 million in FY2023 to US\$4.82 million in FY2024, reflecting improved asset valuations. Consequently, the overall loss for the year decreased substantially from US\$74.97 million in FY2023 to US\$9.46 million in FY2024, signalling a positive shift in financial performance despite ongoing challenges and the Management is actively exploring strategies to turn around the Group's persistent net losses.

The Company aims to encourage greater Shareholders participation in the Rights Issue. Given the challenging financial performance, including the revenue decline, persistent net losses, and sustained low trading volume as outlined above, the Directors believe that offering an attractive discount on the subscription price is necessary to enhance the appeal of the Rights Issue and incentivise Shareholders' participation. This approach will enable shareholders to maintain their proportional shareholdings in the Company while contributing to the Group's future growth and development. Considering the reasons for the Rights Issue as detailed in the paragraph headed "REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS" below, the Directors believe that the terms of the Rights Issue, including the Subscription Price, are fair, reasonable, and in the best interests of the Company and its Shareholders as a whole.

The Board noted the relatively large discount of the Subscription Price as mentioned above.

To assess the fairness and reasonableness of the Subscription Price, the Board searched for rights issue transactions announced by companies listed on the Stock Exchange (except those terminated or lapsed) from 1 July 2025 up to the Last Trading Day (the "Criteria"). The review period of approximately four months prior to and including the Last Trading Day was determined to illustrate recent practices in rights issue transactions conducted by Hong Kong listed companies during a period close to and including the Last Trading Day. Based on the search on the Stock Exchange's website, the Board identified 35 rights issue transactions (the "Comparables") which met the aforesaid Criteria and they are exhaustive. The Board considered that notwithstanding that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables and without any independent verification with regard to the businesses and operations of such companies, the Comparables illustrate recent rights issue transactions conducted by Hong Kong listed companies during a period close to and including the Last Trading Day.

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Set out below is an exhaustive list of the Comparables announced during the review period:

Company	Stock code	Date of initial announcement	Rights issue basis	Expected maximum gross proceeds	Premium/ (discount) of the subscription price to the average closing price per share for the last five consecutive trading days	Premium/ (discount) of the subscription price immediately up to and including the last trading day prior to publication of announcement in relation to the respective rights issue (the "1TD Discount")	Premium/ (discount) of the subscription price immediately up to and including the last trading day prior to publication of announcement in relation to the respective rights issue (the "5-Day Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the announcement in relation to the respective rights issue (the "10-Day Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the announcement in relation to the respective rights issue (the "NAV Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the announcement in relation to the respective rights issue (the "ERP Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the announcement in relation to the respective rights issue (the "NAV Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the announcement in relation to the respective rights issue (the "NAV Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the announcement in relation to the respective rights issue (the "NAV Discount")
					HK\$' million	%	%	%	%	%	%	%	%
1. Domaine Power Holdings Limited	442	12/11/2025	1 for 2	61.0	(17.44)	(15.88)	(17.15)	(12.35)	(12.35)	(12.35)	(12.35)	(12.35)	(12.35)
2. Winto Group (Holdings) Limited	8238	6/11/2025	3 for 1	49.4	(6.98)	(6.10)	NA	(1.96)	NA	NA	NA	NA	NA
3. Zhongshi Minan Holdings Limited	8283	4/11/2025	5 for 1	100.8	(23.91)	(25.69)	(25.69)	(4.89)	(4.89)	(64.68)	(64.68)	(21.67)	(21.67)
4. KNT Holdings Limited	1025	2/11/2025	1 for 1	40.4	(9.09)	(10.71)	(13.79)	(4.76)	(4.76)	NA	NA	NA	NA
5. IRC Limited	1029	24/10/2025	1 for 2	325.9	(16.39)	(17.21)	(17.21)	(12.17)	(12.17)	(61.10)	(61.10)	(9.76)	(9.76)
6. Sandmartin International Holdings Limited	482	24/10/2025	1 for 1	92.3	2.70	(9.00)	(11.50)	NA	NA	NA	NA	NA	NA
7. Jiading International Group Holdings Limited	8153	24/10/2025	1 for 2	6.93	(38.78)	(37.11)	NA	(29.69)	(29.69)	NA	NA	12.93	12.93
8. Crocodile Garments Limited	122	22/10/2025	1 for 2	53.3	(22.68)	(22.44)	(22.44)	(22.92)	(22.92)	(16.34)	(16.34)	(7.56)	(7.56)

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Company	Stock code	Date of initial announcement	Rights issue basis	Gross proceeds HK\$' million	Premium/ (discount) of the subscription price to the closing price per share for the last five consecutive trading days	Premium/ (discount) of the subscription price to the average closing price per share for the last ten consecutive trading days	Premium/ (discount) of the subscription price to the average closing price per share for the last last trading day	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the announcement in relation to the respective rights issue (the "TID Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the announcement in relation to the respective rights issue (the "10-Day Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the announcement in relation to the respective rights issue (the "NAV Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the announcement in relation to the respective rights issue (the "ERP Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the announcement in relation to the respective rights issue (the "NAV Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the announcement in relation to the respective rights issue (the "NAV Discount")
					%	%	%	%	%	%	%	%	%
9. World Super Holdings Limited	8612	17/10/2025	3 for 1	31.1	23.46 (Note 1)	19.05 (Note 1)	NA (Note 1)	5.26 (Note 1)	669.23 (Note 1)	Nil (Note 1)	21.1 (Note 1)	Nil (Note 1)	21.1 Excess application
10. Synterfone Communication Corporation	1613	15/10/2025	2 for 1	121.2	(35.71)	(35.71)	(36.68)	(15.63)	(43.75)	23.81 Compensatory arrangements	NA	NA	23.81 Compensatory arrangements
11. Winshine Science Company Limited	209	15/10/2025	7 for 1	182	(23.50)	(24.30)	(27.10)	(4.10)	NA	21.1 Excess application	NA	NA	21.1 Excess application
12. Hao Bai International (Cayman) Limited	8431	9/10/2025	4 for 1	38.21	(19.23)	(19.05)	(26.31)	(4.55)	59.09 (Note 2)	23.24 Compensatory arrangements	NA	NA	23.24 Compensatory arrangements
13. CCIAM Future Energy Limited	145	9/10/2025	1 for 2	18.68	(18.62)	(19.05)	(19.90)	(13.07)	(6.13)	6.63 Compensatory arrangements	NA	NA	6.63 Compensatory arrangements
14. Fire Rock Holdings Limited	1909	5/10/2025	1 for 2	151.68	(20.20)	(27.85)	(24.40)	(14.59)	195.74 (Note 2)	9.13 Compensatory arrangements	NA	NA	9.13 Compensatory arrangements
15. Macau Legend Development Limited	1680	3/10/2025	1 for 2	93.00	(45.45)	(44.44)	(46.43)	(36.17)	(88.46)	15.79 Excess application	NA	NA	15.79 Excess application
16. China New Economy Fund Limited	80	2/10/2025	1 for 2	231.65	(29.29)	(27.23)	(28.13)	(21.70)	775.00 (Note 2)	9.7 Excess application	NA	NA	9.7 Excess application
17. Perfectech International Holdings Limited	765	26/9/2025	1 for 2	48.22	(18.06)	(20.70)	(19.84)	(12.72)	152.14 (Note 2)	152.14 Excess application	NA	NA	152.14 Excess application

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Company	Stock code	Date of initial announcement	Rights issue basis	Proceeds HK\$' million	Premium/ (discount) of the subscription price to the average closing price per share for the last five consecutive trading days	Premium/ (discount) of the subscription price to the average closing price per share for the last ten consecutive trading days	Premium/ (discount) of the subscription price to the average closing price per share based on the announcement in relation to the respective rights issue (the "TID Discount")	Premium/ (discount) of the subscription price to the average closing price per share based on the announcement in relation to the respective rights issue (the "5-Day Discount")	Premium/ (discount) of the subscription price to the average closing price per share based on the announcement in relation to the respective rights issue (the "10-Day Discount")	Premium/ (discount) of the subscription price to the average closing price per share based on the announcement in relation to the respective rights issue (the "ERP Discount")	Premium/ (discount) of the subscription price to the average closing price per share based on the announcement in relation to the respective rights issue (the "NAV Discount")
					%	%	%	%	%	%	%
18. Gameone Holdings Limited	8282	22/9/2025	1 for 2	11.40	1.69	(0.99)	(2.91)	1.12	(3.23)	0.55	Excess application
19. Immunotech Biopharm Ltd	6978	19/9/2025	1 for 5	307.84	(47.70)	(47.79)	(50.23)	(43.18)	802.50	8.05	Excess application
20. Zhong Jia Guo Xin Holdings Company Limited	899	15/9/2025	2 for 1	43.33	(33.64)	(35.23)	(42.59)	(14.45)	(97.87)	24.78	Compensatory arrangements
21. China Automotive Interior Decoration Holdings Limited	48	10/9/2025	3 for 2	34.1	(29.73)	(29.27)	(28.81)	(14.47)	(88.13)	17.84	Compensatory arrangements
22. Aeso Holding Limited	8341	4/9/2025	2 for 1	17.6	(25.70)	(23.10)	(26.00)	(10.35)	(83.00)	17.12	Compensatory arrangements
23. Many Idea Cloud Holdings Limited	6696	4/9/2025	6 for 1	273.8	(22.08)	(24.56)	(26.88)	(4.94)	(90.53)	20.63	Compensatory arrangements
24. Jisheng Group Holdings Limited	8133	26/8/2025	3 for 1	34.37	(14.29)	(14.29)	(16.67)	(4.15)	(45.45)	10.57	Compensatory arrangements
25. China Energy Development Holdings Limited	228	14/8/2025	1 for 2	238.70	(19.90)	(19.90)	(21.50)	N/A	(73.34)	6.63	Excess application
26. China Information Technology Development Limited	8178	13/8/2025	3 for 8	38.04	(55.05)	(55.24)	(55.43)	(47.11)	(63.00)	15.12	Excess application

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Company	Stock code	Date of initial announcement	Rights issue basis	Proceeds HK\$' million	Premium/ (discount) of the subscription price to the closing price per share for the last five consecutive trading days	Premium/ (discount) of the subscription price to the average closing price per share for the last ten consecutive trading days	Premium/ (discount) of the subscription price to the average closing price per share for the last ten consecutive trading days	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the announcement in relation to the respective rights issue (the "1TD Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the announcement in relation to the respective rights issue (the "10-Day Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the Company in relation to the respective rights issue (the "NAV Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the Company in relation to the respective rights issue (the "NAV Discount")	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the Company in relation to the respective rights issue (the "NAV Discount")
					Expected maximum gross proceeds	%	%	%	%	%	%	%
27. Capital VC Limited	2324	13/8/2025	1 for 1	54.00	(27.30)	(24.80)	(25.00)	N/A	(82.00)	13.60	Compensatory arrangements	
28. Value Convergence Holdings Limited	821	6/8/2025	2 for 1	245.10	(4.26)	(5.86)	(1.21)	(1.53)	(71.06)	3.11	Excess application	
29. Tomo Holdings Limited	6928	4/8/2025	1 for 2	40.50	(62.10)	(63.20)	(65.40)	(52.20)	25.00	21.30	Compensatory arrangements	
30. XJ International Holdings Co., Ltd. (Note 3)	1765	30/7/2025	1 for 12	137.08	(1.96)	(0.50)	(0.79)	(1.82)	(83.74)	0.15	Compensatory arrangements	
31. Da Yu Financial Holdings Limited	1073	30/7/2025	1 for 2	136.70	(16.67)	(18.92)	(18.37)	(11.76)	(45.45)	6.67	Excess application	
32. Shin Hwa World Limited	582	25/7/2025	1 for 1	182.57	(34.21)	(33.07)	(33.99)	(17.11)	(97.12)	17.11	Excess application	
33. Future Machine Limited	1401	23/7/2025	1 for 2	140.00	(72.28)	(72.28)	(72.28)	(63.48)	(28.61)	24.09	Compensatory arrangements	
34. Alco Holdings Limited	328	8/7/2025	4 for 1	148.47	(19.00)	(19.00)	(12.79)	N/A	N/A	15.52	Compensatory arrangements	
35. Sanergy Group Limited	2459	7/7/2025	1 for 2	45.60	(55.60)	(56.70)	(56.70)	(45.50)	(89.00)	18.80	Compensatory arrangements	

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Company	Stock code	Date of initial announcement	Rights issue basis	Hk\$' million	Premium/ (discount) of the subscription price to the average closing price per share for the last five consecutive trading days	Premium/ (discount) of the subscription price to the average closing price per share for the last ten consecutive trading days	Premium/ (discount) of the subscription price to the average closing price per share based on the announcement in relation to the respective rights issue (the "1TD Discount")	Premium/ (discount) of the subscription price to the average closing price per share based on the announcement in relation to the respective rights issue (the "5-Day Discount")	Premium/ (discount) of the subscription price to the average closing price per share based on the announcement in relation to the respective rights issue (the "10-Day Discount")	Premium/ (discount) of the subscription price to the average closing price per share based on the announcement in relation to the respective rights issue (the "ERP Discount")	Premium/ (discount) of the subscription price to the average closing price per share based on the announcement in relation to the respective rights issue (the "NAV Discount")	Premium/ (discount) of the subscription price to the average closing price per share based on the announcement in relation to the respective rights issue (the "Excess application/ dilution Compensatory effect arrangements")
					%	%	%	%	%	%	%	%
Minimum				6.93	(72.28)	(72.28)	(72.28)	(72.28)	(72.28)	(63.48)	(97.87)	0.15
Median				61.00	(22.38)	(24.43)	(25.35)	(25.35)	(25.35)	(12.90)	(64.68)	11.75
Maximum				325.90	2.70	(0.50)	(0.79)	(0.79)	(0.79)	1.12	65.12	24.78
Average				107.78	(25.95)	(26.91)	(27.96)	(27.96)	(27.96)	(17.85)	(48.03)	12.83
Company				174.34	(31.06)	(32.29)	(31.58)	(31.58)	(31.58)	(10.13)	(62.81)	24.51

Note:

1. The relevant Comparable has to set the subscription price at a premium to its recent trading price prior to the rights issue to avoid the subscription price being set below the par value; accordingly, such premium rates are considered as outliers and are therefore excluded from the calculation of the premium/discount rates of the subscription price of the Comparables relative to the trading prices.
2. The premium rates of the subscription price over the net asset value per issued share of the relevant Comparables are exceptionally high and considered as outliers, and are therefore excluded from the calculation of the premium/discount rates of the subscription price relative to the net assets value per share of the Comparables.
3. The relevant Comparable announced a previous rights issue on 10 July 2025, terminated it on 30 July 2025, and announced a revised rights issue on 30 July 2025.

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It is observed that the premium/discount rates of the LTD Discount, the 5-Day Discount, the 10-Day Discount, the TERP Discount, the NAV Discount and the theoretical dilution effect of the Rights Issue of approximately 31.06%, 32.29%, 31.58%, 10.13%, 62.81% and 24.51%, respectively, are within the market range of the Comparables. Despite the theoretical dilution effect of approximately 24.51% is close to the maximum of the Comparables of approximately of 24.78%, having also considered:

- (i) the Independent Shareholders are given the opportunity to express their view on the terms of the Rights Issue through their votes at the EGM and the Company will engage the independent financial adviser to provide a letter of advice to the Independent Board Committee and the Independent Shareholders regarding the terms of the Rights Issue;
- (ii) the Rights Issue provides the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a discount to the historical and prevailing market prices of the Shares;
- (iii) the Qualifying Shareholders who do not take up their entitlements in the Rights Issue are able to sell the nil-paid Rights Shares in the market, while the Qualifying Shareholders who wish to increase their shareholding interests in the Company through the Rights Issue are able to make excess applications for additional Rights Shares and/or acquire additional nil-paid Rights Shares in the market;
- (iv) it is reasonable to offer discount for the Subscription Price to promote its attractiveness given the generally thin average daily trading volume for the six months preceding the Last Trading Day as mentioned above; and
- (v) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

The Board is of the view 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.

Basis of provisional allotment

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

Application for all or any part of a Qualifying Shareholder's provisional allotments should be made by completing the PAL (in accordance with the instructions printed thereon) and lodging the same with a remittance for the Rights Shares being applied for with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Monday, 23 February 2026.

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Qualifying Shareholders who take up their pro rata assured entitlement in full will not suffer any dilution to their interests in the Company apart from any nominal dilution resultant from the non-issuance of fractional Rights Shares.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company the record dates of which fall on or after the date of issue of the fully-paid Rights Shares.

The Qualifying Shareholders

The Company will make available the Prospectus Documents to the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must at the close of business on the Record Date: (i) be registered on the register of members of the Company; and (ii) not be a Non-Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of the Share(s) (with the relevant share certificates) for registration with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on Monday, 26 January 2026 (i.e., the Last Day for Transfer).

Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee(s) (or held through CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names on or prior to the Last Day for Transfer.

It is expected that the last day of dealings in the Shares on a cum-rights basis is Thursday, 22 January 2026, and the Shares will be dealt with on an ex-rights basis from Friday, 23 January 2026.

Subject to the fulfilment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus (without the PAL and the EAF) to the Excluded Shareholders for their information only. For the avoidance of doubt, the Excluded Shareholders are entitled to attend and vote at the EGM.

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

The Non-Qualifying Shareholders

The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be made to the Non-Qualifying Shareholders and Non-Qualifying Shareholders will not be entitled to apply for Rights Shares.

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Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders under the EAFs.

The Company will send the Prospectus Documents to the Qualifying Shareholders only and will, subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant overseas jurisdictions of Overseas Shareholders, if any, and to the extent reasonably practicable, send the Prospectus (excluding the PAL and EAF) to the Non-Qualifying Shareholders for information purposes only.

The Overseas Shareholders

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders, if any, may not be eligible to take part in the Rights Issue.

The Company notes the requirements specified in the notes to Rule 13.36(2)(a) of the Listing Rules, and is in the process of making reasonable enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders present on the Record Date. If, after such enquiries, the Company is of the opinion that it would be necessary or expedient, on account of the legal restrictions or prohibitions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory body or stock exchange in such jurisdictions, not to offer the Rights Shares to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. Such Overseas Shareholders will be regarded as Non-Qualifying Shareholders and will not qualify for the Rights Issue. The basis of exclusion of Non-Qualifying Shareholders, if any, will be disclosed in the Prospectus.

Based on the register of members of the Company as at the Latest Practicable Date, there are 220 Shareholders with registered addresses situated overseas as follows:

Jurisdiction	Number of Overseas Shareholder(s)	Aggregated number of Shares held by Shareholder(s) in the jurisdiction	Approximate % of the issued share capital of the Company (Note)
PRC	213	1,003,002	0.8362%
United States	5	74,023	0.0617%
British Virgin Islands	2	24,403	0.0203%
	<hr/> <u>220</u>	<hr/> <u>1,101,428</u>	<hr/> <u>0.9182%</u>

Note: The percentage figures have been subject to rounding adjustment. Any discrepancies between totals and sums of amount listed herein are due to rounding adjustment.

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Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company.

Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should note that they may or may not be able to participate in the Rights Issue, subject to the results of enquiries made by the Company pursuant to the notes to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities laws or other laws or regulations of any territory or jurisdiction. The Rights Issue does not constitute any offer or invitation to sell, issue or solicit for Shares in any jurisdiction in which such actions are unlawful or otherwise restricted. Accordingly, Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should inform themselves of and observe any such restrictions, if applicable, and exercise caution when dealing in the Shares.

No fractional entitlement to the Rights Shares

On the basis of provisional allotment of three Rights Shares for every one Share held by the Qualifying Shareholders on the Record Date, no fractional entitlement to the Rights Shares will arise under the Rights Issue.

Odd lot arrangement

No odd lot matching services will be provided.

Application for Excess Rights Shares

All Qualifying Shareholders are entitled to apply by way of excess application under the EAFs for additional Rights Shares in excess of their assured entitlements.

The Excess Rights Shares will comprise:

- (i) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance; and
- (ii) any Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders or otherwise not subscribed for by renounces or transferees of nil-paid Rights Shares.

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Application for Excess Rights Shares can be made only by Qualifying Shareholders duly completing the EAFs (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Monday, 23 February 2026.

Qualifying Shareholders who wish to apply for Excess Rights Shares in addition to their provisional allotments must complete both the PAL and the EAF.

Basis of allocation of Excess Rights Shares

The Company will allocate the Excess Rights Shares at its discretion on a fair and equitable basis as far as practicable on the following principles:

- (i) if there are insufficient Excess Rights Shares to satisfy all EAFs, Excess Rights Shares will be allocated on a pro rata basis by reference to the number of Excess Rights Shares applied for in the relevant EAFs by the relevant Qualifying Shareholders;
- (ii) otherwise (i.e. if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs), Excess Rights Shares will be allocated in full in accordance with the EAFs to each Qualifying Shareholder who applies for Excess Rights Shares.

For the avoidance of doubt, in applying the principles above, reference will only be made to the number of Excess Rights Shares being applied for in the relevant EAFs, and no reference will be made to the Rights Shares comprised in applications through PAL or the existing number of Shares held by the relevant Qualifying Shareholders; and no preference will be given to applications for topping up odd lots.

Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the aforesaid arrangement for allocation of Excess Rights Shares by the Company may not be extended to the beneficial owners individually. Beneficial owners whose Shares are held by a nominee (or held through CCASS) are advised to consider whether they would like to arrange for the registration of their Shares in their own names on or prior to the Last Day for Transfer.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses, at their own risks, on or before Tuesday, 3 March 2026. Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares, or for refunds if the Rights Issue does not proceed, are expected to be despatched on or before Tuesday, 3 March 2026 to the applicants without interest to their registered addresses by ordinary post at their own risks.

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Stamp duty and other applicable fees

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

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, holding, subscription, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No securities of the Company in issue or the Rights Shares for which listing or permission to deal is to be sought is listed or dealt in on any other stock exchange. Rights Shares in both their nil-paid and fully-paid forms will be traded in board lots of 4,000 Shares.

Admission of Rights Shares into CCASS

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

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

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon the fulfilment of each of the following conditions:

- (i) the passing by Independent Shareholders at the EGM of the necessary resolution(s) to approve the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;

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- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of the Prospectus Documents each duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolutions of the Directors (and all other documents required to be attached hereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date;
- (iii) the Prospectus Documents are made available to the Qualifying Shareholders and the Prospectus and a letter in the agreed form are made available to the Non-Qualifying Shareholders, if any, for information purpose explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (iv) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares in their nil-paid and fully-paid forms; and
- (v) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by Tuesday, 31 March 2026, the Rights Issue will not proceed.

As at the Latest Practicable Date, no condition has been fulfilled.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group is principally engaged in (i) the provision of transmission and broadcasting of television programs (the “**CMMB Business**”); and (ii) the trading of printed circuit board (“**PCB**”) and artificial intelligence (“**AI**”) related products (the “**Trading Business**”).

Reasons for the Rights Issue

As disclosed in the Company’s annual report for FY2024 and the interim report for the six months period ended 30 June 2025, the Company has faced a declining revenue trend, decreasing from approximately US\$8.6 million for the year ended 31 December 2022 to approximately US\$6.4 million for FY2024. The Company also recorded continuous loss for the year since 31 December 2020. Additionally, the bank balances and cash of the Group have been low, amounted to approximately US\$889,000 as at 31 December 2024 and approximately US\$335,000 as at 30 June 2025 respectively.

During the 12 months prior to the Last Trading Day, the Company conducted two fund-raising activities, comprising a placing of new Shares under the general mandate (as detailed in the Company’s announcement dated 11 February 2025) and a subscription of new Shares under the general mandate (as detailed in the Company’s announcement dated 8 September 2025). These activities generated aggregate net proceeds of approximately HK\$16.1 million (please refer to the

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section headed “FUND RAISING EXERCISE IN THE PAST 12 MONTHS” below for details of the use of such net proceeds), out of which approximately HK\$15.1 million has been utilised in accordance with the intended purposes, with the remaining approximately HK\$1.0 million expected to be applied towards the Group’s general working capital by the end of 2025.

In light of the Group’s ongoing financial challenges and limited liquidity as mentioned above, the Directors consider that additional capital is essential to strengthen the financial position and business development of the Company. Regarding the CMMB Business, which is the major revenue stream of the Company, accounted for approximately 54.4% of the Company’s revenue for FY2024 and approximately 59.1% of the Company’s revenue for the six months period ended 30 June 2024, the Company intends to enhance and upgrade the existing relevant machines and equipment used in the CMMB business in order to maintain the competitiveness of the Company. The relevant machines and equipment has been using in the CMMB Business for over 4 years and will be phased out in the near future.

Regarding the Trading Business, which accounted for approximately 45.6% of the Company’s revenue for the year ended 31 December 2024 and approximately 40.9% of the Company’s revenue for the six months period ended 30 June 2024, the Company intends to enhance our services using the Company’s existing technology. Currently, the Trading Business operates on an outdated system that lacks a proper inventory management system to track stock and manage customer interactions, as well as limited supply chain management capabilities to optimise procurement, logistics and distribution processes. The Company is actively exploring the expansion of its online platform to modernise operations and reach a broader customers base, such as upgrading the real time checking system and integrated control system to monitor the status of the products. This digital expansion will not only improve customer accessibility but also support the integration of advanced technologies such as artificial intelligence (AI) and big data analytics. An up-to-date platform is the key to driving the Trading Business to the next level and meeting the customer’s evolving needs in order to remain competitive in a rapidly changing world.

As stated in the paragraph headed “Prospects” under the section headed “Management Discussion and Analysis” of the Company’s interim report of the Company for the six months period ended 30 June 2025, “The Company is deeply invested in pioneering advanced satellite communication services and applications within the science and technology sector”, leverage on the existing technology of the Company can enhance the services provided to our customers in the Trading Business segment. Therefore, the Company intends to allocate approximately HK\$17.17 million for the installation of the hardware and software for the Trading Business segment in order to provide additional value-added services to our existing customers and potential new customers in order to increase the revenue to be generated from the Trading Business segment in the future.

In addition, Mr. Yang Tenghao (“**Mr. Yang**”), the executive Director, is an experienced expert in corporate management and media operations, with nearly two decades of experience in media communication, corporate brand operations, and cross-sector resource integration in PRC, Macau and Hong Kong. Mr. Yang has served in the broadcasting and satellite media industry, having held positions as director and general supervisor at Guangdong Television Station, special assistant to the executive chairman of the board and director of legal affairs at Hong Kong Chaosheng Satellite Television, and from 2012 to 2014, he served as chief operating officer and executive station head of

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Macau China Satellite Television, overseeing channel operations, program production, and cross-regional cooperation. Based on Mr. Yang experiences in satellite and media operation as stated above, the Company are of the view that the development of application of the Company's satellite technology is positive.

Use of proceeds

Assuming full subscription under the Rights Issues and no change in the number of Shares in issue on or before the Record Date, the net proceeds from the Rights Issue, after deducting estimated expenses, are expected to be approximately HK\$162.00 million. The Company intends to allocate the net proceeds (i) as to 33.5% (approximately HK\$54.27 million) for technology development and infrastructure for the CMMB Business to improve user interfaces and experience; (ii) as to 29.2% (approximately HK\$47.30 million) for the development of the Trading Business to deliver enhanced value-added services and expand the Trading Business into the PRC market; (iii) as to 8.4% (approximately HK\$13.61 million) for hiring additional manpower for business expansion in the PRC; (iv) as to 4.2% (approximately HK\$6.80 million) for marketing campaigns and promotions; (v) as to 16.3% (approximately HK\$26.41 million) for general working capital of the Group; and (vi) as to 8.4% (approximately HK\$13.61 million) for other investment opportunities to be identified. Details are set out below:

Use of proceeds	Allocation of the net proceeds <i>HK\$'million</i> <i>(approximately)</i>	Percentage of the net proceeds	Expected timeline on utilisation
(i) technology development and infrastructure for the CMMB Business			
— upgrading broadcasting infrastructure including base stations and data centers	20.09	12.4%	
— procurement of equipment	16.04	9.9%	
— enhancement of signal transmission and content delivery systems	14.09	8.7%	
— development of software and applications	4.05	2.5%	
Sub-total	54.27	33.5%	Expected to be used by December 2027

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Use of proceeds		Allocation of the net proceeds <i>HK\$ 'million</i>	Percentage of the net proceeds <i>(approximately)</i>	Expected timeline on utilisation
(ii) development of the Trading Business				
— development of the inventory management system to track stock and manage customer interactions		9.07	5.6%	
— expansion of the online platform and systems to modernise operations		4.05	2.5%	
— development of technical and after-sales support system and supply chain financing solutions		4.05	2.5%	
— cash flow to expand the trading cycle in the PRC market		30.13	18.6%	
		<hr/>	<hr/>	
	Sub-total	47.30	29.2%	Expected to be used by December 2026
(iii) hiring additional manpower for business expansion in the PRC, such as additional personnel in sales & marketing, technical and administration		13.61	8.4%	Expected to be used by June 2027
(iv) marketing campaigns and promotions		6.80	4.2%	Expected to be used by December 2026
(v) general working capital, such as payment of staff salaries, settlement of professional fees, accounts and other payables, corporate utilities and expenses		26.41	16.3%	Expected to be used by December 2027
(vi) Other investment opportunities to be identified		13.61	8.4%	Expected to be used by December 2027
		<hr/>	<hr/>	
Total		<u>162.00</u>	<u>100.00%</u>	

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In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will be prioritised for technology development and infrastructure enhancement for the CMMB Business and expansion of the Trading Business. Any excess amount will be allocated proportionally to the remaining categories.

Rights Issue as the preferred fund-raising activity of the Group

The Board has considered various ways of raising funds and believes that the Rights Issue is the most efficient way in terms of time and costs for the Company. The Board considers it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity which will not increase the Group's finance costs.

The Board has evaluated various fund-raising alternatives before deciding on the Rights Issue, including but not limited to debt financing, placing of new Shares and open offer. Debt financing would impose an additional interest burden, increase the Group's gearing ratio and subject the Group to repayment obligations. Regarding equity fundraising, the Company recently conducted a subscription of new shares under the general mandate (as detailed in the Company's announcement dated 8 September 2025). While an open offer is similar to a rights issue in allowing qualifying shareholders to participate, it does not permit the free trading of rights entitlements in the open market. In contrast, the Board considers the Rights Issue, being pre-emptive in nature, to be the most suitable option, as it enables all qualifying shareholders to participate in the Company's future development. Additionally, it provides greater flexibility, allowing Qualifying Shareholders to maintain, increase, or decrease their pro-rata shareholdings by subscribing to their rights entitlements, acquiring additional rights entitlements, or selling their rights entitlements in the open market (subject to availability).

The Board considers that the terms of the Rights Issue are fair and reasonable and raising funds through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustration purpose only, the shareholding structure of the Company assuming (i) no change in the number of Shares in issue on or before the Record Date; and (ii) new Shares are allotted and issued upon full conversion of the Convertible Notes on or before the Record Date, but otherwise no other change in the issued Shares on or before the Record Date, are expected to be as follows:

(i) Assuming no change in the number of Shares in issue on or before the Record Date

Immediately after completion of the Rights Issue

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Assuming (a) none of the Qualifying Shareholders other than Chi Capital has taken up their respective entitlements of the Rights Shares; (b) no Qualifying Shareholders has applied for the Excess Rights; (c) the number of Rights Shares allotted and issued to Chi Capital is scaled down to comply with the public float requirement; and (d) no new Shares will be issued before completion of the Rights Issue other than the Rights Shares (Note 2)				Assuming (a) none of the Qualifying Shareholders other than Chi Capital has taken up their respective entitlements of the Rights Shares; (b) no Qualifying Shareholders has applied for the Excess Rights; and (c) no new Shares will be issued before completion of the Rights Issue other than the Rights Shares (Note 3)		
As at the Latest Practicable Date			Number of Shares	Approximate %	Number of Shares	Approximate %
Chi Capital (Note 1)	60,857,819	50.74%	243,431,276	50.74%	243,431,276	80.47%
Other public Shareholders	59,082,715	49.26%	236,330,860	49.26%	59,082,715	19.53%
	119,940,534	100.00%	479,762,136	100.00%	302,513,991	100.00%
					Number of Shares	Approximate %
					177,248,145	75.00
					59,082,715	25.00
					236,330,860	100.00

Notes:

- As at the Latest Practicable Date, Chi Capital is interested in 60,857,819 Shares, of which (i) 53,307,628 Shares are held by the Chi Capital; and (ii) 7,550,191 Shares are held by Chi Capital Securities Limited, which is wholly-owned by Chi Capital. Chi Capital is wholly-owned by Mr. Wong.

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2. Assuming (a) none of the Qualifying Shareholders other than Chi Capital has taken up their respective entitlements of the Rights Shares (b) no Qualifying Shareholders has applied for the Excess Rights Shares; and (c) no new Shares will be issued before completion of the Rights Issue other than the Rights Shares, there will be 59,082,715 Shares held by public Shareholders, representing approximately 19.53% of the total issued Shares as enlarged by the allotment and issue of the Rights Shares, which will below the minimum public float requirement of 25% under the Listing Rules. The Company has power and authority to apply adjustments to such number of Rights Shares to be offered to Chi Capital such that the minimum public float requirement under the Listing Rules, i.e. at least 25% of the Shares are held by the public at all times, is satisfied immediately after completion of the Rights Issue.

3. In the event that that total issued Shares as enlarged by the allotment and issue of the Rights Shares is below the minimum public float requirement of 25% under the Listing Rules, the Company will apply adjustments to and scale down the number of fully-paid Rights Shares to be allotted and issued to Chi Capital.

For illustration purpose only, assuming (a) none of the Qualifying Shareholders other than Chi Capital has taken up their respective entitlements of the Rights Shares; (b) no Qualifying Shareholders has applied for the Excess Rights; (c) the number of Rights Shares allotted and issued to Chi Capital is scaled down to comply with the public float requirement; and (d) no new Shares will be issued before completion of the Rights Issue other than the Rights Shares, a total number of 66,183,131 fully-paid Rights Shares will not be allotted and issued to Chi Capital such that at least 25% of the total number of issued Shares are held by public immediately after completion of the Rights Issue. The Subscription Price in respect of the 66,183,131 unallotted and unissued Rights Shares will be refunded to Chi Capital, and the size of the Rights Issue will be reduced accordingly.

4. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

LETTER FROM THE BOARD

(ii) Assuming new Shares are allotted and issued upon full conversion of the Convertible Notes on or before the Record Date, but otherwise no other change in the issued Shares on or before the Record Date

Immediately after completion of the Rights Issue

Assuming new Shares are allotted and issued upon full conversion of the Convertible Notes on or before the Record Date	Assuming (a) none of the Qualifying Shareholders other than Chi Capital has taken up their respective entitlements of the Rights Shares; (b) no Qualifying Shareholders has applied for the Excess Rights; (c) the number of Rights Shares allotted and issued to Chi Capital is scaled down to comply with the public float requirement; and (d) no new Shares will be issued before completion of the Rights Issue other than the other than the Rights Shares (Note 4)
Number of Shares	Number of Shares
Approximate %	Approximate %
Notes 1 & 2)	Notes 3)
Chi Capital (Notes 1 & 2)	Assuming (a) none of the Qualifying Shareholders other than Chi Capital has taken up their respective entitlements of the Rights Shares; (b) no Qualifying Shareholders has applied for the Excess Rights; (c) the number of Rights Shares allotted and issued to Chi Capital is scaled down to comply with the public float requirement; and (d) no new Shares will be issued before completion of the Rights Issue other than the other than the Rights Shares (Note 4)
Other public Shareholders	
<hr/>	<hr/>
127,720,534	127,720,534
<hr/>	<hr/>
100.00	100.00
<hr/>	<hr/>
59,082,715	59,082,715
<hr/>	<hr/>
42.26%	46.26%
68,637,819	68,637,819
<hr/>	<hr/>
53.74%	53.74%
236,330,860	274,551,276
<hr/>	<hr/>
42.26%	46.26%
<hr/>	<hr/>
100.00	100.00
<hr/>	<hr/>
333,633,991	333,633,991
<hr/>	<hr/>
100.00	100.00
<hr/>	<hr/>
236,330,860	236,330,860
<hr/>	<hr/>
100.00	100.00
<hr/>	<hr/>

Notes:

1. As at the Latest Practicable Date, Chi Capital holds the Convertible Notes with the outstanding principal amount of US\$7,000,000, which are convertible into 7,780,000 Shares, subject to the conditions and terms of the instrument of the Convertible Notes. According to the instrument, Chi Capital is not entitled to exercise the conversion rights if (i) the public float of the Company falls below the minimum public float requirement under Rule 8.08 of the Listing Rules; or (ii) the aggregate shareholding interest to be held by Chi Capital in the Company upon conversion, together with the shareholding interest of the parties acting in concert with it in the Company, to become equal to exceed 30% of the total Shares in issue or any other threshold which will trigger the obligation on the part of Chi Capital to make a mandatory general offer pursuant to the Takeovers Code.

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2. For illustration purpose only, assuming Chi Capital fully converts the Convertible Notes on or before the Record Date and no other new Shares will be allotted, Chi Capital will be interested in 68,637,819 Shares, of which (i) 7,780,000 Shares being converted from the Convertible Notes; (ii) 53,307,628 Shares are held by the Chi Capital; and (iii) 7,550,191 Shares are held by Chi Capital Securities Limited, which is wholly-owned by Chi Capital. Chi Capital is wholly-owned by Mr. Wong.

3. Assuming (a) none of the Qualifying Shareholders other than Chi Capital has taken up their respective entitlements of the Rights Shares (b) no Qualifying Shareholders has applied for the Excess Rights Shares; and (c) no new Shares will be issued before completion of the Rights Issue other than the Rights Shares, there will be 59,082,715 Shares held by public Shareholders, representing approximately 17.71% of the total issued Shares as enlarged by the allotment and issue of the Rights Shares, which will below the minimum public float requirement of 25% under the Listing Rules. The Company has power and authority to apply adjustments to such number of Rights Shares to be offered to Chi Capital such that the minimum public float requirement under the Listing Rules, i.e. at least 25% of the Shares are held by the public at all times, is satisfied immediately after completion of the Rights Issue.

4. In the event that that total issued Shares as enlarged by the allotment and issue of the Rights Shares is below the minimum public float requirement of 25% under the Listing Rules, the Company will apply adjustments to and scale down the number of fully-paid Rights Shares to be allotted and issued to Chi Capital.

For illustration purpose only, assuming (a) none of the Qualifying Shareholders other than Chi Capital has taken up their respective entitlements of the Rights Shares; (b) no Qualifying Shareholders has applied for the Excess Rights; (c) the number of Rights Shares allotted and issued to Chi Capital is scaled down to comply with the public float requirement; and (d) no new Shares will be issued before completion of the Rights Issue other than the Rights Shares, a total number of 97,303,131 fully-paid Rights Shares will not be allotted and issued to Chi Capital such that at least 25% of the total number of issued Shares are held by public immediately after completion of the Rights Issue. The Subscription Price in respect of the 97,303,131 unallotted and unissued Rights Shares will be refunded to Chi Capital, and the size of the Rights Issue will be reduced accordingly.

5. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue. Further announcements will be made by the Company in accordance with the Listing Rules following the completion of the Rights Issue upon which the Rights Shares are allotted and issued.

LETTER FROM THE BOARD

FUND RAISING EXERCISE 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 date of the Announcement:

Date of announcements	Fund raising activity	Net proceeds raised	Intended use of the net proceeds	Actual use of the net proceeds
11 February 2025	Subscription of new shares under general mandate	HK\$4,765,000	(i) approximately HK\$2.0 million for payment of professional fees; and (ii) approximately HK\$2.8 million for payment of staff salaries, office rental, utilities and other operating expenses	Used as intended
8 September 2025	Subscription of new shares under general mandate	HK\$11,300,000	(i) approximately HK\$4.0 million for payment of professional fees; (ii) approximately HK\$3.0 million for enhance cashflow for trading business; and (iii) approximately HK\$4.3 million for payment of staff salaries, office rental, utilities and other operating expenses	Used as intended

LETTER FROM THE BOARD

POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE NOTES

As at the Latest Practicable Date, the Company has outstanding Convertible Notes which is convertible into 7,780,000 Shares. Pursuant to the terms of the Convertible Notes, the conversion price of the Convertible Notes is subject to adjustment upon the occurrence of, among others, rights issues of the Company.

The Company will notify the holders of the Convertible Notes and the Shareholders by way of announcement as and when appropriate regarding adjustments to be made (if any) pursuant to the terms and conditions of the Convertible Notes.

Save as disclosed above, as at the Latest Practicable Date, the Company does not have any other share options, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed from Tuesday, 27 January 2026 to Monday, 2 February 2026 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

THE IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, the Board has not received any information or irrevocable undertakings from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares (excluding treasury shares) by more than 50% within the 12-month period immediately preceding the Latest Practicable Date, the Rights Issue must be made conditional on, amongst other things, the approval by the Independent Shareholders at which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM.

As at the Latest Practicable Date, Chi Capital, being a controlling shareholder of the Company, directly holds 60,857,819 Shares, representing approximately 50.74% of the total issued share capital of the Company as at the Latest Practicable Date. Chi Capital is a company wholly-owned by Mr. Wong, the chairman of the Board and the executive Director of the Company. Accordingly, Chi Capital, Mr. Wong and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A of the Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

LETTER FROM THE BOARD

Save for Mr. Lui, one of the directors but not a licensed person of the Financial Adviser, having resigned from his position as the non-executive Director, the Financial Adviser is independent of the connected persons of the Company under the Listing Rules. Mr. Lui resigned as a non-executive Director of the Company with effect from 26 November 2025 and is therefore no longer a Director of the Company. Except for Mr. Lui, none of the Directors has a material interest in the engagement of the Financial Adviser and the transaction contemplated thereunder and therefore no Director (other than Mr. Lui) has abstained from voting on the Board resolution(s) of the Company to approve the engagement of the Financial Adviser and the transactions contemplated thereunder.

EGM

The EGM will be convened and held at Unit B, 8/F., Kingston International Centre, 19 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong on Wednesday, 21 January 2026, at 11:00 a.m. for the Shareholders to consider and, if thought fit, approve the Rights Issue and the transactions contemplated thereunder. The proposed resolutions will be conducted by way of a poll at the EGM pursuant to Rule 13.39(4) of the Listing Rules and an announcement on the results of the EGM will be made by the Company after the EGM.

The record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be Wednesday, 21 January 2026. In order to be registered as a member of the Company on the record date for attendance and voting at the EGM, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by no later than 4:30 p.m. (Hong Kong time) on Wednesday, 14 January 2026.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time fixed for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. In such event, the form of proxy shall be deemed to be revoked.

A notice of EGM is set out on pages EGM-1 to EGM-3 of this circular.

DESPATCH OF PROSPECTUS DOCUMENTS

Subject to the approval of the Rights Issue by the Independent Shareholders, the Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Tuesday, 3 February 2026. The Company may, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, make available the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL and EAF to the Non-Qualifying Shareholders (if any).

LETTER FROM THE BOARD

RECOMMENDATION

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Chow Kin Wing, Mr. Lam Cheung Shing Richard and Mr. Tam Hon Wah has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders as to the voting at the EGM, taking into account the recommendations of the Independent Financial Adviser. Hooray Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 40 to 41 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder and the letter from the Independent Financial Adviser set out on pages IFA-1 to IFA-26 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors (including the members of the Independent Board Committee whose opinion is expressed in the letter from the Independent Board Committee after considering the advice of the Independent Financial Adviser) are of the opinion that the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and, accordingly, recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any Shareholder or other person dealing in Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. There is no minimum amount to be raised under the Rights Issue. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

LETTER FROM THE BOARD

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares.

Yours faithfully,
For and on behalf of the Board
SILKWAVE INC
Wong Chau Chi
Chairman

SILKWAVE
SILKWAVE INC
中播數據有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

31 December 2025

To the Independent Shareholders,

Dear Sir or Madam,

**(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE
HELD ON THE RECORD DATE
ON A NON-FULLY UNDERWRITTEN BASIS;
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 31 December 2025 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the member of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Details of the Rights Issue are set out in the “LETTER FROM THE BOARD” on pages 8 to 39 of the Circular.

Hooray Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of its advice, together with the principal factors taken into consideration in arriving thereat, are set out in its letter on pages IFA-1 to IFA-26 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Rights Issue and the information contained in the Circular and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the Rights Issue and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue and the transactions contemplated thereunder.

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

Mr. CHOW Kin Wing
*Independent
non-executive director*

Mr. Lam Cheung Shing, Richard
*Independent
non-executive director*

Mr. TAM Hon Wah
*Independent
non-executive director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders which has been prepared for the purpose of incorporation in this circular.



31 December 2025

To the Independent Board Committees and the Independent Shareholders,

Dear Sirs and Madams,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 26 September 2025 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 19 November 2025, the Company announced that it proposes to raise gross proceeds of up to (i) approximately HK\$163.72 million (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date) by issuing up to 359,821,602 Rights Shares; or (ii) approximately HK\$174.34 million (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Notes on or before the Record Date) by issuing up to 383,161,602 Rights Shares at the Subscription Price of HK\$0.455 per Rights Share on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholder(s) (if any).

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders and aggregated fractions of Rights Shares will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULES

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares (excluding treasury shares) by more than 50% within the 12-month period immediately preceding the date of this announcement, the Rights Issue must be made conditional on, amongst other things, the approval by the Independent Shareholders at which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM.

As at the Latest Practicable Date, Chi Capital, being a controlling shareholder of the Company, directly holds 60,857,819 Shares, representing approximately 50.74% of the total issued share capital of the Company. Chi Capital is a company wholly-owned by Mr. Wong, the chairman of the Board and the executive Director of the Company. Accordingly, Chi Capital, Mr. Wong and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A of the Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Chow Kin Wing, Mr. Lam Cheung Shing Richard and Mr. Tam Hon Wah has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders as to the voting at the EGM, taking into account the recommendations of the Independent Financial Adviser. We, Hooray Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

Except for being appointed as the Independent Financial Adviser to the Company in respect of this Rights Issue, we have not acted as an independent financial adviser and have not provided any other services to the Company during the past two years.

As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties that could reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Rights Issue, and accordingly, are eligible to give independent advice and recommendations on the Rights Issue and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties that could reasonably be regarded as relevant to our independence.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information, statements, opinions and representations provided to us by the Company, its representatives, its management (the “**Management**”) and the Directors for which they are solely and wholly responsible and we have assumed that all such information, statements, opinions and representations contained in or referred to the Circular were true, accurate and complete at the time they were made and continue to be true, accurate and complete as at the date of the Circular. We have reviewed documents including, among other things, (i) the annual report of the Company for the year ended 31 December 2024 (the “**Annual Report 2024**”); (ii) the annual report of the Company for the year ended 31 December 2023 (the “**Annual Report 2023**”); (iii) the interim report of the Company for the six months ended 30 June 2025 (the “**Interim Report 2025**”); and (iv) the information as set out in the Circular.

We have assumed that all statements of belief, opinion and intention made by the Company, its representatives, the Management and the Directors as set out in the Circular were reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular. The Directors confirmed that they have provided us with all information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of such information and the information contained in the Circular to provide a reasonable basis of our opinion.

Our review and analyses were based upon the information and facts contained in or referred to the Circular, the information provided by the Company and the relevant public information. We consider that we have reviewed sufficient information to reach a reasonably informed view to justify our reliance on the accuracy of the information contained in the Circular as aforesaid and to provide reasonable grounds for our advice. In addition, we have no reason to doubt the truth, accuracy and/or completeness of the information and representations as provided to us by the Directors, the Management and/or representatives of the Company. We, however, have not conducted any independent in-depth investigation into the business, affairs, financial position or prospects of the Group nor we have carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Information of the Group

The Group is principally engaged in (i) the CMMB Business; and (ii) the Trading Business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the Group's financial information as extracted from the Company's latest published (i) Interim Report 2025; and (ii) Annual Report 2024:

Summary of the Group's financial performance

	For the year ended		For the six months	
	31 December		ended 30 June	
	2023	2024	2024	2025
	US\$'000	US\$'000	US\$'000	US\$'000
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue				
CMMB Business	2,352	3,481	1,747	1,734
Trading Business	4,986	2,913	1,385	1,201
Total revenue	7,338	6,394	3,132	2,935
Cost of sales	(4,814)	(3,490)	(1,680)	(1,803)
Gross profit	2,524	2,904	1,452	1,132
Other income	4	1	1	1
Administrative expenses	(3,087)	(933)	(548)	(655)
Market development and promotion expenses	(498)	(54)	(41)	(33)
Finance costs	(862)	(731)	(323)	(384)
Share of results of an associate	(49,599)	(541)	(337)	(234)
Impairment loss recognised on intangible assets	(20,224)	(4,817)	—	—
Impairment loss recognised under expected credit loss model	(2,614)	(4,257)	(261)	(258)
Other expenses	(92)	(358)	(77)	(38)
Loss before tax	(74,448)	(8,786)	(134)	(469)
Income tax expense	(520)	(673)	—	—
Loss for the year/period	(74,968)	(9,459)	(134)	(469)
Loss for the year/period attributable to:				
- Owners of the Company	(66,813)	(8,923)	(498)	(311)
- Non-controlling interest	(8,155)	(536)	364	(158)
	(74,968)	(9,459)	(134)	(469)

Year ended 31 December 2023 vs year ended 31 December 2024

As set out in the Annual Report 2024, the revenue of the Group decreased by approximately 12.9% from approximately US\$7.3 million for the year ended 31 December 2023 to approximately US\$6.4 million for the year ended 31 December 2024. The decrease was primarily due to the decrease in the Trading Business, especially on the trading of AI products, as a result of sluggish economic condition.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The gross profit of the Group increased by approximately 15.1% from approximately US\$2.5 million for the year ended 31 December 2023 to approximately US\$2.9 million for the year ended 31 December 2024. The increase was primarily attributable to the higher broadcasting service income.

The administrative expenses of the Group decreased from approximately US\$3.1 million for the year ended 31 December 2023 to approximately US\$0.9 million for the year ended 31 December 2024. The market development and promotion expenses of the Group decreased from approximately US\$0.5 million for the year ended 31 December 2023 to less than US\$0.1 million for the year ended 31 December 2024. These decreases were primarily attributable to the implementation of cost control by the Group.

The Group recorded the share of loss of an associate of approximately US\$49.6 million and US\$0.5 million for each of the years ended 31 December 2023 and 2024, respectively. The losses were primarily attributable to Management's assessment and revision of the associate company's commercial operations, projected cash flows, and revenue streams arising from delays in obtaining regulatory approvals and procuring high-power satellites, which resulted in a reduction in the valuation of its assets.

In light of the above, the loss for the year of the Group decreased from approximately US\$75.0 million for the year ended 31 December 2023 to approximately US\$9.5 million for the year ended 31 December 2024.

Six months ended 30 June 2024 vs six months ended 30 June 2025

As set out in the Interim Report 2025, the revenue of the Group decreased by approximately 6.3% from approximately US\$3.1 million for the six months ended 30 June 2024 to approximately US\$2.9 million for the six months ended 30 June 2025. The decrease was primarily due to the decrease in trading of PCB and AI products in the Trading Business.

The gross profit of the Group decreased by approximately 22.0% from approximately US\$1.5 million for the six months ended 30 June 2024 to approximately US\$1.1 million for the six months ended 30 June 2025. The decrease was primarily attributable to the lower margin the rental television income.

The administrative expenses of the Group remained steady at approximately US\$0.5 million for the six months ended 30 June 2024 and approximately US\$0.7 million for the six months ended 30 June 2025. The market development and promotion expenses of the Group remained at less than US\$0.1 million for each of the six months periods ended 30 June 2024 and 2025.

The Group recorded the share of loss of an associate of approximately US\$0.3 million and approximately US\$0.2 million for each of the six months periods ended 30 June 2024 and 2025, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In light of the above, the loss for the period of the Group increased from approximately US\$0.1 million for the six months ended 30 June 2024 to approximately US\$0.5 million for the six months ended 30 June 2025.

Summary of the Group's consolidated financial position

As set out in the Interim Report 2025, the Group recorded (i) the unaudited total assets and net assets of approximately US\$36.4 million and approximately US\$23.4 million, respectively; (ii) the unaudited cash and cash equivalents of approximately US\$0.3 million; and (iii) the convertible notes of approximately US\$10.0 million, as at 30 June 2025.

Other than the convertible notes, the Group did not have any bank borrowings as at 30 June 2025.

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

The funding needs

With reference to the Annual Report 2024 and Interim Report 2025, the cash and cash equivalents of the Group have been low, amounted to approximately US\$889,000 as at 31 December 2024 and approximately US\$335,000 as at 30 June 2025 respectively.

In the 12 months prior to the Last Trading Day, the Company conducted two fund-raising activities generating aggregate net proceeds of approximately HK\$16.1 million, of which approximately HK\$15.1 million has been utilised in accordance with the intended purposes. The remaining approximately HK\$1.0 million is expected to be applied towards the Group's general working capital by the end of 2025. As such, the Group lacks additional funds to implement enhancement and upgrade for the CMMB Business and Trading Business.

With reference to Annual Report 2024 and Interim Report 2025, we noted that the Group has recorded a decreasing trend in total revenue. The total revenue decreased by 12.9% year-over-year in 2024, and decreased by 6.3% period-over-period for the first half of 2025. As stated in the Annual Report 2024, the decrease in Group's revenue was primarily a result of sluggish economic condition.

As stated in the Letter from the Board, the Management intends to enhance and upgrade the existing relevant machines and equipment used in the CMMB Business for over four years in order to maintain competitiveness. Further, the Management is exploring the digital expansion of its Trading Business online platform, enhancing the features to improve customer accessibility and to support the integration of advanced technologies such as AI and big data analytics. The Management also plans to install new hardware and software to provide additional value-added services to existing and potential new customers in order to drive its revenue growth in Trading Business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into consideration that (i) the current cash and cash equivalent of the Group remain low, (ii) the proceeds raised in the past 12 months have almost been fully utilised, (iii) the Group has been recording a decreasing trend in revenue, and (iv) the existing machinery and equipment, as well as the online platform, need to be upgraded or enhanced in order to maintain the Group's competitiveness, the Management is of the view, and we concur, that there is a need for the Company to seek opportunities to raise funds.

Other fund-raising alternatives

As stated in the letter from the Board, the Company has considered and evaluated various fund-raising methods, including (i) debt financing; and (ii) other equity fund raising methods such as placing of new Shares and open offer, and has decided to propose the Rights Issue due to the following reasons.

In respect of debt financing, the Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders. Further, given a consecutive loss-making historical financial performance of the Group for each of the three years ended 31 December 2024, as well as the loss-making performance in the six months ended 30 June 2025, the Management is of the view that it would be difficult for the Group to obtain further debt financing at a reasonably low cost.

In respect of equity financing, as opposed to the Rights Issue, the Management considered that both placing of new Shares under general mandate and open offer do not offer options to the existing Shareholders, including (1) allowing the Shareholders to maintain their respective shareholdings in the Company; and (2) increasing their shareholding interests in the Company by acquiring additional rights entitlements in the open market or reducing their shareholding interests in the Company by disposing of their rights entitlements in the open market.

Considering (i) the feasibility of the fund raising methods; and (ii) the additional flexibility provided from the options in the Rights Issue to the existing Shareholders, the Directors are of the view, and we concur, that the Rights Issue is the most appropriate fund raising option under the current circumstances compared to the aforesaid alternative fund-raising methods.

The proposed use of proceeds

Assuming full subscription under the Rights Issues and no change in the number of Shares in issue on or before the Record Date, the net proceeds from the Rights Issue, after deducting estimated expenses, are expected to be approximately HK\$162.00 million.

The Company plans to allocate the maximum net proceeds in the following manner: (i) approximately HK\$54.27 million (or 33.5% of the maximum net proceeds) for technology development and infrastructure for the CMMB Business to improve user interfaces and experience; (ii) approximately HK\$47.30 million (or 29.2% of the maximum net proceeds) for the development of the Trading Business to deliver enhanced value-added services and expand the Trading Business into the PRC market; (iii) approximately HK\$13.61 million (or 8.4% of the maximum net proceeds) for hiring additional manpower for business expansion in the PRC; (iv)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately HK\$6.80 million (or 4.2% of the maximum net proceeds) for marketing campaigns and promotions; (v) approximately HK\$26.41 million (or 16.3% of the maximum net proceeds) for general working capital of the Group; and (vi) approximately HK\$13.61 million (or 8.4% of the maximum net proceeds) for other investment opportunities to be identified.

In relation to the proposed use of approximately HK\$54.3 million, representing approximately 33.5 % of the net proceeds, for technology development and infrastructure for the CMMB Business, we note from the Annual Report 2024 that CMMB Business was the major revenue stream of the Company, accounted for approximately 54.4% of the Company's revenue for the year 2024. As stated in the Letter from the Board, the Company intends to enhance and upgrade the current setup of the CMMB Business to maintain the competitiveness of the Company. We obtained the relevant list of machines and equipment from the Management that has been used for over four years that will be phased out in the near future, and obtained the breakdown of the estimated cost from the Management for upgrading and replacement of such machines and equipment.

According to the publication of "*The Space Economy in Figures: Responding to Global Challenges*"¹ published in year 2024 by the Organisation for Economic Co-operation and Development ("OECD"), an intergovernmental organisation that facilitates economic growth and financial stability and provides data collection, analysis, policy development and implementation solutions, space technologies are increasingly integral to critical infrastructures, including terrestrial broadcasting. It notes that the transformation of the space sector, driven by lower launch costs and rapid technological innovation, has expanded global capacity in communications, navigation, and observation. This expansion enables terrestrial networks, that the Company operates, to leverage satellite-based solutions for improved coverage and reliability, especially in remote or underserved regions.

Further, the "*Report on The Space Economy 2024*"² published in December 2024 by The European Space Agency ("ESA"), an intergovernmental space agency that develops launchers and spacecraft for the development of space capability, as well as provides training to the astronauts, further underscores the importance of technological advancement, pointing out that the sector is undergoing significant evolutions due to the deployment of large non-geostationary orbit ("NGEO") constellations, such as Starlink and OneWeb. These constellations are designed to address the demand for universal connectivity, including consumer broadband, and are driving the need for terrestrial broadcasters to upgrade their infrastructure to remain competitive. The report also highlights the emergence of direct-to-device ("D2D") services, which capitalise on both terrestrial and satellite networks to provide ubiquitous coverage and seamless connectivity everywhere, anytime and to everyone. This initiative requires broadcasters to upgrade their terrestrial infrastructure and adapt their systems to improve the coverage and connectivity.

¹ URL: <https://doi.org/10.1787/fa5494aa-en>

² URL: <https://space-economy.esa.int/documents/b61btvmeaf6Tz2osXPu712bL0dwO3uqdOrFAwNTQ.pdf>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of (i) the CMMB Business has been the principal business of the Group that generate majority of revenue of the Group, (ii) the Company's intention to enhance and upgrade the current setup of CMMB Business to maintain the competitiveness of the Company, (ii) the machines and equipment has been used for over four years that will be phased out in the near future, (iii) the reports published by OECD and ESA underscore the importance of technological advancement on terrestrial infrastructure for the CMMB Business that the Company is operating to cope with the emerging market needs, we consider the use of proceeds of the Group for the technological enhancement for the CMMB Business to be reasonable.

In relation to the proposed use of approximately HK\$47.3 million, representing approximately 29.2% of net proceeds, for development of the Trading Business, we note from the Annual Report 2024 that the Trading Business was a major revenue stream of the Company, accounted for approximately 45.6% of the Company's revenue for the year 2024. As stated in the Letter from the Board, the Trading Business of the Group lacks a proper inventory management system to track stock and manage customer interactions, as well as limited supplement chain management capability to optimise procurement, logistics and distribution processes. The digital transformation is aimed at improving customer accessibility and supporting the integration of advanced technologies such as AI and big data analytics. Thus, the Company intends to allocate approximately HK\$17.17 million (out of HK\$47.3 million) for the digital transformation for the Trading Business, includes the development of the inventory management system, the expanding of the supply chain management capability of the online platform, and the development of technical and after-sales support system.

According to an article titled "*Supply Chain Trends 2024: The Digital Shake-up*"³ published by KPMG, a global professional firm offers audit and assurance, advisory, tax and legal and other related professional services, there is a growing trend toward autonomous, self-learning machines that seamlessly manage broader supply chain processes driven by, among other factors, the emerging generative AI in operations. To avoid falling behind, organisations are advised to undertake digital transformation, enabling them to build a more agile and responsive supply chain capable of delivering value creation, cost reduction, and enhanced shareholder value.

In view of (i) the Trading Business has been the principal business of the Group, (ii) the digital transformation of the Trading Business intended to improve customer accessibility and support the integration of advanced technologies, and (iii) the report published by KPMG underscores the importance of digital transformation in supply chain management, we consider the use of proceeds for the digital transformation of Trading Business to be reasonable.

Further, as stated in the Letter from the Board, the Company intends to allocate approximately HK\$30.1 million (out of HK\$47.3 million) for the cash flow to expand the trading cycle in the PRC market. We note from the announcements of the Company dated 26 March 2025 and 11 July 2025 that the Company has signed certain memoranda of understanding ("MOU") with companies incorporated in PRC as strategic partners and has extended collaborations by leveraging the Group's resources. We also note from the Annual Report 2024 that the segment revenue of the Group includes revenue from customers located in the PRC, which indicates that

³ URL: <https://kpmg.com/xx/en/our-insights/ai-and-technology/supply-chain-trends-2024.html#accordion-121baeb611-item-d095c18af6>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Company possesses prior experience in PRC market. In view of (i) the Company has established business relationships with PRC customers, and (ii) the intended expansion in the PRC market aligns with recent corporate collaborations with PRC strategic partners who signed MOU with the Company, we consider the use of proceeds for the cash flow to expand the trading cycle in the PRC market to be reasonable.

In relation to the proposed use of approximately HK\$13.61 million, representing approximately 8.4% of net proceeds, for hiring additional manpower for business expansion in PRC, we note from the Annual Report 2024 that the average number of employees of the Group decreased from 22 for the year 2023 to 17 for the year 2024. In view of the limited workforce in the Group and the expansion plan in the PRC markets as mentioned above, we consider the use of proceeds for hiring additional manpower for business expansion in PRC to be reasonable.

In relation to the proposed use of approximately HK\$26.41 million, representing approximately 16.3% of net proceeds, as general working capital of the Group, with reference to the Interim Report 2025, we noted the administrative expenses amounted to approximately US\$655,000 for the six months ended 30 June 2025, whereas the bank balances and cash amounted to approximately US\$335,000 as at 30 June 2025. In view of the latest published bank and cash balance was less than the six-month administrative expenses for the first half of 2025, we consider the use of proceeds of the Group for general working capital to be reasonable and conducive to enhancing the liquidity of the Group.

In relation to the proposed use of approximately HK\$13.61 million, representing approximately 8.4% of net proceeds, for other investment opportunities to be identified, we have reviewed the annual reports of the Group as well as the Group's disclosed principal activities. We noted from the Annual Report 2023 and the Annual Report 2024 that the Group has been actively exploring other business opportunities and diversify its revenue stream. We consider the proposed allocation to be consistent with the Group's stated strategy. Having regard to such diversification strategy has been consistently applied and the potential long-term benefits of diversification, we consider the use of proceeds for other investment opportunities to be identified is reasonable.

In relation to the proposed use of approximately HK\$6.8 million, representing 4.2% of net proceeds, for marketing campaigns and promotions, we note from the Annual Report 2024 that market development and promotion expenses are recurring expense. In view of (i) the recurring nature of market development and promotion expenses, (ii) the digital transformation of Trading Business aimed at improving customer accessibility and meet the customer's evolving needs, thereby providing additional value-added services to both existing and potential customers to boost revenue, and (iii) the expansion plan in PRC market as mentioned above, we consider the use of proceeds for marketing campaigns and promotions is reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will be prioritised for technology development and infrastructure enhancement for the CMMB Business and expansion of the Trading Business. Any excess amount will be allocated proportionally to the remaining categories.

Taking into consideration that (i) the proposed use of proceeds can fulfil the funding needs of the Company to maintain its competitiveness in the industry, and (ii) in case of under-subscription, the net proceeds will be prioritised for technology development and infrastructure enhancement of the principal businesses of the Group in order to improve its financial performance, we are of the view that the proposed use of proceeds is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

3. Previous equity fund-raising exercise

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

Date of announcements	Fund raising activity	Net proceeds raised	Intended use of the net proceeds	Actual use of the net proceeds
11 February 2025	Subscription of new shares under general mandate	HK\$4,765,000	(i) approximately HK\$2.0 million for payment of professional fees; and (ii) approximately HK\$2.8 million for payment of staff salaries, office rental, utilities and other operating expenses	Used as intended
8 September 2025	Subscription of new shares under general mandate	HK\$11,300,000	(i) approximately HK\$4.0 million for payment of professional fees; (ii) approximately HK\$3.0 million for enhance cashflow for trading business; and (iii) approximately HK\$4.3 million for payment of staff salaries, office rental, utilities and other operating expenses	Save for approximately HK\$1 million which is expected to be utilised for payment of staff salaries, office rental, utilities and other operating expenses as intended by December 2025, other net proceeds are fully used as intended

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

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4. Principal Terms of the Rights Issue

Statistics of the Rights Issue

Basis of the Rights Issue	:	three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.455 per Rights Share
Number of Shares in issue as at the date of the Latest Practicable Date	:	119,940,534 Shares
Number of Rights Shares	:	up to (i) 359,821,602 Rights Shares (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date); or up to (ii) 383,161,602 Rights Shares (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Notes on or before the Record Date)
Aggregated nominal value of the Rights Shares	:	up to (i) HK\$3,598,216.02 (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date); or up to (ii) HK\$3,831,616.02 (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Notes on or before the Record Date)
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	(i) 479,762,136 (assuming full subscription under the Rights Issue, no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue); or

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		(ii) 510,882,136 (assuming full subscription under the Rights Issue, no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Notes and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue
Gross proceeds from the Rights Issue	:	(i) approximately HK\$163.72 million before expenses (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$174.34 million before expenses (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Notes
Net proceeds from the Rights Issue	:	(i) approximately HK\$162.00 million after expenses (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$172.62 million before expenses (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Notes)
Net price (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	(i) approximately HK\$0.450 per Rights Share (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$0.451 (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date other than the full conversion of the Convertible Notes)
Rights of excess application	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments.

As at the Latest Practicable Date, there are outstanding Convertible Notes which are convertible into 7,780,000 new Shares prior to the Record Date.

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Save for the aforesaid, as at the Latest Practicable Date, the Group has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible into or giving rights to subscribe for, convert or exchange into any Shares prior to the Record Date.

Subscription Price

The Subscription Price is HK\$0.455 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares or where applicable, upon an application of Excess Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 34.06% to the closing price of HK\$0.690 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 31.06% to the closing price of HK\$0.660 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 32.29% to the average of the closing prices of HK\$0.672 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 31.58% to the average of the closing prices of approximately HK\$0.665 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 10.13% to the theoretical ex-rights price of approximately HK\$0.5063 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.660 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 24.51% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$0.5103 per Share and the benchmarked price of approximately HK\$0.676 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.660 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.676 per Share); and

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(vii) a discount of approximately 62.81% to the latest published unaudited consolidated net asset value per Share as at 30 June 2025 of approximately HK\$1.2236 (based on the net asset value attributable to the owners of the Company as at 30 June 2025 of approximately US\$18,863,000 (equivalent to approximately HK\$146,754,140 based on the exchange rate of US\$1 = HK\$7.78) as disclosed in the interim results announcement of the Company dated 29 August 2025 for the six months ended 30 June 2025 and 119,940,534 Shares in issue as at the date of this announcement).

As disclosed in the Letter from the Board, the Subscription Price was determined with reference to, among others, (i) the recent closing prices of the Shares; (ii) the low liquidity of the Shares; (iii) the financial conditions of the Company; (iv) the amount of funds the Company intends to raise under the Rights Issue; and (v) the other reasons for the Rights Issue, such as the ongoing financial challenges and limited liquidity faced by the Group, the funding needs to maintain the competitiveness in CMMB Business, the funding needs to drive the Trading Business to meet customers' evolving needs, in order to increase revenue in the future.

In order to assess the fairness and reasonableness of the Subscription Price, we (i) reviewed the historical daily closing prices of the Shares for a one-year period, (ii) reviewed the historical trading volume and conducted a liquidity analysis of the Shares for a one-year period, and (iii) conducted a comparable analysis for other rights issues for a six-month period. Please refer to “5. Assessment of principle terms of Rights Issue” for the details of the analysis conducted, and “5. Assessment of principle terms of Rights Issue — Our view” for the details of our conclusion.

Non-underwritten arrangement

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders and aggregated fractions of Rights Shares will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

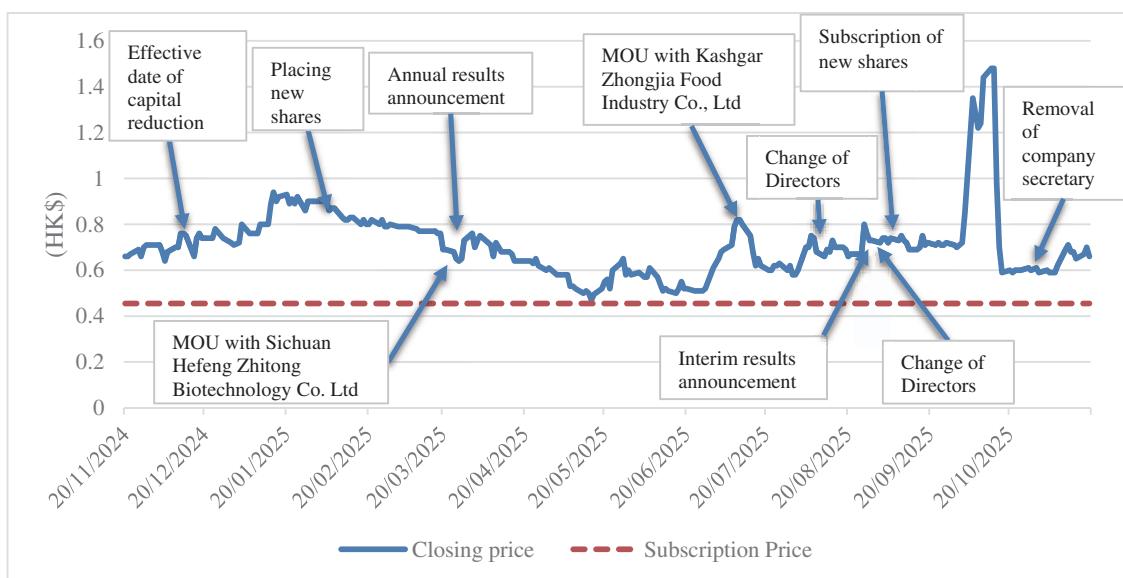
As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) and EAF(s), or transferees of nil-paid Rights Shares (or either of them, whichever shall be appropriate), may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (a) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and (b) does not cause the Company's public float to decrease to below 25%. Any subscription monies not being utilised due to the scaled-down application of entitled Rights Shares or Excess Rights Shares will be refunded to the affected applicants.

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5. Assessment of the principal terms of Rights Issue

Historical Share Price Performance

In order to assess the fairness and reasonableness of the Subscription Price, we reviewed the daily closing prices of the Shares as quoted on the Stock Exchange from 20 November 2024 up to and including the Last Trading Day (the “**Review Period**”), representing one year prior to and including the Last Trading Day. We consider the one year period, and the corresponding number of trading days, to be adequate and appropriate for a thorough analysis of the historical closing prices of the Shares relative to the Subscription Price. Set out below is the chart illustrating the daily closing prices and the Subscription Price in the Review Period.



Note: “MOU” stands for memorandum of understanding

Source: website of the Stock Exchange

During the Review Period, the highest and the lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$1.480 recorded on both 13 October 2025 and 14 October 2025, and HK\$0.470 recorded on 15 May 2025, respectively, and the average closing price was approximately HK\$0.708. The closing price of the Shares generally remained at similar level since November 2024.

Based on our review of the Company’s announcements published on the website of the Stock Exchange during the Review Period, except for the publication of annual results and interim results announcements, there is no particular reason and we are not aware of any information causing the fluctuations on the closing price of the Shares. We have further made inquiry to the Management who are also not aware of any other reasons for the fluctuations on the closing price of the Shares during the Review Period. As disclosed in the Letter from the Board, the Board observed that there were short-term fluctuations in the closing price of the Shares in October 2025. The Directors consider these fluctuations to be anomalous.

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The Subscription Price of HK\$0.455 per Share is below the range of the lowest and highest closing prices of the Shares during the Review Period. It represents (i) a discount of approximately 3.2% to the lowest closing price of HK\$0.470 during the Review Period; (ii) a discount of approximately 69.0% to the highest closing price of HK\$1.470 during the Review Period; and (iii) a discount of approximately 35.7% to the average closing price of approximately HK\$0.708 during the Review Period.

With reference to the sub-paragraph headed “*Rights issue comparables analysis*” below in this paragraph, we note that it is a common market practice that the subscription price of a rights issue is set at a discount to the prevailing market prices of the relevant shares to encourage the existing shareholders to participate in a rights issue as to meet the need of equity fund raising.

Historical trading volume and liquidity analysis

The table below sets out information of the trading liquidity of the Shares during the Review Period:

Month/Period	Total trading volume (No. of shares)	No. of trading days	Average daily trading volume (No. of shares)	Percentage of the average daily trading volume to the total no. of Shares as at the end of the month
				(%)
From 20 November 2024 to 30 November 2024	606,483	8	75,810	0.08
December 2024	1,275,239	20	63,762	0.07
January 2025	8,933,087	19	470,162	0.52
February 2025	1,750,508	20	87,525	0.09
March 2025	1,331,485	21	63,404	0.07
April 2025	2,554,271	19	134,435	0.14
May 2025	5,573,966	20	278,698	0.29
June 2025	5,369,756	21	255,703	0.27
July 2025	5,806,766	22	263,944	0.28
August 2025	7,158,753	21	340,893	0.36
September 2025	3,808,668	22	173,121	0.14
October 2025	65,957,568	20	3,297,878	2.75
From 1 November 2025 to 19 November 2025	14,615,752	13	1,124,289	0.94
Max			3,297,878	2.75
Min			63,404	0.07
Median			255,703	0.27
Average			509,971	0.46

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During the Review Period, the average daily trading volume of the Shares ranged from a low of approximately 0.07% and up to a high of 2.75% to the total number of issued Shares as at the end of relevant month. Given the thin trading volume of the Shares, we consider that the Company is unlikely to be able to raise sizable equity funds from third parties without a substantial discount to the prevailing Share price. Taking into account the low trading liquidity of the Shares, we are of the view that (i) the Rights Issue is an appropriate equity financing method for the Group, and (ii) it is reasonable to set at a discount for the Subscription Price to encourage the Qualifying Shareholders to subscribe for the Rights Shares.

Rights issue comparable analysis

In assessing the fairness and reasonableness of the terms of the Rights Issue, including the Subscription Price, we compared the Rights Issue to other rights issues conducted by other listed companies on the Stock Exchange. We reviewed rights issues of the companies listed on the Stock Exchange of Hong Kong based on the key selection criteria: (i) the initial announcement of the rights issue was published within the Review Period; and (ii) the rights issue is either completed or not terminated as at the Latest Practicable Date. To the best of our knowledge and as far as we are aware, we identified 43 Comparables which we consider is an exhaustive list of relevant Comparables.

We consider that the Review Period is adequate and appropriate given that (i) it provides recent information demonstrating prevailing market practice for rights issues prior to the Last Trading Day; and (ii) a sufficient number of Comparables were identified during the Review Period. Independent Shareholders should note that the businesses, operations and prospects of the Group may not be the same as those of the Comparables listed below. Nevertheless, we consider that the Comparables were determined under similar market conditions and sentiment and therefore provide a general reference for assessing the fairness and reasonableness of the terms of the Rights Issue, including the Subscription Price.

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Details of the Comparables extracted from their respective initial announcement are set out below:

Company Name	Stock Code	Date of announcement (dd/mm/yyyy)	Market Capitalisation as at respective last trading day (HK\$' million)	Premium/(Discount) of the subscription price over					Maximum gross proceeds application / (HK\$' million) arrangements
				Basis of entitlement	the closing price on the last trading day (%)	the closing price of the five-day average (%)	theoretical ex-rights price per share (%)	theoretical net asset value per share (%)	
1 Domaine Power Holdings Limited	442	12/11/2025	148.5	1 for 2	(17.44)	(15.88)	(12.35)	(65.12)	5.81
2 Winto Group (Holdings) Limited	8238	07/11/2025	18.4	3 for 1	(6.98)	(6.10)	(1.96)	N/A	5.12
3 Zhongshi Minan Holdings Limited	8283	04/11/2025	26.5	5 for 1	(23.91)	(25.69)	(4.89)	(64.68)	21.67
4 KNT Holdings Limited	1025	02/11/2025	44.5	1 for 1	(9.09)	(10.71)	(4.76)	48.15	9.39
5 Sandmartin International Holdings Limited	482	24/10/2025	89.8	1 for 1	2.70	9.00	1.35	N/A	N/A
6 Jiading International Group Holdings Limited	8153	24/10/2025	22.7	1 for 2	(38.78)	(37.11)	(29.69)	(78.26)	12.93
7 Crocodile Garments Limited	122	22/10/2025	137.9	1 for 2	(22.68)	(22.44)	(16.34)	(92.46)	7.56
8 Syntone Communication Corporation	1613	15/10/2025	94.2	2 for 1	(35.71)	(35.71)	(15.63)	(43.75)	23.81
9 Winshine Science Company Limited	209	15/10/2025	34.0	7 for 1	(23.50)	(24.30)	(4.10)	N/A	21.10
10 Hao Bai International (Cayman) Limited	8431	09/10/2025	11.8	4 for 1	(19.23)	(27.08)	(4.55)	59.09	23.24
11 CCIAM Future Energy Limited	145	09/10/2025	45.9	1 for 2	(18.62)	(19.05)	(13.07)	(6.13)	6.63
12 Macau Legend Development Limited	1680	03/10/2025	341.1	1 for 2	(45.45)	(44.44)	(36.17)	(88.46)	15.79
13 Gameone Holdings Limited	8282	22/09/2025	22.4	1 for 2	1.69	(0.99)	1.12	(3.23)	0.55

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Premium/(Discount) of the subscription price over

Company Name	Stock Code	Market Capitalisation as at respective last trading day (HK\$' million)	Date of announcement (dd/mm/yyyy)	Basis of entitlement	the closing price on the last five-day average (%)	theoretical ex-rights price per share (%)	the consolidated net asset value per share (%)	theoretical dilution effect (%)	Maximum gross Excess proceeds application / (HK\$' million) arrangements	
									theoretical ex-rights price per share (%)	theoretical dilution effect (%)
14 China Automotive Interior Decoration Holdings Limited	48	10/09/2025	32.4	3 for 2	(29.73)	(29.27)	(14.47)	(88.13)	17.84	34.15 Compensatory arrangements
15 Aeso Holding Limited	8341	04/09/2025	11.8	2 for 1	(25.70)	(10.35)	(83.00)	17.12	17.6 Compensatory arrangements	
16 Many Idea Cloud Holdings Limited	6696	04/09/2025	58.6	6 for 1	(22.80)	(24.56)	(4.94)	(90.53)	20.63	273.80 Compensatory arrangements
17 Jisheng Group Holdings Limited	8133	26/08/2025	13.4	3 for 1	(14.29)	(14.29)	(4.15)	(45.45)	10.57	34.37 Compensatory arrangements
18 China Information Technology Development Limited	8178	13/08/2025	210.3	3 for 8	(55.05)	(55.24)	(47.11)	(63.00)	15.12	38.04 Excess application
19 Capital VC Limited	2324	13/08/2025	74.3	1 for 1	(27.30)	(24.80)	(15.79)	(82.00)	13.60	54.00 Compensatory arrangements
20 Value Convergence Holdings Limited	821	06/08/2025	116.3	2 for 1	(4.26)	(5.86)	(1.53)	(71.06)	3.11	245.10 Excess application
21 TOMO Holdings Limited	6928	04/08/2025	213.8	1 for 2	(62.10)	(63.20)	(52.20)	25.00	21.30	40.50 Compensatory arrangements
22 Da Tu Financial Holdings Limited	1073	30/07/2025	328.1	1 for 2	(16.67)	(18.92)	(1.82)	(45.45)	6.67	136.70 Excess application
23 Shin Hwa World Limited	582	25/07/2025	277.5	1 for 1	(34.21)	(33.07)	(17.11)	(97.30)	17.11	182.57 Excess application
24 Sanergy Group Limited	2459	07/07/2025	205.2	1 for 2	(55.60)	(56.30)	(45.50)	(89.00)	18.80	45.60 Compensatory arrangements
25 Sino Splendid Holdings Limited	8006	25/06/2025	13.3	3 for 2	(11.10)	(12.10)	(4.80)	(52.40)	6.67	17.70 Compensatory arrangements
26 Riscomm Group Holdings Limited	1679	17/06/2025	33.0	5 for 1	(22.48)	(21.63)	(4.62)	N/A	18.73	127.86 Compensatory arrangements
27 Greenheart Group Limited	94	10/06/2025	74.2	1 for 2	(9.25)	(4.97)	(6.44)	(88.80)	3.00	33.67 Compensatory arrangements

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Premium/(Discount) of the subscription price over										
Company Name	Stock Code	Capitalisation as at Date of announcemnt (dd/mm/yyyy)	(HK\$' million)	Basis of entitlement	the closing price on the last trading day	the closing price of the five-day average	theoretical ex-rights price per share (%)	the net asset value per share (%)	theoretical dilution effect (%)	Maximum gross proceeds (HK\$) Compensatory arrangements (million)
PineStone Capital Limited	804	10/06/2025	68.2	3 for 2	(40.71)	(41.55)	(22.14)	N/A	24.93	60.70 Compensatory arrangements
Grand Talents Group Holdings Limited	8516	23/05/2025	16.4	5 for 2	(33.00)	(33.00)	(12.34)	(38.15)	23.57	27.50 Compensatory arrangements
China Health Group Limited	673	23/05/2025	68.8	3 for 10	(28.60)	(37.10)	(23.70)	12.40	23.60	14.98 Compensatory arrangements
Min			11.8	(62.10)	(63.20)	(52.20)	(57.30)	0.55	6.93	
Max			341.1	2.70	9.00	1.35	59.09	24.93	273.80	
Median			63.4	(23.15)	(24.43)	(11.35)	(64.68)	15.79	48.93	
Average			95.1	(25.00)	(24.89)	(14.33)	(49.27)	14.34	75.21	
The Company			79.16	3 for 1	(31.06)	(32.29)	(10.13)	(62.81)	24.51	174.3 Excess application
<i>Variables identified but considered as outliers</i>										
World Super Holdings Limited (Note 1)	8612	17/10/2025	8.4	3 for 1	23.46	19.05	5.26	669.23	N/A	31.10 Compensatory arrangements
Fire Rock Holdings Limited	1909	05/10/2025	380.2	1 for 2	(20.20)	(27.85)	(14.59)	195.74	9.13	151.68 Compensatory arrangements
China New Economy Fund Limited	80	02/10/2025	653.3	1 for 2	(29.29)	(27.23)	(21.70)	775.00	9.70	231.65 Excess application
Perfectech International Holdings Limited	765	26/09/2025	117.7	1 for 2	(18.06)	(20.70)	(12.72)	152.14	6.99	48.22 Excess application
Immunotech Biopharm Ltd	6978	19/09/2025	2,459.7	1 for 5	(47.70)	(47.79)	(43.18)	802.53	8.05	257.29 Excess application
IRC Limited	1029	24/10/2025	779.6	1 for 2	(16.39)	(17.21)	(12.17)	(61.10)	9.76	325.88 Compensatory arrangements
Zhong Jia Guo Xin Holdings Company Limited	899	15/09/2025	890.3	2 for 1	(33.64)	(35.23)	(14.45)	(97.87)	24.78	43.33 Compensatory arrangements

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Premium/(Discount) of the subscription price over

Company Name	Stock Code	Market Capitalisation as at Date of announcement (dd/mm/yyyy)	the closing price on the last trading day (HK\$' million)	the closing price on the last five-day average (%)	theoretical ex-rights price per share (%)	the consolidated net asset value per share (%)	theoretical dilution effect (%)	Maximum gross proceeds application / (HK\$' million) arrangements
38 China Energy Development Holdings Limited	228	14/08/2025	596.1	1 for 2	(19.90)	(14.21)	(73.34)	6.63
39 XI International Holdings Co., Ltd.	1765	30/07/2025	1,677.9	1 for 12	(1.96)	(0.50)	(11.76)	(83.74)
40 Future Machine Limited	1401	23/07/2025	1,010.0	1 for 2	(72.28)	(72.28)	(63.48)	(28.61)
41 Alco Holdings Limited	328	08/07/2025	458.2	4 for 1	(19.00)	(19.00)	(10.20)	N/A
42 Howkingtech International Holding Limited	2440	04/06/2025	615.8	1 for 2	(49.70)	(50.00)	(39.73)	50.20
43 Lvji Technology Holdings Inc.	1745	02/06/2025	447.1	1 for 2	(32.10)	(33.10)	(24.10)	(72.60)

Note 1: The relevant Comparable has to set the subscription price at a premium to its recent trading price prior to the rights issue to avoid the subscription price being set below the par value; accordingly, such premium rates are considered as outlier.

Note 2: The premium rates of the subscription price over the net asset value per issued share of the relevant Comparables are exceptionally high and considered as outliers.

Note 3: The relevant Comparable has a market capitalisation higher than that of the Company and considered as outlier.

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As shown in the above table, we noted that 40 out of 43 Comparables set the subscription price at a discount to their prevailing market price. It demonstrates that it is not uncommon to set the subscription price of a rights issue at a discount to its prevailing market price in order to encourage the existing shareholders to participate the rights issue.

Among the 43 Comparables we have identified, 30 Comparables are used for the comparison purpose and 13 Comparables are considered as outliers due to either (i) its premium subscription price was set to avoid subscription price being set below par value, (ii) its exceptionally high premium of the subscription price over its net asset value per share, or (iii) its market capitalisation is significantly higher than that of the Company.. As shown in the above table, we noted that:

- (i) the subscription price to the closing price on the respective last trading day of the Comparables ranged from a discount of 62.10% to a premium of 2.70%, with an average discount of 25.00%. The Subscription Price represents a discount of approximately 31.06% to the closing price of the Share on the Last Trading Day, which is within the range of that of the Comparables;
- (ii) the subscription price to the five-day average of the closing price on the respective last trading day of the Comparables ranged from a discount of 63.20% to a premium of 9.00%, with an average discount of 24.89%. The Subscription Price represents a discount of approximately 32.29% to the five-day average closing price of the Share on the Last Trading Day, which is within the range of that of the Comparables;
- (iii) the subscription price to the theoretical ex-rights price on the respective last trading day of the Comparables ranged from a discount of 52.20% to a premium of 1.35%, with an average discount of 14.33%. The Subscription Price represents a discount of approximately 10.13% to the theoretical ex-rights price of the Share on the Last Trading Day, which is within the range of that of the Comparables;
- (iv) the subscription price to the net asset value per issued share of the Comparables ranged from a discount of 97.30% to a premium of 59.09%, with an average discount of 49.27%. The Subscription Price represents a discount of approximately 62.81% to the net asset value per Share, which is within the range of that of the Comparables; and
- (v) the theoretical dilution effect of the Comparables ranged from approximately 0.55% to 24.93%, with an average of approximately 14.34%. The theoretical dilution effect of the Rights Issue of approximately 24.51% is within the range of that of the Comparables despite being close to the high end of that of the Comparables.

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Our view

Having conducted the above analysis and considered that:

- (i) it is a common market practice for the companies listed on the Stock Exchange to set the subscription price of a rights issue at a discount to the market price in order to encourage the existing shareholders to participate in the rights issue;
- (ii) the discounts represented by the Subscription Price to the closing price on the Last Trading Day, the five-day average closing price, the theoretical ex-rights price per Share and the net asset value per issued share, as well as the theoretical dilution effect of the Rights Issue fall within the respective range of that of the Comparables;
- (iii) the Share price performance has no notable growth in the 12 months prior to the Last Trading Day that could possibly imply the lack of attractiveness from investors, so that a larger discount is required to attract investors to participate in the Rights Issue;
- (iv) the trading volume of the Shares was generally thin during the Review Period;
- (v) there is a need for the Company to seek opportunities to raise funds to, among others, maintain the competitiveness in the industry;
- (vi) other alternative fund raising methods may not be preferable over the Rights Issue as discussed in the paragraph headed “Other fund-raising alternatives” above in this letter;
- (vii) in case of under-subscription, the net proceeds of Rights Issue will be prioritised to be applied in technological advancement of the principal business that the Company is currently engaging; and
- (viii) the interest of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as long as they are offered an equal opportunity to participate in the Rights Issue and to take up their entitlements in full at the same price to maintain their respective shareholdings in the Company,

we are of the view that the determination of the Subscription Price, along with the other terms of the Rights Issue, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. Dilution effect of the Rights Issue on shareholding interests

All the Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue. Referring to the section headed “EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY” in the Letter from the Board, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and their aggregate shareholding interests in the Company may be reduced by a maximum of approximately 75%. It should be noted that the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including but not limited to the results of acceptance of the Rights Issue.

Having taken into account (i) all Qualifying Shareholders are provided an equal opportunity to subscribe for their assured entitlements under the Rights Issue for the purpose of maintaining their respective existing shareholding interests in the Company; (ii) the Qualifying Shareholders have the opportunity to sell their nil-paid Rights Shares in the market if they do not wish to take up the Rights Issue entitlements; and (iii) shareholding dilution is generally inherent in rights issue with new shares being issued, we are of the view that the potential dilution effect on the shareholding is acceptable.

7. Financial Effect of the Rights Issue

Based on the Interim Report 2025, the unaudited consolidated net asset value of the Group per Share was approximately HK\$1.2236, computed by dividing the unaudited consolidated net asset value attributable to the owners of the Company of approximately US\$18,863,000 as at 30 June 2025 by the total number of Shares in issue of 119,940,534 as at 30 November 2025.

According to the unaudited pro forma financial information of the Group set out in Appendix II to the Circular, the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company were approximately US\$3,861,000 (or approximately US\$0.04 per Share) as at 30 June 2025. Had the Rights Issue been undertaken and completed on 30 June 2025, the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company would have been approximately US\$24,684,000 (or approximately US\$0.05 per Share) as at 30 June 2025.

As such, we are of the view that the Rights Issue is expected to have a positive impact on the financial position of the Group.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into consideration of the above factors and reasons, we are of the view and concur with the Directors' view that the terms of the Rights Issue are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution(s) at the EGM to approve the Rights Issue and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
HOORAY CAPITAL LIMITED
Simon Cheung
Director

Note: Mr. Simon Cheung is a responsible officer to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and he has over 12 years of experience in the corporate finance industry.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three years ended 31 December 2022, 2023 and 2024 and for the six months ended 30 June 2025 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://silkwave.com.hk/>).

- Annual report of the Company for the year ended 31 December 2024 (pages 80 to 172):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0429/2025042904728.pdf>
- Annual report of the Company for the year ended 31 December 2023 (pages 81 to 184):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042904089.pdf>
- Annual report of the Company for the year ended 31 December 2022 (pages 93 to 200):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042802210.pdf>
- Interim report of the Company for the six months ended 30 June 2025 (pages 20 to 44)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0930/2025093001144.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 October 2025, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follows:

Convertible notes

As at the Latest Practicable Date, the Group had outstanding unsecured convertible note in an aggregate principal amount of approximately HK\$54,460,000 (equivalent to US\$7,000,000). The convertible notes are non-interest bearing and will mature on 3 September 2028. Subject to the terms and conditions of the relevant instrument, the convertible notes are, convertible into shares of the Company at a conversion price of HK\$7.00 per share.

Lease liabilities

As at 30 October 2025, the Group, as a lessee, had lease liabilities with outstanding principal amount of approximately US\$8,000.

Save as aforesaid, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, lease liabilities or hire purchase commitments, liabilities under acceptances or acceptances credits, or any guarantees, or any other contingent liabilities outstanding at the close of business as at the Latest Practicable Date.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements for at least 12 months from the date of this circular in the absence of any unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

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

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

For the year ended 31 December 2024, the Group was engaged in the CMMB Business and the Trading Business, generating revenue of approximately US\$6.4 million (2023: approximately US\$7.3 million). The decrease in revenue of approximately US\$0.9 million was mainly attributed to a decrease in the Trading Business, especially on the trading of AI products, due to sluggish economic conditions. The Group recorded a loss for the year of approximately US\$9.5 million (2023: approximately US\$75.0 million). Loss per Share was approximately US\$0.10 (2023: approximately US\$0.80), while net assets per Share was approximately US\$0.26 (2023: approximately US\$0.02).

In recent years, the LPTV market in the United States has undergone significant transformation, driven by the digital switchover, emerging technologies, and evolving regulatory frameworks. These developments have created new opportunities for creativity and collaboration. The Group has actively partnered with local content providers and fellow broadcasters, establishing strong relationships that enrich its programming offerings.

As audiences increasingly shift from traditional TV sets to smartphones, there is a growing demand for digital TV programming that emphasizes interactivity and engagement. This evolution presents an opportunity to enhance the viewing experience, making it more immersive and dynamic. The Group is well positioned to capitalise on this trend, believing that delivery high-quality digital content will not only attract new viewers but also foster loyalty among existing audiences.

The Group is committed to leveraging its core CMMB-based broadcasting technology to develop a horizontally diversified, next-generation data platform that integrates media, communications, and data-driven services. This development represents a pivotal step toward transforming its satellite broadcasting capabilities into a comprehensive data distribution and analytics ecosystem that supports cross-industry applications and digital innovation. At the same time, the Group will integrate this data platform initiative with its trading operations to foster synergistic growth across the technology and digital sectors. This interconnected approach will enhance value creation, strengthen market adaptability, and position the Group at the forefront of the evolving digital economy.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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

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

The unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2025 (the "Unaudited Pro Forma Financial Information") has been prepared by the directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effects of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025 as if the Rights Issue had taken place on 30 June 2025.

The Unaudited Pro Forma Financial Information was prepared based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025, as extracted from the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2025, after incorporating the unaudited pro forma adjustments described in the accompanying notes. The Unaudited Pro Forma Financial Information 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 after completion of the Rights Issue or any future date after completion of the Rights Issue.

Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025	Estimated net proceeds from the Rights Issue US\$'000 (Note 1)	Completion of the Rights Issue US\$'000 (Note 2)	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025 after completion of the Rights Issue US\$'000 (Note 3)	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2025 US\$ (Note 4)
Shares to be issued at a Subscription Price of HK\$0.455 per Rights Share	3,861	20,823	24,684	0.04

Based on 359,821,602 Rights

Shares to be issued at a

Subscription Price of HK\$0.455

per Rights Share

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025 is extracted from the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2025, which is based on the consolidated net assets attributable to the owners of the Company as at 30 June 2025 of approximately US\$18,863,000 with an adjustment for the intangible assets attributable to the owners of the Company as at 30 June 2025 of approximately US\$15,002,000.
2. The estimated net proceeds from the Rights Issue are based on 359,821,602 Rights Shares (assuming full subscription under the Right Issue and no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.455 per Rights Share after deduction of the estimated professional fees and other related expenses payable by the Company.
3. The unaudited consolidated net tangible assets per Share as at 30 June 2025 is calculated on the basis that 95,319,494 Shares were in issue on 30 June 2025, without taking into account the effect of the Rights Issue.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per 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 as at 30 June 2025 immediately after completion of Rights Issue of approximately US\$24,684,000, divided by 455,141,096 Shares which represents (i) 95,319,494 Shares in issue as at 30 June 2025 and (ii) 359,821,602 Rights Shares to be issued under the Rights Issue.
5. Except as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2025.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from Linksfield CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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

To the Directors of Silkwave Inc.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Silkwave Inc. (the “Company”) and its subsidiaries (collectively the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2025, and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages II-1 to II-2 of the Company’s circular dated 31 December 2025 (the “Circular”), in connection with the rights issue on the basis of three (3) rights shares for every one (1) share held on the record date (the “Transaction”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transaction on the Group’s financial position as at 30 June 2025 as if the Transaction had taken place at 30 June 2025. As part of this process, information about the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025 has been extracted by the Directors from the Group’s unaudited consolidated financial information for the six months ended 30 June 2025, on which no audit or review 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 paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7, Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Our Independence and Quality Management

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

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

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, 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 paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of Unaudited Pro Forma Financial Information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity 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 Transaction at 30 June 2025 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 judgment, having regard to the reporting accountant's understanding of the nature of the Company, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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 by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

LINKSFIELD CPA LIMITED

Certified Public Accountants

Chan Tsz Yeung

Practising Certificate Number: P08054

Hong Kong, 31 December 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

The issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after the completion of the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue); and (iii) immediately after the completion of the Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full conversion and full subscription under the Rights Issue) are as follows:

(i) As at the Latest Practicable Date:

<i>Authorised:</i>		<i>HK\$</i>
500,000,000,000	Shares	<u>5,000,000,000</u>

Issued and fully paid:

119,940,534	Shares	<u>1,199,405.34</u>
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(ii) Immediately after the completion of the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue):

<i>Authorised:</i>		<i>HK\$</i>
500,000,000,000	Shares	<u>5,000,000,000</u>

Issued and fully paid:

119,940,534	Shares	1,199,405.34
359,821,602	Rights Shares to be allotted and issued under the Rights Issue	3,598,216.02
		<u>4,797,621.36</u>

(iii) immediately after the completion of the Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full conversion and full subscription under the Rights Issue):

<i>Authorised:</i>		HK\$
500,000,000,000	Shares	<u>5,000,000,000</u>
<i>Issued and fully paid:</i>		
119,940,534	Shares	1,199,405.34
7,780,000	Issue of Shares assuming the full conversion	77,800
383,161,602	Rights Shares to be allotted and issued under the Rights Issue	3,831,616.02
		<u>5,108,821.36</u>

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

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 their nil-paid and fully-paid forms. 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.

The Rights Shares (in both nil-paid and fully paid forms) will be traded in the board lots of 4,000 Shares.

Save for the outstanding Convertible Note with an aggregate principal amount of USD7,000,000 with the conversion rights entitling the holders to convert such Convertible Note into 7,780,000 Shares in total, as at the Latest Practicable Date, the Group had no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible into or giving rights to subscribe for, convert or exchange into any Shares.

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

(i) *Directors' interests in the shares of the Company*

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix C3 to the Listing Rules (the “**Model Code**”) were as follows:

Long positions in the Shares

Name of Directors	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Mr. WONG Chan Chi	Interests in a controlled corporation (<i>Note 1</i>)	60,857,819	50.74%
Mr. CHOW Kin Wing	Beneficial owner	65,000	0.05%
Mr. TAM Hon Wah	Beneficial owner	25,000	0.02%

Note:

1. As at the Latest Practicable Date, Chi Capital was interested in 60,857,819 Shares, of which (i) 53,307,628 Shares are held by Chi Capital; and (ii) 7,550,191 Shares are held by Chi Capital Securities Limited, which is wholly owned by Chi Capital. Chi Capital is wholly owned by Mr. Wong.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, or chief executives of the Company has 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 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 which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code.

(ii) Substantial shareholders' interests in the shares of the Company

Name of Directors	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Mr. WONG Chan Chi	Interests in a controlled corporation (<i>Note 1</i>)	60,857,819	50.74%

Note:

1. As at the Latest Practicable Date, Chi Capital was interested in 60,857,819 Shares, of which (i) 53,307,628 Shares are held by Chi Capital; and (ii) 7,550,191 Shares are held by Chi Capital Securities Limited, which is wholly owned by Chi Capital. Chi Capital is wholly owned by Mr. Wong.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (other than the Directors and chief executives of the Company) who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept by the Company under Section 336 of the SFO.

4. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

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

As at the Latest Practicable Date, there was no other contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) has any interest in any business that competes or may compete, either directly or indirectly, with the business of the Group.

7. MATERIAL LITIGATION

On 18 October 2019, Mr. Hamza Farooqui (“**Mr. Farooqui**”) filed a claim against Silkwave Holdings (the “**Silkwave**”), the Company, Chi Capital Holdings Ltd., Mr. Wong Chau Chi (an executive director of the Company) and three other related parties of Silkwave for breach of implied contract, quantum meruit, promissory estoppel, unjust enrichment, breach of contract, fraud and fraud in the inducement, constructive trust, and defamation (the “**Claim**”). In the Claim, it is alleged that, among other matters, the defendants in the Claim are liable to Mr. Farooqui for certain work he performed for the benefit of the defendants in connection with business transactions involving satellite assets in Asia and Africa and certain compensations.

On 29 January 2025, after the court had reviewed the case evidences, and the court’s view on the Claim against the Company is not valid and the case has been dismissed.

8. MATERIAL CONTRACTS

Save for the following, there was no material contract (not being contracts entered into in the ordinary course of business) which had been entered into by the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the subscription agreement dated 8 September 2025 entered into between the Company and Mr. Yu Zhuangzhu and Ms. Wang Lisu in relation to the subscription of an aggregate 19,063,898 new Shares for an aggregate consideration of approximately HK\$11,438,000 at the subscription price of HK\$0.60 per subscription shares. The subscription completed on 18 September 2025;
- (ii) the memorandum of understanding dated 11 July 2025 entered into between the Company and Kashgar Zhongjia Food Industry Co., Ltd. in relation to the building of a sustainable strategic cooperation mechanism relating to, amongst others, establishing a next-generation satellite internet media information service ecosystem; deepening strategic market presence in China and Southeast Asia; enhancing corporate value through platform technology innovation; advancing in high-potential sectors where satellite communications converge with AI, such as direct satellite-to-mobile internet connectivity, IoT for mobile terminals, vehicle networks, industrial IoT, smart agriculture, and the low-altitude economy;
- (iii) the memorandum of understanding dated 26 March 2025 entered into between the Company and Sichuan Hefeng Zhitong Biotechnology Co., Ltd. in relation to the collaboration to enhance the quality and output of agricultural products and to strengthen technical cooperation, including (but not limited to) joint research and development in satellite services and applications within the science and technology sector; and
- (iv) the subscription agreement dated 11 February 2025 entered into between the Company and Advance Sino Investments Limited and Peak Honour Limited in relation to the subscription of an aggregate 5,700,000 new Shares for an aggregate consideration of approximately HK\$4,845,000 at the subscription price of HK\$0.85 per subscription shares. The subscription completed on 24 February 2025.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts or professional advisers who have given opinion or advice contained in this circular (collectively, the “**Experts**”):

Name	Qualification
Linksfield CPA Limited	Certified Public Accountant
Hooray Capital Limited	a corporation licensed by the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, each of the above Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the Experts had any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

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

10. EXPENSES

The expenses in relation to the Rights Issue (including financial advisory fees, printing, translation, registration, legal, accounting, levy and documentation charges) payable by the Company are estimated to be approximately HK\$1.72 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors	Executive Director Mr. WONG Chau Chi (<i>Chairman</i>) Ms. WOO Lan Ying (<i>Vice-Chairperson</i>) Mr. YANG Tenghao
	Independent Non-executive Directors Mr. LAM Cheung Shing Richard Mr. CHOW Kin Wing Mr. TAM Hon Wah
Audit committee	Mr. CHOW Kin Wing (<i>Chairman</i>) Mr. LAM Cheung Shing Richard Mr. TAM Hon Wah
Nomination committee	Mr. WONG Chau Chi (<i>Chairman</i>) Mr. LAM Cheung Shing Richard Mr. CHOW Kin Wing Mr. TAM Hon Wah
Remuneration committee	Mr. LAM Cheung Shing Richard (<i>Chairman</i>) Mr. CHOW Kin Wing Mr. TAM Hon Wah
Company secretary	Mr. KWONG Chun Chung (<i>HKCGI, HKICPA</i>)
Authorised representatives	Mr. WONG Chau Chi Mr. KWONG Chun Chung
Registered office	Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands
Headquarter and principal place of business in Hong Kong	Unit B1, 8/F, Kingston International Centre 19 Wang Chiu Road Kowloon Bay Kowloon, Hong Kong
Business address of all Directors and authorised representatives	Unit B1, 8/F, Kingston International Centre 19 Wang Chiu Road Kowloon Bay Kowloon, Hong Kong
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited 17M Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong

Principal banker	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central, Hong Kong
Auditor	Linksfield CPA Limited <i>Registered Public Interest Entity Auditors</i>
Legal adviser to the Company as to Hong Kong laws	TAM, PUN & YIPP 25/F, Tung Hip Commercial Building, 244-248 Des Voeux Road Central, Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Hooray Capital Limited Room A&B2, 11/F Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Director

Mr. WONG Chau Chi (“**Mr. Wong**”), aged 60, was appointed as an executive Director in May 2007. Mr. Wong is currently the chief executive of the Group, the chairman of the Board and the chairman of the nomination committee of the Company. Mr. Wong has extensive experiences in finance, technology and industrial management, working for a variety of companies including Goldman Sachs, Citibank, and BNP Paribas, and McKinsey, and General Electric. Mr. Wong graduated from the Pomona College in the US with a BA in Economics and International Relations, from the Harvard Kennedy School of Government with an MPP, and matriculated by the St. Antony’s College, Oxford reading Political History. Mr. Wong did not hold any position nor directorship in other listed companies in the three preceding years.

Ms. WOO Lan Ying (“**Ms. Woo**”), aged 57, was appointed as an executive Director and Vice-Chairperson on 14 May 2024. Ms. Woo is an entrepreneur operating various businesses, including but not limited to consultancy and entertainment business. Ms. Woo has extensive experience in corporate management and project investments. Ms. Woo also involved in a lot of charitable and community activities and was a member of the Campaign Committee of The Community Chest of Hong Kong for the year of 2018/2019. Ms. Woo had been an executive director and vice chairman of Hing Ming Holdings Limited (Stock Code: 8425), a company listed on the GEM of the Stock Exchange, for the period from March 2021 to January 2022. Ms. Woo (i) had been appointed as an executive Director since 1 December 2020 and redesignated as chairman of the board on 30 June 2021 of Jisheng Group Holdings Limited (Stock Code: 8133), and it is listed in the GEM Board of the Stock Exchange; (ii) had been appointed as an executive director and the chief executive officer of Yuk Wing Group Holdings Limited (Stock Code: 1536), and it is listed in the Main Board of the Stock Exchange, since 2 July 2024; (iii) had been appointed as an executive director and chairman of the NOVA Group Holdings Limited (Stock Code: 1360), and it is listed in the Main Board of the Stock Exchange, on 9 January 2025.

Mr. YANG Tenghao (“**Mr. Yang**”), aged 43, was appointed as an executive Director on 4 September 2025. Mr. Yang is an experienced expert in corporate management and media operations, with nearly two decades of experience in media communication, corporate brand operations, and cross-sector resource integration in Mainland China and the Greater China region. Mr. Yang has served in the broadcasting and satellite media industry, having held positions as Director and General Supervisor at Guangdong Television Station, Special Assistant to the Executive Chairman of the Board and Director of Legal Affairs at Hong Kong Chaosheng Satellite Television, and from 2012 to 2014, he served as Chief Operating Officer and Executive Station Head of Macau China Satellite Television, overseeing channel operations, program production, and cross-regional cooperation.

Mr. Yang has also achieved distinction in corporate strategy and public affairs. He served as Vice President of the Shenzhen Economic Association and successfully planned and executed film and television projects such as “The Running Mother”, securing government funding support. In 2019, as a General Manager, he successfully facilitated the listing of Ningbo Zhenyi Culture and Entertainment Company Limited on National Equities Exchange and Quotations (Stock Code: 873163), demonstrating outstanding capital operation and corporate management capabilities.

Mr. Yang holds important positions in numerous industrial and social organizations, including Vice Chairman of the Asia-Pacific Media Think Tank, Deputy Secretary-General of the World Chinese Entrepreneurs Sustainable Development Summit, and Honorary Chairman of the 2012 World Tourism Culture Miss Guangdong Competition. He has also been recommended as a professional member of the Hong Kong Televisioners Association.

Mr. Yang graduated with a degree in Law from Guangzhou University and a degree in Business Administration from Beijing University of Aeronautics and Astronautics. He furthered his studies in the SME Merger and Acquisition Executive Program at Sun Yat-sen University Shenzhen Research Institute and received an honorary doctorate from Colorado Engineering University in 2024. With a background in law and expertise in business administration, he excels in corporate governance, brand operations, and public relations management. He has participated multiple times in mainstream media program production and large-scale cultural event planning, possessing extensive cross-sector influence and resource coordination capabilities.

Independent Non-executive Directors

Mr. LAM Cheung Shing Richard (“**Mr. Lam**”), aged 68, was appointed as an independent non-executive Director on 12 August 2025. Mr. Lam is a fellow member of Hong Kong Institute of Certified Public Accountants and obtained the Master’s Degree in Business Administration in the Chinese University of Hong Kong in 2006. He spent over ten years in PricewaterhouseCoopers, an international accounting firm and was promoted to the position of senior audit manager, and is equipped with extensive experience in accountancy, taxation and corporate finance. Mr. Lam served as Executive Director of Everchina International Holdings Limited (“**Everchina**” stock code: 0202), whose shares are listed on the Main Board of the Stock Exchange, from August 2001 to October 2023 and was designated as Deputy Chairman and CEO of Everchina since 2009 until his retirement in October 2023. Mr. Lam was appointed as a director in various companies whose shares are listed on the Main Board of the Stock Exchange during the period from December 2001 to December 2014, namely: China Pipe Group Limited (stock code: 380), Eagle Legend Asia Limited (now known as Kaisa Capital Investment Holdings Limited) (stock code: 936), and Kai Yuan Holdings Limited (stock

code: 1215). Mr. Lam currently still act as an INED of the following companies, namely: Far East Holdings Company Limited (stock code: 0036), China Water Industry Group Limited (stock code: 1129) and Legend Strategy International Holdings Group Limited (stock code: 1355), all of these companies are listed on the Main Board of the Stock Exchange; and Lajin Entertainment Network Group Limited (stock code: 8172), a company listed on the GEM of the Stock Exchange.

Mr. CHOW Kin Wing, (“**Mr. Chow**”), aged 43, was appointed as an independent non-executive Director on 12 October 2020. He holds a Bachelor degree in Accounting and Finance from the Queensland University of Technology, Australia. Mr. Chow is currently the chairman of each of the audit committee, nomination committee and remuneration committee of the Company. Mr. Chow is an associate member of Hong Kong Institute of Certified Public Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He has more than 15 years of experience in financial management, auditing and accounting in an international accounting firm and a listed company in Hong Kong. Mr. Chow was an independent non-executive director of Hong Kong Finance Investment Holding Group Limited (stock code: 7), a company listed on the Main Board of the Stock Exchange during the period from May 2020 to October 2020. Save as aforesaid, Mr. Chow did not hold any directorship in other listed companies in the three preceding years.

Mr. TAM Hon Wah (“**Mr. Tam**”), aged 58, was appointed as an independent non-executive Director on 29 September 2021. Mr. Tam was appointed as an independent non-executive Director in September 2021. Mr. Tam is currently a member of each of the audit committee, nomination committee and remuneration committee of the Company. Mr. Tam is the managing director of A.I. International Limited and Chief Technology Officer of PR1 Media Limited. Mr. Tam holds a Master degree in Information Systems Management from University of Greenwich in United Kingdom, and obtained Diploma in Business Strategy and Information Technology from National Computer Center, United Kingdom in 2009. Mr. Tam also holds a number of other public and community service positions. Mr. Tam is a board member of the Indonesia Chamber of Commerce in Hong Kong, a committee member of Wan Chai West Area Committee of Home Affairs Department, and the vice-chairman of Friends of The Community Chest Wan Chai District Committee. Mr. Tam was also a committee member of the Television and Radio Consultative Group of the Office of the Communications Authority from 2010 to 2015. Mr. Tam was awarded the Most outstanding Chapter President award of Junior Chamber International (ASPAC) in 2006 and the Most outstanding Chapter President of Junior Chamber International (Hong Kong) in 2005. Mr. Tam was also awarded the Secretary for Home Affairs Commendation award in 2012. Mr. Tam did not hold any directorship in other listed companies in the three preceding years.

Senior management

Ms. LI Qun (“Ms. Li”) is a managing director of the China business operation. Ms. Li has over 20 years of experience in CMMB/DTH chipset design and CMMB network system integration. She was the co-founder of Telepath Technologies Co., Ltd. and the chief operating officer for TiMi Technologies Co., Ltd., a company formed by the Chinese Academy of Broadcasting Science at National Radio and Television Administration (“NRTA”). She holds a bachelor degree in Science from Shanghai Jiao Tong University and a master degree in Science from Tsinghua University.

13. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange (<https://www.hkex.com.hk>) and the website of the Company (<https://silkwave.com.hk>) for a period of 14 days from the date of this circular.

- (i) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-26 of this circular;
- (ii) the accountant’s report on the unaudited pro forma financial information of the Group issued by Linksfield CPA Limited, the text of which is set out in Appendix II to this circular;
- (iii) the material contracts referred to in the paragraph headed “8. Material contracts” of this appendix;
- (iv) the written consents referred to in paragraph headed “9. Experts and consents” of this appendix; and
- (v) this circular.

14. MISCELLANEOUS

- (i) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) As at the Latest Practicable Date, there was no contract for the hire or hire purchase of plant to or by any member of the Group for a period of over one year which are substantial in relation to the Group’s business.
- (iii) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- (iv) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

NOTICE OF EGM



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of SILKWAVE INC (the “Company”) will be held at Unit B, 8/F., Kingston International Centre, 19 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong on Wednesday, 21 January 2026 at 11:00 a.m., to consider and, if thought fit, pass, with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTION

“**THAT** subject to the satisfaction of the conditions set out in the Letter from the Board under the section headed “Conditions of the Rights Issue” in the circular (the “**Circular**”) of the Company dated 31 December 2025:

- (i) the allotment and issue of up to (a) 359,821,602 rights shares (the “**Rights Shares**”) in the share capital of the Company, assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue (as defined below); or (b) up to 383,161,602 rights shares (the “**Rights Shares**”) in the share capital of the Company, assuming no change in the number of Shares in issue on or before the Record Date other than full conversion of the Convertible Note under the terms and conditions of the instrument of the Convertible Note and full subscription under the Rights Issue (as defined below), pursuant to an offer by way of rights issue (the “**Rights Issue**”) to the shareholders of the Company (the “**Shareholders**”) at the subscription price of HK\$0.455 per Rights Share on the basis of three (3) Rights Shares for every one (1) existing Share held by the Shareholders whose names appeared on the register of members of the Company on 15 January 2026 (the “**Record Date**”) as described in further details in the Circular (a copy of which marked “A” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification) and on and subject to such terms and conditions as may be determined by the directors (the “**Director(s)**”) of the Company, be and is hereby approved, confirmed and ratified;
- (ii) the Directors be and are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to any Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) as they deem necessary or expedient having regard to any restrictions or obligations under the laws of,

NOTICE OF EGM

or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong, and to do all such acts and things as they consider necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and

- (iii) any one Director be and is/are hereby authorised to do all such acts and things and execute all such documents as he/she/they consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Rights Issue and the transactions contemplated thereunder.

By Order of the Board of
SILKWAVE INC
Wong Chau Chi
Chairman

Hong Kong, 31 December 2025

Registered office:

Cricket Square, Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Notes:

1. A member of the Company entitled to attend and vote at the meeting (or at any adjournment thereof) convened by the notice is entitled to appoint one or more proxies to attend and on a poll vote in his/her stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, a form of proxy must be deposited at the Company's share registrar and transfer office together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
4. Completion and return of the form of proxy will not preclude any member from attending and voting in person at the EGM or any adjourned meeting thereof should he so wishes.
5. The register of members of the Company will be closed from Thursday, 15 January 2026 to Wednesday, 21 January 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 14 January 2026.

NOTICE OF EGM

6. In accordance with the Listing Rules, voting on the above resolution will be taken by poll.
7. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning or “extreme conditions” after super typhoons is in effect any time at or before 8 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on the websites of the Company at <https://silkwave.com.hk> and the Stock Exchange at <https://www.hkexnews.hk> to notify the Shareholders of the date, time and place of the rescheduled meeting.

As at the Latest Practicable Date, the executive directors are Mr. WONG Chau Chi, Mr. YANG Tenghao and Ms. WOO Lan Ying; and the independent non-executive directors are Mr. CHOW Kin Wing, Mr. LAM Cheung Shing Richard and Mr. TAM Hon Wah.