THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Sandmartin International Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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

Sandmartin International Holdings Limited
聖馬丁國際控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 482)

(1) PROPOSED CAPITAL REORGANISATION; (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE ADJUSTED SHARE HELD ON RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND (3) NOTICE OF SPECIAL GENERAL MEETING

Financial Adviser to the Company

禹銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

Placing Agent of the Rights Issue

萬基證券有限公司
MORTON SECURITIES LIMITED

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

Lego Corporate Finance Limited
力高企業融資有限公司

Capitalised terms used in this cover page shall have the same respective meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 14 to 47 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 48 to 49 of this circular. A letter from the Independent Financial Adviser, containing its recommendation to the Independent Board Committee and the Independent Shareholders, is set out on pages 50 to 85 of this circular.

Shareholders and potential investors should note that the Rights Issue is conditional upon the fulfilment of the conditions referred to in the paragraph headed "Conditions of the Rights Issue" in the Letter from the Board. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

It should be noted that the Shares will be dealt in on an ex-rights basis from Thursday, 26 March 2026. Dealings in the Rights Shares in nil paid form are expected to take place from Monday, 13 April 2026 to Monday, 20 April 2026 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Monday, 13 April 2026 to Monday, 20 April 2026 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares, the Adjusted Shares and/or the Rights Shares in their nil-paid form is recommended to consult his/her/its own professional advisers.

A notice convening the SGM to be held at Industrial Zone No. 3, No. 16 Qianjin Erlu, Xin Qian Jin Village, Tanzhou Town, Zhongshan, Guangdong Province, the People's Republic of China at 3:00 p.m. on Monday, 23 March 2026 is set out on pages SGM-1 to SGM-5 of this circular. Whether or not you are able to attend the SGM, please complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the Registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong as soon as practicable, and, in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM, or any adjournment thereof (as the case may be), should you so wish.

The Rights Issue will proceed on a non-underwritten basis, irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed "Letter from the Board – Conditions of the Rights Issue" in this circular. In the event that the Rights Issue is 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 placed by the Placing Agent to independent Placees under the Compensatory Arrangement. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

27 February 2026

* *For identification purposes only*

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In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

"Adjusted Share(s)"	the ordinary share(s) of par value of HK$0.10 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
"AFRC"	the Accounting and Financial Reporting Council in Hong Kong
"Announcement"	the announcement of the Company dated 24 October 2025 in relation to, among others, the Capital Reorganisation and the Rights Issue
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	any day (other than a Saturday or Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above or "black" rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"Bye-laws"	the bye-laws of the Company, as amended from time to time
"Capital Reduction"	the proposed reduction of the issued share capital of the Company by reducing the par value of each issued Consolidated Share from HK$1.00 to HK$0.10 by cancelling the paid-up share capital to the extent of HK$0.90 on each issued Consolidated Share and the cancellation of any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation immediately after the Share Consolidation

"Capital Reorganisation"	the proposed capital reorganisation of the share capital of the Company involving (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the Share Subdivision, (iv) the Share Premium Reduction, and (v) the transfer of all the credit arising from the Capital Reduction and Share Premium Reduction to the contributed surplus account of the Company within the meaning of the Companies Act which will be applied to reduce the accumulated losses of the Company and be applied by the Board in any other manner in accordance with the Bye-laws and all applicable laws of Bermuda from time to time without further authorisation from the Shareholders
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
"Companies Act"	the Companies Act 1981 of Bermuda, as amended from time to time
"Company"	Sandmartin International Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 482)
"Compensatory Arrangement"	placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement
"connected person(s)"	has the meaning ascribed to it in the Listing Rules
"Consolidated Share(s)"	the ordinary share(s) of par value of HK$1.00 each in the share capital of the Company immediately after the Share Consolidation but prior to the Capital Reduction and the Share Subdivision
"controlling shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Director(s)"	director(s) of the Company

"Existing Share(s)"	the ordinary share(s) of par value of HK$0.10 each in the share capital of the Company prior to the Capital Reorganisation having become effective
"First Steamship"	First Steamship Company Limited, the issued shares of which are listed on the Taiwan Stock Exchange and is a controlling shareholder of the Company
"General Rules of CCASS"	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
"Grand Citi"	Grand Citi Limited, an indirectly non-wholly owned subsidiary of First Steamship
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board, comprising all the independent non-executive Directors, Mr. Wu Chia Ming, Ms. Chen Wei-Hui and Mr. Lu Ming-Shiuan, which has been established to give recommendations to the Independent Shareholders in respect of the Rights Issue and the Placing Agreement, and as to the voting action therefor
"Independent Financial Adviser"	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Placing Agreement and as to the voting action therefor

"Independent Shareholders"	the Shareholders other than First Steamship and its associates (including Grand Citi), and any Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Capital Reorganisation, the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder
"Independent Third Party(ies)"	third party(ies) who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are independent of and not connected with the Company and its connected persons or any of their respective associates
"Last Trading Day"	24 October 2025, being the last full trading day of the Shares on the Stock Exchange prior to the release of the Announcement
"Latest Acceptance Date"	Thursday, 23 April 2026
"Latest Practicable Date"	24 February 2026, being the latest practicable date prior to the publication of this circular
"Latest Time for Acceptance"	4:00 p.m. on Thursday, 23 April 2026 (or such other time and date as may be determined by the Company), being the latest time for the acceptance of, and payment for, the Rights Shares
"Lender A"	the lender (an Independent Third Party) of Loan A
"Lender B"	the lender (an Independent Third Party) of Loan B
"Listing Committee"	has the meaning ascribed to it in the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan A"	the loan with an outstanding principal amount of US$1 million provided by Lender A to the Company
"Loan B"	the loan with an outstanding principal amount of US$20 million provided by Lender B to the Company
"Loans"	Loan A and Loan B

"Mr. Hung"	Mr. Hung Tsung Chin, an executive Director
"Mr. Kuo"	Mr. Kuo Jen Hao, a non-executive Director and chairman of the Company
"No Action Shareholder(s)"	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, or Non-Qualifying Shareholders (as the case may be)
"Non-Qualifying Shareholder(s)"	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company's legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
"NQS Rights Shares"	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form
"Overseas Letter"	a letter from the Company to the Non-Qualifying Shareholder(s) (if any) explaining the circumstances in which the Non-Qualifying Shareholder(s) (if any) is/are not permitted to participate in the Rights Issue
"Overseas Shareholder(s)"	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
"PAL(s)"	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
"Placee(s)"	professional, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement

"Placing"	the placing of a maximum of 123,040,372 Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement
"Placing Agent"	Morton Securities Limited, an organisation licensed to carry out type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
"Placing Agreement"	the placing agreement dated 12 February 2026, entered into between the Company and the Placing Agent in relation to the Compensatory Arrangement
"PRC"	the People's Republic of China which, for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
"Prospectus"	the prospectus to be issued to the Qualifying Shareholders (and the Non-Qualifying Shareholder(s) for information only) containing, among other things, details of the Rights Issue
"Prospectus Documents"	the Prospectus and the PAL
"Prospectus Posting Date"	Thursday, 9 April 2026, or such other date as the Company may determine, for the despatch of the Prospectus Documents to the Qualifying Shareholders
"Qualifying Shareholder(s)"	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
"Record Date"	Wednesday, 8 April 2026, or such other date as the Company may determine, for the determination of the entitlements under the Rights Issue
"Registrar"	Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, the Hong Kong branch share registrar and transfer office of the Company

"Rights Issue"	the proposed issue by way of rights on the basis of one (1) Rights Share for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
"Rights Share(s)"	Shares to be issued and allotted under the proposed Rights Issue on the basis of one (1) Rights Share for every one (1) Adjusted Share in issue on the Record Date, being up to 123,040,372 Shares based on the Company's issued share capital as at the Latest Practicable Date
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
"Share(s)"	the Existing Share(s), the Consolidated Share(s) and/or the Adjusted Share(s), as the case may be
"Share Consolidation"	the proposed consolidation of every ten (10) Existing Shares of par value of HK$0.10 each into one (1) Consolidated Share of par value of HK$1.00 in the share capital of the Company
"Share Premium Account"	the share premium account of the Company
"Share Premium Reduction"	the proposed reduction of the entire amount standing to the credit of the Share Premium Account of the Company to nil with the credit arising therefrom to be transferred to the contributed surplus account of the Company and be applied in such manner as permitted under the laws of Bermuda and the Bye-laws
"Share Subdivision"	the proposed subdivision of each authorised but unissued Consolidated Share of par value of HK$1.00 into ten (10) Adjusted Shares of par value of HK$0.10 each

"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$0.75 per Rights Share
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
"Unsubscribed Rights Shares"	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the sub-section headed "Non-Qualifying Shareholders" in this circular
"US"	the United States of America
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$"	US dollars, the lawful currency of the US
"%"	per cent.

For the purpose of this circular, unless otherwise stated, the conversion of US$ into HK$ is based on the exchange rate of US$1.00 to HK$7.8. The exchange rate has been used, where applicable, for the purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rate or at all.

Set out below is the expected timetable for the proposed Capital Reorganisation and Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Capital Reorganisation and the Rights Issue will be fulfilled:

Event	**Date (Hong Kong time)**
Latest time and date for lodging transfer documents to qualify for attendance and voting at the SGM	4:30 p.m. on Monday, 16 March 2026
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the SGM (both dates inclusive)	Tuesday, 17 March 2026 to Monday, 23 March 2026
Latest time for lodging proxy forms for the SGM	3:00 p.m. on Saturday, 21 March 2026
Record date for attendance and voting at the SGM	Monday, 23 March 2026
Date and time of the SGM	3:00 p.m. on Monday, 23 March 2026
Announcement of the poll results of the SGM	Monday, 23 March 2026
Register of members re-opens	Tuesday, 24 March 2026

The following events are conditional on the fulfilment of the conditions relating to the implementation of the Capital Reorganisation and the Rights Issue, and therefore the dates are tentative only:

Effective date of the Capital Reorganisation	Wednesday, 25 March 2026
Commencement of dealings in the Adjusted Shares	9:00 a.m. on Wednesday, 25 March 2026
Original counter for trading in the Existing Shares in board lots of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 25 March 2026

Event	Date (Hong Kong time)
Temporary counter for trading in board lots of 1,000 Adjusted Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 25 March 2026
First day of free exchange of existing share certificates for new share certificates for the Adjusted Shares	Wednesday, 25 March 2026
Last day of dealings in Adjusted Shares on a cum-rights basis relating to the Rights Issue	Wednesday, 25 March 2026
First day of dealings in the Shares on an ex-rights basis relating to the Rights Issue	Thursday, 26 March 2026
Latest time for lodging transfer of the Adjusted Shares to qualify for the Rights Issue	4:30 p.m. on Friday, 27 March 2026
Closure of register of members to determine the entitlements to the Rights Issue (both dates inclusive)	Monday, 30 March 2026 to Wednesday, 8 April 2026
Record Date for determining entitlements to the Rights Issue	Wednesday, 8 April 2026
Expected despatch date of the Prospectus Documents (including the PAL and the Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only)	Thursday, 9 April 2026
Register of members of the Company re-opens	Thursday, 9 April 2026
Designated broker starts to stand in the market to provide matching services for odd lots of the Adjusted Shares	9:00 a.m. on Monday, 13 April 2026
Original counter for trading in the Adjusted Shares in board lots of 10,000 Adjusted Shares (in the form of new share certificates) re-opens	9:00 a.m. on Monday, 13 April 2026

Event	Date (Hong Kong time)
Parallel trading in the Adjusted Shares (in the form of both existing share certificates in board lots of 1,000 Adjusted Shares and new share certificates in board lots of 10,000 Adjusted Shares) commences	9:00 a.m. on Monday, 13 April 2026
First day of dealings in nil-paid Rights Share in board lots of 10,000 Adjusted Shares	Monday, 13 April 2026
Latest time for splitting the PAL	4:30 p.m. on Wednesday, 15 April 2026
Last day of dealing in nil-paid Rights Shares in board lots of 10,000 Adjusted Shares	Monday, 20 April 2026
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangement	4:00 p.m. on Thursday, 23 April 2026
Latest Time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Thursday, 23 April 2026
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangement	Monday, 27 April 2026
Commencement of placing of Unsubscribed Rights Shares by the Placing Agent	Tuesday, 28 April 2026
Latest time of placing of the Unsubscribed Rights Shares by the Placing Agent	4:00 p.m. on Monday, 4 May 2026
Latest time for the Rights Issue to become unconditional	4:00 p.m. on Monday, 4 May 2026

Event	Date (Hong Kong time)
Designated broker ceases to provide matching services for odd lots of the Adjusted Shares	4:00 p.m. on Monday, 4 May 2026
Temporary counter for trading in board lots of 1,000 Adjusted Shares (in the form of existing share certificates) closes	4:10 p.m. on Monday, 4 May 2026
Parallel trading in Adjusted Shares (represented by both existing share certificates in board lots of 1,000 Adjusted Shares and new share certificates in board lots of 10,000 Adjusted Shares) ends	4:10 p.m. on Monday, 4 May 2026
Last day for free exchange of existing share certificates for new share certificates for the Adjusted Shares	Wednesday, 6 May 2026
Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share under the Compensatory Arrangement)	Friday, 8 May 2026
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any, if the Rights Issue is terminated	Monday, 11 May 2026
Expected first day of dealings in fully-paid Rights Shares	Tuesday, 12 May 2026
Payment of the Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any)	Thursday, 14 May 2026

All times and dates stated above 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.

EFFECT OF BAD WEATHER ON THE LATEST ACCEPTANCE DATE AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a "black" rainstorm warning or "extreme conditions" caused by super typhoons issued by the Hong Kong Observatory:

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

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead, the Latest Time for Acceptance and payment for the Rights Shares will be extended to 4:00 p.m. on the next 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 and payment for the Rights Shares is postponed in accordance with the foregoing, the dates of the events subsequent to the Latest Time for Acceptance mentioned in this section may be affected. An announcement will be made as soon as practicable by the Company in such event.

Sandmartin International Holdings Limited
聖馬丁國際控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 482)

Board of Directors
Executive Directors:
Mr. Hung Tsung Chin
Mr. Chen Wei Chun

Non-executive Director:
Mr. Kuo Jen Hao *(Chairman)*

Independent non-executive Directors:
Ms. Chen Wei-Hui
Mr. Lu Ming-Shiuan
Mr. Wu Chia Ming

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

Head office and principal place of business:
Unit 516, 5th Floor
Peninsula Centre
67 Mody Road
Tsim Sha Tsui East, Kowloon
Hong Kong

27 February 2026

To the Qualifying Shareholders, and for information only, to the Non-Qualifying Shareholders,

Dear Sir or Madam,

(1) PROPOSED CAPITAL REORGANISATION; (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE ADJUSTED SHARE HELD ON RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND (3) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement and the announcement of the Company dated 12 February 2026 in relation to, among other things, the Capital Reorganisation, the Rights Issue and the Placing Agreement.

* *For identification purpose only*

The purpose of this circular is to provide you with, among other things, (i) further details of the Capital Reorganisation, the Rights Issue and the Placing Agreement; (ii) a letter of recommendation from the Independent Board Committee in respect of the Rights Issue and the Placing Agreement; (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 SGM.

(1) PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation in the following manner:

(i) the Share Consolidation whereby every ten (10) issued and unissued Existing Shares of par value of HK$0.10 each will be consolidated into one (1) Consolidated Share of par value of HK$1.00 (any fraction in the issued share capital of the Company which may arise from the Share Consolidation will be cancelled);

(ii) the Capital Reduction whereby the issued share capital of the Company will be reduced by (a) rounding down the total number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (b) cancelling the paid-up share capital of the Company to the extent of HK$0.90 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK$1.00 to HK$0.10;

(iii) the Share Subdivision whereby immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK$1.00 each in the authorised share capital of the Company will be subdivided into ten (10) authorised but unissued Adjusted Shares of par value of HK$0.10 each;

(iv) the Share Premium Reduction whereby the entire amount standing to the credit of the Share Premium Account will be reduced to nil; and

(v) the credit arising from the Capital Reduction and the Share Premium Reduction will be applied towards offsetting accumulated losses of the Company as at the effective date of the Capital Reorganisation, thereby reducing the accumulated losses of the Company and the balance of the credit (if any) will be credited to the contributed surplus account of the Company to be applied by the Company in any manner as permitted by all applicable laws and the Bye-laws.

Effect of the Capital Reorganisation

As at the Latest Practicable Date, the total authorised share capital of the Company is HK$1,000,000,000 divided into 10,000,000,000 Existing Shares of par value of HK$0.10 each, of which 1,230,403,725 Existing Shares have been issued and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective and on the basis that no further Shares will be allotted, issued or repurchased prior thereto, the issued share capital of the Company will be HK$123,040,372.00 divided into 123,040,372 Consolidated Shares of par value of HK$1.00 each.

A credit of approximately HK$110,736,335.25 (being the paid-up share capital of the Company to the extent of HK$0.90 to be cancelled, multiplied by the number of issued Shares as at the Latest Practicable Date of 1,230,403,725 Existing Shares, taking into account the effect of the Share Consolidation and rounded up to the first decimal place) will arise as a result of the Capital Reduction becoming effective, which will be applied towards offsetting accumulated losses of the Company as at the effective date of Capital Reorganisation. As at the Latest Practicable Date, the Company has a credit balance of approximately HK$62,408,000 standing in the Share Premium Account. The credit arising from the Capital Reduction and the Share Premium Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act and applied in full to set off the accumulated losses of the Company or be applied by the Board in any other manner as may be permitted under the Bye-laws and all applicable laws of Bermuda from time to time without further authorisation from the Shareholders. The balance of the credit (if any) will be credited to the contributed surplus account to be applied by the Company in any manner as permitted by all applicable laws and the Bye-laws.

Upon the Share Subdivision becoming effective, each of the authorised but unissued Consolidated Shares of par value of HK$1.00 each will be subdivided into ten (10) authorised but unissued Adjusted Shares of par value of HK$0.10 each.

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company before and after the implementation of the Capital Reorganisation, assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date until the effective date of the Capital Reorganisation:

	As at the Latest Practicable	**Immediately upon the Share Consolidation becoming effective**	**Immediately upon the Capital Reorganisation becoming effective**
Par value	HK$0.10 per Existing Share	HK$1.00 per Consolidated Share	HK$0.10 per Adjusted Share
Authorised share capital	HK$1,000,000,000 divided into 10,000,000,000 Existing Shares	HK$1,000,000,000 divided into 1,000,000,000 Consolidated Shares	HK$1,000,000,000 divided into 10,000,000,000 Adjusted Shares
Issued and fully paid-up or credited as fully paid-up share capital	HK$123,040,372.50 divided into 1,230,403,725 Existing Shares	HK$123,040,372.00 divided into 123,040,372 Consolidated Shares	HK$12,304,037.20 divided into 123,040,372 Adjusted Shares
Unissued share capital	HK$876,959,627.50 divided into 8,769,596,275 Existing Shares	HK$876,959,628.00 divided into 876,959,628 Consolidated Shares	HK$987,695,962.80 divided into 9,876,959,628 Adjusted Shares

Note: The above share capital structure of the Company is for illustrative purposes only.

The Adjusted Shares in issue immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other, and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders, save for any fractional Adjusted Shares which may arise. Fractional Adjusted Shares arising from the Capital Reorganisation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Adjusted Shares will be aggregated and, if possible, sold for the benefits of the Company. Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisor and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Adjusted Shares.

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group.

The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company, nor will it result in any change in the relative rights of the Shareholders.

There are no options, warrants, derivatives or other convertible securities granted by the Company which confer rights to subscribe for, convert or exchange into Shares that are subsisting as at the Latest Practicable Date.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

(i) the passing of the necessary resolution(s) by the Shareholders approving the Capital Reorganisation at the SGM;

(ii) the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation;

(iii) the compliance with the relevant procedures and requirements under the Companies Act, the applicable laws of Bermuda, and the Listing Rules to effect the Capital Reorganisation which includes the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due; and

(iv) all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation having been obtained.

For fulfillment of condition (iv), save for the approvals from the Shareholders and the Stock Exchange as stipulated under conditions (i) and (ii), the Company is not aware of any other approval required to implement the Capital Reorganisation.

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

Odd lots arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the Adjusted Shares arising from the Capital Reorganisation, the Company will procure an arrangement with an agent to stand in the market to provide matching services for the sale and purchase of odd lots of the Adjusted Shares on a best effort basis. Further details in respect of the odd lots arrangements will be set out in the Prospectus.

Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots is not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Exchange of share certificates

Subject to the Capital Reorganisation becoming effective, the Shareholders may, on or after Wednesday, 25 March 2026 until Wednesday, 6 May 2026 (both days inclusive), submit share certificates for the Existing Shares (in orange colour) to the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Adjusted Shares (in light blue colour) (on the basis of ten (10) Existing Shares for one (1) Adjusted Share). Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Adjusted Shares, whichever the number of certificates cancelled/issued is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. Monday, 4 May 2026 (or such other date which may be announced by the Company) and will continue to be good evidence of legal title and may be exchanged for share certificates of the Adjusted Shares at any time in accordance with the foregoing.

Application for listing and dealings

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Adjusted Shares arising from the Capital Reorganisation, and all necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange upon the Capital Reorganisation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS, established and operated by HKSCC.

None of the Existing Shares or any debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the Adjusted Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

REASONS FOR THE CAPITAL REORGANISATION

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK$0.01 or HK$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, pursuant to the requirements set out in "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by Hong Kong Exchanges and Clearing Limited, the expected board lot value per board lot should be greater than HK$2,000, taking into account the minimum transaction costs for a securities trade.

In view of the fact that the Shares were trading at under HK$2,000 per board lot over the past six months (based on the closing price per Share as quoted on the Stock Exchange), the Board proposes to implement the Share Consolidation in order to comply with the trading requirements of the Listing Rules. The Share Consolidation will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares and value per board lot. Currently, the Shares are traded on the Stock Exchange in the board lot size of 10,000 Shares. Upon the Capital Reorganisation becoming effective, the board lot size for trading in the Adjusted Shares will remain as 10,000 Adjusted Shares. Based on the closing price of HK$0.123 per Existing Share as quoted on the Stock Exchange as at the Latest Practicable Date, the value of each board lot of the Existing Shares is HK$1,230 and the theoretical value of each board lot of the Adjusted Shares, assuming the Capital Reorganisation has become effective, would be HK$12,300.

Upon the Share Consolidation becoming effective but before implementation of the Capital Reduction, the par value of the Existing Shares will be consolidated from HK$0.10 into HK$1.00 per Consolidated Share. The Share Consolidation will reduce the overall transaction and handling costs of dealings in the Existing Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge minimum transaction costs for each securities transaction.

Meanwhile, the Capital Reorganisation also involves the Capital Reduction, which will reduce the par value of the issued Consolidated Shares from HK$1.00 per Consolidated Share to HK$0.10 per Adjusted Share. Under the Companies Act, the Company is restricted in its ability to issue Shares at a price lower than their par value. The Capital Reduction will reduce the par value of the Consolidated Shares, which will provide the Company with greater flexibility to accommodate the issue of new Adjusted Shares in the future when necessary.

Further, the credit in the contributed surplus account of the Company arising from the Capital Reduction and the Share Premium Reduction, which will enable the Company to set off against its accumulated losses (which amounted to approximately HK$1,046.1 million as at 30 June 2025, as disclosed in the interim report of the Company for the six months ended 30 June 2025) or be applied in any other manner as the Board may deem fit as may be permitted under the applicable laws and the Bye-laws. Assuming the credit arising from Capital Reduction of approximately HK$110.7 million and Share Premium Reduction of approximately HK$64.8 million are fully applied to set off against the accumulated losses of the Company, the accumulated losses of the Company as at 30 June 2025 would be reduced to approximately HK$870.6 million.

As at the Latest Practicable Date, the Company has no intention to carry out other corporate action in the next twelve months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation.

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

Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed "Conditions of the Capital Reorganisation" in this circular. Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Existing Shares, the Consolidated Shares, the Adjusted Shares and/or nil-paid Rights Shares of the Company. If they are in doubt, they should consult their professional advisers.

(2) PROPOSED RIGHTS ISSUE

The Company proposes, subject to, amongst others, the Capital Reorganisation becoming effective, to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) Adjusted Share held on the Record Date at the Subscription Price of HK$0.75 per Rights Share, to raise approximately HK$92.3 million by issuing 123,040,372 Rights Shares to the Qualifying Shareholders. Set out below are the details of the Rights Issue statistics:

Rights Issue statistics

Basis of the Rights Issue:	one (1) Rights Share for every one (1) Adjusted Share held on the Record Date
Subscription Price:	HK$0.75 per Rights Share
Net price per Rights Share (the aggregate Subscription Price of the maximum number of Rights Shares to be issued, less costs and expenses estimated to be incurred in the Rights Issue, divided by the maximum number of Rights Shares to be issued):	Approximately HK$0.73 per Rights Share (on the basis that all the Rights Shares will be taken up)
Number of Shares in issue as at the Latest Practicable Date:	1,230,403,725 Existing Shares As at the Latest Practicable Date, there are no treasury shares or repurchased shares pending cancellation held by the Company or its subsidiaries or through their agents or nominees.
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective:	123,040,372 Adjusted Shares (assuming there is no change in the number of Shares in issue up to the effective date of the Capital Reorganisation)
Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 123,040,372 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation) with an aggregate nominal value of HK$12,304,037.20
Total number of Adjusted Shares as enlarged by the allotment and issue of the Rights Shares:	Up to 246,080,744 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation)
Rights of excess application:	There will be no excess application

As at the Latest Practicable Date, the Company had no outstanding derivatives, options, warrants, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities and/or options on or before the Record Date.

Assuming no change in the number of Shares in issue on or before the Record Date, other than the Capital Reorganisation becoming effective, the 123,040,372 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 100.00% of the total number of issued Adjusted Shares upon the Capital Reorganisation becoming effective; and (ii) 50.00% of the total number of issued Adjusted Shares as enlarged by the allotment and issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

As at the date of the Latest Practicable Date, the Board has not received any information or undertaking from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

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

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.

Subscription Price

The Subscription Price is HK$0.75 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a premium of approximately 2.7% over the adjusted closing price of HK$0.73 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.073 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 39.0% to the adjusted closing price of HK$1.23 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.123 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;

(iii) a discount of approximately 9.0% to the adjusted average closing price of HK$0.824 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of HK$0.0824 per Existing Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 11.5% to the adjusted average closing price of HK$0.847 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of HK$0.0847 per Existing Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

(v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 5.99%, represented by the theoretical diluted price of HK$0.801 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) to the benchmarked price of approximately HK$0.852 per Adjusted Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Adjusted Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the five (5) previous consecutive trading days prior to the date of the Last Trading Day and taking into account the effect of the Capital Reorganisation);

(vi) a premium of approximately HK$1.273 over the adjusted audited consolidated net liability value per Adjusted Share of approximately HK$0.523 (after taking into account the effect of the Capital Reorganisation) as at 31 December 2024 based on the audited consolidated net liabilities attributable to owners of the Company of approximately HK$64,402,000 as at 31 December 2024 and the total number of 1,230,403,725 Existing Shares in issue as at the Latest Practicable Date; and

(vii) a premium of approximately HK$1.689 over the adjusted unaudited consolidated net liability value per Adjusted Share of approximately HK$0.939 (after taking into account the effect of the Capital Reorganisation) as at 30 June 2025 based on the unaudited consolidated net liabilities attributable to owners of the Company of approximately HK$115,581,000 as at 30 June 2025 and the total number of 1,230,403,725 Existing Shares in issue as at the Latest Practicable Date.

The Subscription Price was determined with reference to (i) the average closing price of the Shares after resumption of trading on 2 October 2025 and up to the date of the Announcement (the "**Price Determination Period**"); and (ii) the reasons for and benefits of the Rights Issue as discussed in the section headed "Reasons for and benefits of the Rights Issue and intended use of proceeds" in this circular.

The Directors consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the proposed Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account the following factors:

(i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are given the flexibility to sell the nil-paid rights in the market, thereby recouping some value;

(ii) the proposed Rights issue allows 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 of approximately 13.3% to the adjusted average closing price of HK$0.865 per Adjusted Shares during the Price Determination Period;

(iii) the Shares were traded with adjusted closing prices between HK$0.73 and HK$0.96 with daily trading volume ranging between 0 Share and 2,091,800 Shares during the Price Determination Period. Despite the Subscription Price representing a slight premium of approximately 2.7% over the adjusted closing price of HK$0.73 per Adjusted Share on the Last Trading Day, the Subscription Price represents a discount to the closing prices of 15 out of 16 trading days during the Price Determination Period. In addition, in view of the thin liquidity of the Shares which may distort the closing price of the Shares in a particular trading day, the average closing price of the Shares during the Price Determination Period is considered a more reliable indicator which could better reflect the market valuation of the Company after publication of its financial results for the year ended 31 December 2024 on 16 September 2025 and the six months ended 30 June 2025 on 30 September 2025;

(iv) given the net loss and net liabilities position of the Group, it will take a considerable time to identify a securities firm to underwrite the Rights Issue, and in particular the underwriting fee is expected to be substantial, which would reduce the net proceeds available to the Company. Notwithstanding the uncertainty of subscription level and the funds to be raised on a non-underwritten basis, taking into account the time, the cost and the uncertainty to procure an underwriter, the Rights Issue, on a non-underwritten basis, is appropriate; and

(v) there was no material change in the financial or trading position of the Company, subsequent to the date of the Announcement and up to the Latest Practicable Date. During such period, the trading price of the Shares has experienced fluctuations within a defined range. The adjusted closing price of the Shares has traded between a low of HK$0.65 and a high of HK$1.23. This price fluctuation reflects general market conditions. The Subscription Price, which was determined prior to the publication of the Announcement, represents a discount of approximately 39.0% to the adjusted closing price of the Share of HK$1.23 on the Latest Practicable Date, which continues to fall well within the observed trading price range subsequent to the publication of the Announcement. Therefore, the Subscription Price is considered to remain fair and reasonable.

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 Unsubscribed Rights Shares will be placed by the Placing Agent to independent Placees under the Compensatory Arrangement. There are no applicable statutory requirements under the laws of Bermuda regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue is not underwritten and has not set a minimum subscription amount, a Shareholder who applies to take up all or part of his/her/its entitlement under the PAL 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 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 to 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%. In the event that (i) the general offer obligation under the Takeovers Code occurs, the number of Rights Shares to be allocated to the relevant Shareholder will be scaled down; (ii) the Company's public float decreases to below 25%, the Rights Issue will be scaled down on a pro-rata basis to all applicants of the Rights Issue (the "**Scale-down Mechanism**"). Any subscription monies not utilised due to the scaled-down application of entitled Rights Shares will be refunded to the affected applicants.

If the Rights Issue is undersubscribed or scaled down, 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.

Conditions of the Rights Issue

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

(a) the Capital Reorganisation having become effective;

(b) the passing by more than 50% of the votes cast by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the SGM for the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder to be effective in compliance with the Listing Rules, including but not limited to approving, confirming and/or ratifying the Rights Issue, including the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms, and the Placing Agreement;

(c) the electronic delivery of the Prospectus Documents to the Stock Exchange and the issue by the Stock Exchange on or before the Prospectus Posting Date of a certificate authorising registration of the Prospectus Documents with the Registrar of Companies in Hong Kong and the filing and registration with the Registrar in Hong Kong of the Prospectus Documents 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;

(d) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders and the publication of the Prospectus on the website of the Stock Exchange on or before the Prospectus Posting Date;

(e) the grant of listing of the Rights Shares (in both nil-paid and fully paid forms) by the Stock Exchange (either unconditionally or subject only to the allotment and despatch of the share certificates in respect thereof) and the grant of permission to deal in the nil-paid Rights Shares and the fully-paid Rights Shares by the Stock Exchange (and such permission and listing not subsequently having been withdrawn or revoked); and

(f) all other necessary waivers, consent and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transaction contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent can be waived. As at the Latest Practicable Date, none of the above conditions has been fulfilled. If any of the above conditions are not satisfied at or before the respective time stipulated therein, the Rights Issue will not proceed.

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

Qualifying Shareholders

The Rights Issue is available to the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date.

Beneficial owners whose Shares are held by nominee companies (or held in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Beneficial owners with their Shares held by nominee companies (or held in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status and the action to be taken.

In order to be registered as a member of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong by not later than 4:30 p.m. on Friday, 27 March 2026. It is expected that the last day of dealings in the Shares on a cum-rights basis is Wednesday, 25 March 2026, and the Shares will be dealt with on an ex-rights basis from Thursday, 26 March 2026.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Non-Qualifying Shareholders.

Application for all or any part of a Qualifying Shareholder's entitlement to the Rights Shares should be made by completing the PAL and lodging the same with a cheque drawn on an account with, or bank cashier's order issued by, a licensed bank in Hong Kong for the Rights Shares being applied for with the Registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong on or before the Latest Time for Acceptance.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up any of his/her/its entitlements in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Non-Qualifying Shareholders

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

As at the Latest Practicable Date, there were a total of 16 Overseas Shareholders with addresses in Taiwan and the United States of America.

In compliance with the necessary requirements of the Listing Rules, the Board will make enquiries regarding the legal restrictions under the laws of the relevant overseas jurisdiction(s) and the requirements of the relevant regulatory body(ies) or stock exchange(s) pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiries and based on legal opinions provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the relevant jurisdiction(s) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in the relevant place(s), no offer of the Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to such Overseas Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus.

The basis for excluding the Non-Qualifying Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL) and the Overseas Letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained above.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, 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 Shareholders. The Company will retain individual amounts of HK$100 or less for the benefit of the Company.

Overseas Shareholders and beneficial owners of Shares 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 residing outside Hong Kong should inform themselves of and observe any such restrictions, if applicable, and exercise caution when dealing in the Shares.

Any unsold entitlements of the Non-Qualifying Shareholders will be placed by the Placing Agent under the Placing Agreement together with Rights Shares that are not being taken up by the Qualifying Shareholders. For the nil-paid Rights Shares that were sold in the market by the Company and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangement under the Placing Agreement. For details of the Compensatory Arrangement, please refer to the section headed "No excess application and procedures in respect of the Unsubscribed Rights Shares" in this circular.

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 or other laws or regulations of any territory or jurisdiction. Accordingly, Non-Qualifying Shareholders should exercise caution when dealing in the Shares.

Closure of register of members

The register of members of the Company will be closed from Monday, 30 March 2026 to Wednesday, 8 April 2026 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure periods.

Basis of provisional allotments

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

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

Irrevocable Undertaking

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted and issued to them under the Rights Issue.

Arrangement on odd lot trading

To alleviate the difficulties in trading odd lots of the Shares arising from the Rights Issue, the Company will appoint an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Monday, 13 April 2026 to 4:00 p.m. on Monday, 4 May 2026 (both dates inclusive). Holders of the Shares in odd lots who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may do so directly or through their broker during such period. Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility. Further details in respect of the arrangement of odd lot trading will be set out in the Prospectus.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. Other than on the Stock Exchange, no part of the equity or debt 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 nil-paid Rights Shares shall have the same board lot size as the Shares. The nil-paid and fully-paid Rights Shares will be traded in board lots of 10,000 Shares.

Rights Shares will be eligible for admission into CCASS

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

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

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

The nil-paid and fully-paid Rights Shares will be traded in board lots of 10,000 Shares.

Status of the Rights Shares

The Rights Shares (when allotted, fully-paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Adjusted Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares.

Stamp duty and other applicable fees and charges

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

Share certificates for the Rights Shares and refund cheques

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 11 May 2026 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

If the Rights Issue does not proceed, the monies received by the Company in respect of the subscription for the Rights Shares will be refunded to the Qualifying Shareholders or such other person to whom the nil-paid rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on Monday, 11 May 2026.

No fractional entitlement to the Rights Shares

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

No excess application and procedures in respect of the Unsubscribed Rights Shares

There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules. Pursuant to Rule 7.21(2) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the relevant No Action Shareholders to whom they were offered under the Rights Issue. As the Compensatory Arrangement is in place, there will be no excess application arrangements in relation to the Rights Issue.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to the Placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the "**Net Gain**") will be paid to those No Action Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Monday, 4 May 2026, the Placees for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Subscription Price. Any Unsubscribed Rights Shares which are not placed under the Compensatory Arrangement after completion of the Placing will not be issued by the Company, and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any, but rounded down to the nearest cent) will be paid on a pro-rata basis to the No Action Shareholders as set out below:

(i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL; and

(ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS.

It is proposed that if the Net Gain to any of the No Action Shareholder(s) mentioned above (i) is more than HK$100, the entire amount will be paid to them; or (ii) is HK$100 or less, such amount will be retained by the Company for its own benefit.

PLACING AGREEMENT

On 12 February 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company to procure independent Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares as part of the compensatory arrangement.

Details of the Placing Agreement are summarised as follows:

Date:	12 February 2026 (after trading hours of the Stock Exchange)
Issuer:	The Company
Placing agent:	Morton Securities Limited, an Independent Third Party
Placing period:	The period commencing from the third Business Day after the Latest Time for Acceptance and ending on the sixth Business Day after the Latest Time for Acceptance.
Commission and expenses:	Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 1.5% of the amount, which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.
Placing price of the Unsubscribed Rights Shares:	The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price, and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the process of placement.

Placees:	The Unsubscribed Rights Shares shall only be offered by the Placing Agent to Placee(s) acceptable to the Board, and who and whose ultimate beneficial owner(s) are Independent Third Party(ies) and not acting in concert with any of the Company's connected persons.
Ranking of the Unsubscribed Rights Shares:	The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

Conditions of the Placing Agreement

The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled or waived:

(i) the passing by the Independent Shareholders at the SGM of resolutions to approve the Placing Agreement, the Rights Issue, and the transactions contemplated thereunder in accordance with the Listing Rules;

(ii) the Listing Committee of the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms);

(iii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;

(iv) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events; and

(v) the posting of copies of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus (stamped "**For Information Only**") to the Non-Qualifying Shareholders for information purposes only.

As at the Latest Practicable Date, save for the approvals set out in conditions (i) and (ii) above, and the authorisation and registration of the Prospectus Documents, the Company is not aware of other consents or approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder.

In the event that the above condition precedents have not been fulfilled on or before 31 May 2026 (or such later date as may be agreed between the Company and the Placing Agent in writing), all rights, obligations and liabilities of the parties under the Placing Agreement in relation to the placing shall cease and determine, and none of the Company or the Placing Agent shall have any claim against the other in respect of the placing (save for any antecedent breaches thereof).

First Steamship is interested in approximately 29.11% of the issued shares of Da Yu Financial Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1073), which in turn wholly owns the Placing Agent and the financial adviser to the Company, Yu Ming Investment Management Limited. As at the Latest Practicable Date, the Placing Agent and its associates do not hold any Shares. The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate, and the Company considers the Placing Agreement to be on normal commercial terms.

Mr. Kuo, a non-executive Director, is a director and chairman of First Steamship and a director of the Placing Agent, and as such, may have conflicts of interest in respect of the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder. He has abstained from voting at the meeting of the Board convened to consider such matters. As at the Latest Practicable Date, Mr. Kuo does not hold any Shares.

The Company considers that the Placing Agreement will provide a compensatory mechanism for the No Action Shareholders, protect the interests of the Shareholders, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Reasons for the Change of the Compensatory Arrangement

The Company had initially proposed an excess application arrangement. However, after further consideration, the Board has resolved to instead make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent Placees for the benefit of the relevant No Action Shareholders to whom they were offered under the Rights Issue pursuant to Rule 7.21(2) of the Listing Rules. This decision was driven by a strategic assessment aimed at maximising fundraising success, ensuring equitable treatment of all Shareholders, and enhancing the overall efficiency of the Compensatory Arrangement for the Unsubscribed Rights Shares.

As detailed in the paragraph headed "Reasons for and benefits of the Rights Issue and the intended use of proceeds", the Group has an urgent requirement to raise sufficient proceeds to address its loan obligations. Specifically, the net proceeds from the Rights Issue are intended to facilitate the partial repayment of Loan B's outstanding principal and to secure a significant interest waiver.

The Board is of the view that the Placing is a more appropriate compensatory arrangement and is fair and reasonable and in the interest of the Company and the Shareholders as a whole having considered (i) given the subscription rate of the rights issue of the Company was only 55.6% in 2021 and 58.5% in 2023 (details of which were set out in the announcements of the Company dated 12 July 2021 and 21 June 2023 respectively), it is reasonably believed that the Rights Issue will not be fully subscribed by the Shareholders if the excess application mechanism is adopted; (ii) engaging a licensed professional Placing Agent to procure Placees could broaden the potential investor base from the limited pool of existing Shareholders under the excess application to the entire market, thereby increasing the likelihood of raising more proceeds from the Rights Issue to meet the funding needs of the Group for repaying the outstanding principal amount of Loan B and the entitlement of the Interest Waiver (as defined below), details of which are set out in the section headed "Reasons for and benefits of the Rights Issue and intended use of proceeds" in this circular; (iii) the arrangement under the Placing ensures fair treatment for all Shareholders as any net proceeds generated from the Placing at a price exceeding the Subscription Price will be distributed to those Shareholders who did not take up their entitlements, directly compensating them for the dilution of their equity interests; and (iv) the Rights Issue has provided an equal opportunity to all Shareholders for participating in the capital fundraising of the Company through provisional allotment, if they wish to do so. The subsequent placing arrangement does not detract from this initial right but rather optimises the process for dealing with any Unsubscribed Rights Shares. It provides greater certainty in the disposal process through the licensed professional Placing Agent acting on a best-efforts basis.

EFFECTS ON THE SHAREHOLDING STRUCTURE

Assuming there is no change in the number of Shares in issue from the Latest Practicable Date up to and including the date of completion of the Rights Issue, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Capital Reorganisation ("**Scenario 1**"); (iii) immediately after the Capital Reorganisation and upon the completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders ("**Scenario 2**"); (iv) immediately after the Capital Reorganisation and upon the completion of the Rights Issue assuming full acceptance by all connected persons of the Company only and none of the Unsubscribed Rights Shares are placed to the Placees under the Compensatory Arrangement and the Scale-down Mechanism applies ("**Scenario 3**"); and (v) immediately after the Capital Reorganisation and upon the completion of the Rights Issue assuming no acceptance of the Rights Shares by the Qualifying Shareholders and 100% of the Unsubscribed Rights Shares are fully placed to the Placees under the Compensatory Arrangement ("**Scenario 4**"):

Shareholders	As at the Latest Practicable Date		Scenario 1		Scenario 2		Scenario 3 *(Note 4)*		Scenario 4 *(Note 5)*	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
First Steamship	473,869,283	38.5	47,386,928	38.5	94,773,856	38.5	62,076,876	40.4	47,386,928	19.3
Grand Citi	44,197,255	3.6	4,419,725	3.6	8,839,450	3.6	5,789,840	3.8	4,419,725	1.8
First Steamship and its associates *(Note 1)*	518,066,538	42.1	51,806,653	42.1	103,613,306	42.1	67,866,716	44.1	51,806,653	21.1
Metroasset Investments Limited *(Note 2)*	140,000,000	11.4	14,000,000	11.4	28,000,000	11.4	20,300,000	13.2	14,000,000	5.7
Legacy Trust Company Limited *(Note 3)*	187,118,394	15.2	18,711,839	15.2	37,423,678	15.2	27,132,167	17.6	18,711,839	7.6
Placees	–	–	–	–	–	–	–	–	123,040,372	50.0
Other public Shareholders	385,218,793	31.3	38,521,879	31.3	77,043,758	31.3	38,521,879	25.0	38,521,879	15.6
Total	**1,230,403,725**	**100.00**	**123,040,372**	**100.00**	**246,080,744**	**100.00**	**153,820,762**	**100.0**	**246,080,744**	**100.00**

Notes:

1. Grand Citi is an indirectly non-wholly owned subsidiary of First Steamship. As at the Latest Practicable Date, Henghua Investment Co., Ltd. is the single largest shareholder of First Steamship, holding approximately 6.92% of the issued shares of First Steamship.

2. These Shares are held by Metroasset Investments Limited, 45.09%, 44.38% and 10.53% of the issued share capital of which are beneficially owned by Mr. Hung (an executive Director), Ms. Chen Mei Huei (spouse of Mr. Hung) and Mr. Hung Chih Chun (son of Mr. Hung) respectively.

3. To the best knowledge, information and belief of the Directors, these Shares are held by Legacy Trust Company Limited, which is wholly owned by Mr. Vincent Chok.

4. In the extreme case as illustrated in Scenario 3 above, assuming full acceptance by all connected persons of the Company only and none of the Unsubscribed Rights Shares are placed to the Placees under the Compensatory Arrangement, the shareholding of First Steamship and its associate will increase from 42.1% to 49.9% and the public float of the Company will decrease to 18.6%. Therefore, the general offer obligation for First Steamship under the Takeovers Codes will occur and the Company's minimum public float requirement of 25% could not be satisfied. In this scenario, the Rights Issue will be scaled down on a pro-rata basis to all applicants (who are connected person of the Company) of the Rights Issue and the number of Rights Shares to be allocated to First Steamship and Grand Citi will be further scaled down pursuant to the Scale-down Mechanism. As presented in Scenario 3 above, the shareholding of First Steamship and its associate will increase to 44.1% and the public float of the Company will be 25% after the scale down.

5. The Company and the Placing Agent will ensure the minimum public float requirement of 25% will be satisfied by the Company upon completion of the Placing. In the event that there is one or more Placees subscribe for the number of Unsubscribed Rights Shares which represent 10% or more of the enlarged issued shares of the Company upon completion of the Rights Issue and the minimum public float of the Company is not satisfied in this scenario, the allocation of the Unsubscribed Rights Shares to such Placees will be scaled down to ensure that the minimum public float of the Company is met upon completion of the Rights Issue. Further, no Unsubscribed Rights Shares will be placed to any individual or entity under the Placing if the placing to any such individual or entity would trigger an obligation to make a general offer under the Takeovers Code.

6. Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

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.

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

The Group is principally engaged in (i) trading and manufacturing of media entertainment platform-related products; (ii) trading and manufacturing of components of audio and video electronic products; and (iii) trading and manufacturing of satellite TV equipment and antenna products.

As disclosed in the interim report of the Company for the six months ended 30 June 2025, as at 30 June 2025, the Group reported net liabilities of approximately HK$114.1 million and net current liabilities of approximately HK$271.3 million. The bank and other borrowings of the Group amounted to approximately HK$346.9 million (the "**Outstanding Loans**"), out of which approximately HK$213.5 million fell under current liabilities. The effective interest rates of the Outstanding Loans ranged between 2.0% and 12.0% per annum. For the year ended 31 December 2024 and the six months ended 30 June 2025, the Group incurred finance costs of approximately HK$29.4 million and HK$14.2 million respectively. As at 31 December 2025, the cash and cash equivalents of the Group amounted to approximately HK$82.0 million, which have been reserved as to approximately (i) HK$5.8 million for pledged bank deposits; (ii) HK$62.1 million for the operation expenses of the Group's satellite TV equipment and antenna products segment, which is one of the principal businesses of the Group; (iii) HK$9.1 million for the operation expenses of the Group's media entertainment platform related products segment and other multimedia products segment; and (iv) HK$5.0 million for the operation expenses of the Group's headquarters in Hong Kong.

Among the Outstanding Loans, Loan A and Loan B have the highest interest rates of 12.0% and 9.0% (or the prime rate as quoted by Standard Chartered Bank + 3.0%, whichever is higher) per annum, respectively. As at 31 January 2026, other than the Loans, the Company intends to renew bank borrowings of approximately HK$171.7 million and other borrowings of approximately HK$6.3 million ("**Bank and Other Borrowings**") upon their maturity. Among these Bank and Other Borrowings, approximately HK$40.0 million will be due within 12 months and approximately HK$138.0 million will be due beyond 12 months.

Loan A of US$1 million (equivalent to approximately HK$7.8 million) was granted to the Company by Lender A pursuant to a loan agreement dated 8 August 2024 with an original maturity date of 11 August 2025 (extended to 11 August 2026 pursuant to a supplemental loan agreement dated 23 September 2025). As at the Latest Practicable Date, the outstanding principal amounts of Loan A amounted to US$1 million (equivalent to approximately HK$7.8 million) and there was no outstanding interest for Loan A. Lender A is a wholly owned subsidiary of APAC Resources Limited (the shares of which are listed on the Main Board of the Stock Exchange, stock code: 1104). Loan A is an unsecured loan and has been fully utilised for the repayment of outstanding interest of Loan B. As at 31 July 2024, the outstanding interest of Loan B amounted to approximately US$1.08 million. Lender B demanded repayment and informed the Company that it would consider enforcement of the Loan Securities (as defined below) if the Company failed to repay outstanding interest of not less than US$1 million.

Loan B was granted to the Company by Lender B pursuant to a loan agreement dated 19 September 2016 (as supplemented by several supplemental loan agreements, collectively, the "**Loan B Agreement**") with an initial principal amount of US$2 million (equivalent to approximately HK$15.6 million) and an original maturity date of 4 months from the drawdown date. The Lender is wholly-owned by Allied Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 373). As at the Latest Practicable Date, Allied Group Limited was interested in 22,460,000 Shares, representing approximately 1.8% of the issued shares of the Company. Subsequent to the drawdown of US$2 million (equivalent to approximately HK$15.6 million) in September 2016, the Company obtained further loans in the principal amount of approximately US$49.8 million (equivalent to approximately HK$388.4 million) from Lender B by batches during the period from November 2016 to July 2023 and up to the Latest Practicable Date (no further loans were made since July 2023), amounting in aggregate to approximately US$51.8 million (equivalent to approximately HK$404.0 million). As at the Latest Practicable Date, the Company had repaid approximately US$31.8 million (equivalent to approximately HK$248.0 million) to Lender B (including the proceeds from the rights issue of the Company completed in July 2023) and the outstanding principal amounts of Loan B amounted to US$20 million (equivalent to approximately HK$156 million) with an overdue interest of approximately US$2.7 million (equivalent to approximately HK$21.1 million) (up to 31 December 2025). The Company does not have sufficient internal resources to repay Loan B in full due to its loss-making position since the first drawdown of Loan B in 2016. Subsequently, Loan B was extended on several occasions to 23 April 2025. Pursuant to the letters of intent dated 10 September 2025 and 12 February 2026 in respect of repayment of Loan B entered into between the Company and Lender B, the Company proposed and Lender B agreed to (i) extend the repayment date of the outstanding principal amount of Loan B from 23 April 2025 to 22 April 2027, subject to payment of the outstanding interest up to the payment date in full by 30 June 2026 (the "**Repayment Scenario 1**"); or (ii) extend the repayment date of the outstanding principal amount of Loan B from 23 April 2025 to 22 April 2027 and waive 50% of the outstanding interest of Loan B up to 31 December 2025 (the "**Interest Waiver**"), subject to repayment of the outstanding principal amount of Loan B of US$10 million (equivalent to approximately HK$78.0 million) and payment of 50% of the outstanding interest of Loan B up to 31 December 2025 by 30 June 2026 (the "**Repayment Scenario 2**"). As at 31 December 2025, the outstanding interest of Loan B amounted to approximately US$2.7 million (equivalent to approximately HK$21.1 million) and the Interest Waiver would amount to approximately US$1.35 million (equivalent to approximately HK$10.5 million).

In accordance with the terms of Loan B, the Company (i) charged the entire Company's undertaking, property and assets as securities to Lender B; and (ii) pledged all the shares owned by the Company in Pro Brand Technology (TW) Inc. ("**PBT**") (a non-wholly owned subsidiary of the Company principally engaged in the production and sale of satellite TV equipment and antenna products, one of the principal businesses of the Group) to Lender B (collectively, the "**Loan Securities**"). The Company has fully applied Loan B as to approximately (i) US$47.3 million (equivalent to approximately HK$368.9 million) for the development and operation of satellite television broadcasting business in the Middle East, Mediterranean and Africa (the "**Media Business**") including the purchase of television contents, renting of satellite transponder, purchase of set-top boxes and smart cards and other operating costs such as payment for dealers' commission, marketing and promotion expenses; and (ii) US$4.5 million (equivalent to approximately HK$35.1 million) for general working capital of the Group. The Media Business became a principal business segment of the Group since 2016 (details of which were disclosed in the prospectus of the open offer of the Company dated 28 June 2017) and the Company disposed of its interest in the Media Business in 2019. Other than the Media Business, the Group has operated the other existing principal business segments (namely the manufacturing and trading of electronic products) since its listing on the Stock Exchange in 2005. Loan B has matured on 23 April 2025. Unless Loan B is extended (subject to the satisfaction of the conditions under the Repayment Scenario 1 or Repayment Scenario 2 by 30 June 2026), Lender B may enforce the Loan Securities at its discretion.

Although Lender B has conditionally agreed to extend the repayment date of the outstanding principal amount of Loan B to 22 April 2027, taking into account that (i) the Company has overdue and unpaid interest of Loan B of approximately HK$21.1 million (up to 31 December 2025) as the Company has decided to reserve cash resources for the business operation of the Group having considered the operation expenditure requirements of its business segments and headquarters in Hong Kong; and (ii) the monthly interest payment of Loan B will continue to have a significant adverse impact on the operating cash flow and profitability of the Group if the principal amounts of the Loans are not reduced, the Company considers it financially prudent for the Company to raise capital to pay down the outstanding principal amount of the Loans as soon as practicable. Although the Group has cash and cash equivalents of approximately HK$82.0 million as at 31 December 2025, of which HK$62.1 million is held by PBT (a 54.2%-owned subsidiary of the Company) for its normal business operations, HK$5.8 million is held as pledged bank deposits (which will be released upon the settlement of short-term bank borrowings of the Group) and the remaining of HK$14.1 million is held by the Company and its subsidiaries. The Company could not ration the cash resources of its non-wholly owned subsidiary, PBT, to repay the debt of the Company. The remaining balance of free cash of HK$14.1 million has been reserved to maintain the normal operation of other business segments and the headquarters of the Company in Hong Kong.

The maximum gross and net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK$92.3 million and approximately HK$90.2 million (before deducting any placing commission), respectively. The Company intends to make repayment pursuant to the Repayment Scenario 2 and apply the net proceeds from the Rights Issue as follows:

(a) up to approximately HK$79.7 million for partial repayment of the principal amount of Loan B; and

(b) approximately HK$10.5 million for repayment of the outstanding interest of Loan B (up to 31 December 2025), assuming the Interest Waiver applies.

After the repayment, the outstanding principal amount of Loan B will be reduced to HK$76.3 million. It is estimated that the finance costs of the Group will be reduced by approximately HK$7.2 million per annum, and the financial position of the Group will also improve with the net current liabilities and net liabilities reducing to approximately HK$181.1 million and HK$23.9 million, respectively (based on the financials of the Group as at 30 June 2025).

As the Rights Issue will be on a non-underwritten basis, the actual amount of the net proceeds of the Rights Issue cannot be ascertained at this point. The Rights Issue will proceed irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that there is an under-subscription of the Rights Issue and the Unsubscribed Rights Shares are not fully placed to the Placees under the Compensatory Arrangement, the net proceeds from the Rights Issue will not be sufficient to repay US$10 million of Loan B to Lender B and the Company will not be able to make the repayment pursuant to the Repayment Scenario 2. In this scenario, the Company will make the repayment pursuant to the Repayment Scenario 1. The net proceeds from the Rights Issue will be applied in the following order of priority: (i) for repayment of outstanding interest of Loan B; and (ii) for repayment of the principal amount of Loan A and then Loan B as Loan A bears the highest interest of 12.0% per annum. The net proceeds are expected to be utilised immediately after completion of the Rights Issue and the entering into of a supplemental loan agreement in respect of Loan B between the Company and Lender B. Further announcement will be made by the Company in respect of the repayment under the Repayment Scenario 1 or the Repayment Scenario 2 upon completion of the Rights Issue.

In the event that there is any shortfall in net proceeds from the Rights Issue, subject to market conditions and operating conditions, the Company will further evaluate the available options including but not limited to rationing internal financial resources, the placing of new Shares and realizing investments on hand to ensure the outstanding interest of Loan B is settled in full to facilitate the extension of the repayment date of Loan B to 22 April 2027 as agreed by Lender B. Given the repayment date of Loan B will be extended to 22 April 2027 (subject to fulfilment of the conditions under the Repayment Scenario 1 or Repayment Scenario 2), the Company will not have immediate need to settle the remaining principal amount of Loan B. As at the Latest Practicable Date, the Company does not have a concrete plan to further pay down Loan B. However, the Company will from time to time assess all opportunities for fundraisings (including placing of new Shares and rights issue/open offer) and/or realizing investments on hand and/or rationing of internal financial resources to further pay down Loan B before the extended repayment date, in the next twelve (12) months.

The Company has considered other fundraising alternatives before resolving to proceed with the proposed Rights Issue, including but not limited to debt financing, a placing of new Shares and an open offer. For debt financing, in light of the loss-making position of the Group for the years ended 31 December 2023 and 2024 and for the six months ended 30 June 2025, coupled with its net current liabilities and net liabilities position of the Group, it is difficult and unlikely for the Group to secure loans with a favourable interest rate. Furthermore, placings of new Shares would dilute the interests of Shareholders without providing them with an opportunity to participate in the exercise. While an open offer was also considered, the Rights Issue is preferable as it enables the Shareholders to sell the nil-paid rights in the market. Consequently, the Rights Issue is considered the most appropriate method, since it provides the Qualifying Shareholders with the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

In view of the above, the Board considers that the terms of the Rights Issue are fair and reasonable and the fundraising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any fundraising activity involving the issue of equity securities in the past twelve months immediately preceding the Announcement and up to the Latest Practicable Date.

LISTING RULES IMPLICATIONS

Capital Reorganisation

The Capital Reorganisation is conditional upon, among other things, the approval by the Shareholders by way of poll at the SGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders or their respective associates had any interest in the Capital Reorganisation. Accordingly, no Shareholder is required to abstain from voting in favour of the resolutions relating to the Capital Reorganisation at the SGM.

Rights Issue

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 of the Company by more than 50% within the 12-month period immediately preceding the Latest Practicable Date (taking into account the effect of the Capital Reorganisation), the Rights Issue is conditional upon the minority Shareholders' approval of at the SGM, and any controlling shareholders of the Company and their 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) in relation to the Rights Issue at the SGM.

As at the Latest Practicable Date, First Steamship is a controlling shareholder of the Company, which is interested in 518,066,538 Shares (comprising 473,869,283 Shares held by First Steamship and 44,197,255 Shares held by Grand Citi), representing approximately 42.1% of the issued share capital of the Company. As such, First Steamship (being a controlling shareholder of the Company) and its associates (including Grand Citi) shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue and the Placing Agreement at the SGM. In addition, given the net proceeds from the Rights Issue is intended to be used to repay Loan B and its outstanding interest, Allied Group Limited (the owner of Lender B and interested in 22,460,000 Shares, representing approximately 1.8% of the issued shares of the Company) is considered to have a material interest in the Rights Issue and is required to abstain from voting in favour of the resolution(s) in relation to the Rights Issue and the Placing Agreement at the SGM. No Shareholder has informed the Company that he/she/it intends to vote in favour of or against the proposed resolutions in connection with the Capital Reorganisation, the Rights Issue and the Placing Agreement as at the Latest Practicable Date.

Save for Mr. Kuo (a non-executive Director and a director and chairman of First Steamship and a director of the Placing Agent), no other Director has a material interest in the Rights Issue, the Placing Agreement and the transactions contemplated thereunder and is required to abstain from voting at the meeting of the Board convened to consider such matters. Mr. Kuo has abstained from voting at the meeting of the Board convened to consider such matters. As at the Latest Practicable Date, Mr. Kuo does not hold any Shares.

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

SGM

The register of members of the Company will be closed from Tuesday, 17 March 2026 to Monday, 23 March 2026 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the SGM.

A notice convening the SGM to be held at Industrial Zone No. 3, No. 16 Qianjin Erlu, Xin Qian Jin Village, Tanzhou Town, Zhongshan, Guangdong Province, the People's Republic of China on Monday, 23 March 2026 at 3:00 p.m. is set out on pages SGM-1 to SGM-5 of this circular.

The SGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, the Capital Reorganisation, the Rights Issue and the Placing Agreement. Only the Independent Shareholders will be entitled to vote on the resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the SGM.

A form of proxy for use at the SGM is enclosed with this circular, and such form of proxy is also published on the website of the Stock Exchange at www.hkex.com.hk. Whether or not you intend to attend the SGM, you are requested to complete the enclosed form of proxy and indicate your voting instruction in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time for the holding of the SGM (i.e. by 3:00 p.m. on Saturday, 21 March 2026) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof.

In accordance with the Listing Rules, First Steamship and its associates (including Grand Citi), and Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Capital Reorganisation, the Rights Issue and/or the Placing Agreement will be required to abstain from voting on the resolution(s) to approve the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the SGM. Save as disclosed in this circular, no other Shareholder is involved in or interested in or has a material interest in the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder and, hence, is required to abstain from voting on the resolution(s) to approve the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the SGM.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Wu Chia Ming, Ms. Chen Wei-Hui and Mr. Lu Ming-Shiuan, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, and as to the voting action therefor.

With the approval of the Independent Board Committee, the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in these regards. Please refer to the Letter from the Independent Financial Adviser set out on pages 50 to 85 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the aforesaid matters.

DESPATCH OF PROSPECTUS DOCUMENTS

Subject to the fulfilment of certain conditions of the Rights Issue, the Prospectus Documents or the Prospectus, whichever is appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the SGM.

RECOMMENDATION

The Directors (including the members of the Independent Board Committee whose views in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are further set out below) consider that the terms of the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable, and that the Capital Reorganisation, the Rights Issue and the Placing Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the members of the Independent Board Committee whose views in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are further set out below) recommend the Shareholders or the Independent Shareholders (as the case may be) to vote in favour of the resolutions to be proposed at the SGM to approve the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Having taken into account the advice of the Independent Financial Adviser, the Independent Board Committee considers that the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the resolutions to be proposed at the SGM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 48 to 49 of this circular, which contains its recommendation to the Independent Shareholders in respect of the Rights Issue and the Placing Agreement. Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 50 to 85 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the aforesaid matters.

Your attention is also drawn to the additional information contained in the appendices to this circular.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES, THE ADJUSTED SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Capital Reorganisation and the Rights Issue are conditional upon the satisfaction of the conditions set out in the paragraphs headed "Conditions of the Capital Reorganisation" and "Conditions of the Rights Issue" in this circular. Therefore, the Capital Reorganisation and the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 26 March 2026. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 13 April 2026 to Monday, 20 April 2026. Any Shareholder or other person contemplating the transferring, selling or purchasing of the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

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

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.

On behalf of the Board
Sandmartin International Holdings Limited
Kuo Jen Hao
Chairman

Set out below is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

Sandmartin International Holdings Limited
聖馬丁國際控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 482)

27 February 2026

To the Independent Shareholders

Dear Sir or Madam,

(1) PROPOSED CAPITAL REORGANISATION; AND (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE ADJUSTED SHARE HELD ON RECORD DATE ON A NON-UNDERWRITTEN BASIS

We refer to the circular dated 27 February 2026 of the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Capitalised terms used herein shall have the same meaning as those defined in the Circular unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to advise the Independent Shareholders as to whether the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to recommend how the Independent Shareholders should vote at the SGM. The Independent Financial Adviser has been appointed as the independent financial adviser to advise us and the Independent Shareholders in these regards. Details of the advice of the Independent Financial Adviser, together with the principal factors it has taken into consideration in giving its advice, are contained in its letter set out on pages 50 to 85 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

* *For identification purpose only*

Having taken into account the advice of the Independent Financial Adviser, we consider that the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Rights Issue and the Placing Agreement.

Yours faithfully,
For and on behalf of the Independent Board Committee
Sandmartin International Holdings Limited

Wu Chia Ming	**Chen Wei-Hui**	**Lu Ming-Shiuan**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in respect of the Rights Issue and the Placing Agreement, which has been prepared for the purpose of inclusion in this circular.

Lego Corporate Finance Limited
力高企業融資有限公司

27 February 2026

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

Dear Sir/Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE ADJUSTED SHARE HELD ON RECORD DATE ON A NON-UNDERWRITTEN BASIS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Placing Agreement, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 27 February 2026 (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 otherwise requires.

The Company proposes, subject to, amongst others, the Capital Reorganisation becoming effective, to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) Adjusted Share held on the Record Date at the Subscription Price of HK$0.75 per Rights Share, to raise approximately HK$92.3 million by issuing 123,040,372 Rights Shares to the Qualifying Shareholders. The Rights Issue will proceed on a non-underwritten basis, irrespective of the level of acceptance of provisionally allotted Rights Shares.

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 of the Company by more than 50% within the 12-month period immediately preceding the Latest Practicable Date (taking into account the effect of the Capital Reorganisation), the Rights Issue is conditional upon the minority Shareholders' approval at the SGM, and any controlling shareholders of the Company and their 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) in relation to the Rights Issue at the SGM.

As at the Latest Practicable Date, First Steamship is a controlling shareholder of the Company, which is interested in 518,066,538 Shares (comprising 473,869,283 Shares held by First Steamship and 44,197,255 Shares held by Grand Citi), representing approximately 42.1% of the issued share capital of the Company. As such, First Steamship (being a controlling shareholder of the Company) and its associates (including Grand Citi) shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the SGM. No Shareholder has informed the Company that he/she/it intends to vote in favour of or against the proposed resolutions in connection with the Capital Reorganisation and the Rights Issue as at the Latest Practicable Date.

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, in accordance with the Listing Rules.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Wu Chia Ming, Ms. Chen Wei-Hui and Mr. Lu Ming-Shiuan, has been established by the Company to advise the Independent Shareholders on (i) whether the terms of the Rights Issue and the Placing Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Rights Issue and the Placing Agreement are in the interests of the Company and the Shareholders as a whole; and (iii) how to vote in respect of the resolution to be proposed at the SGM in relation to the Rights Issue and the Placing Agreement. We, Lego Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships with or interests in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group and us. Apart from the normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company. Accordingly, we are qualified to give independent advice in respect of the Rights Issue and the Placing Agreement.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the management of the Company (the "**Management**"); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us by the Directors and/or the Management for which they are solely and wholly responsible for, or contained or referred to in the Circular were true, accurate and complete in all respects as at the date hereof and may be relied upon. We have assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date thereof and may be relied upon. We have also assumed that all such statements of belief, opinions and intentions of the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management and/or the advisers of the Company. We have also sought and received confirmation from the Management that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the SGM.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or its subsidiaries or associates. We have not considered the tax and regulatory implications on the Independent Shareholders in respect of whether or not they participate in the Rights Issue, as these are particular to their individual circumstances. Independent Shareholders should consult their own professional advisers if in any doubt in respect of their own tax and regulatory position.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Rights Issue and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendations, we have taken into account the following principal factors and reasons:

1. Background information of the Group

1.1. Background

The Company was incorporated in Bermuda with limited liability, with its shares listed on the Main Board of the Stock Exchange. The Group is principally engaged in (i) trading and manufacturing of media entertainment platform related products, which are mainly used for satellite products equipment; (ii) trading and manufacturing of components of audio and video electronic products such as cable lines; and (iii) trading and manufacturing of satellite TV equipment, antenna and other related electronic products.

1.2. Financial information of the Group

Set out below is a summary of the key consolidated financial information of the Group for the two years ended 31 December 2024 and the six months ended 30 June 2024 and 2025 as extracted from the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**") and the interim report of the Company for the six months ended 30 June 2025 (the "**2025 Interim Report**"), respectively:

(a) Financial performance of the Group

	For the six months ended 30 June		For the year ended 31 December	
	2025	**2024**	**2024**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*
Revenue				
– Media entertainment platform related products	24,098	70,268	169,268	97,454
– Other multimedia products	43,413	43,520	102,752	100,332
– Satellite TV equipment and antenna products	157,758	198,288	376,669	364,249
Total	**225,269**	**312,076**	**648,689**	**562,035**
Gross profit	26,140	27,255	64,199	73,608
(Loss)/profit for the year/ period	(37,671)	1,950	(58,536)	(136,633)
(Loss)/profit for the year/ period attributable to owners of the Company	(40,161)	17,995	(30,571)	(126,566)

(b) Financial position of the Group

	As at 30 June 2025	As at 31 December 2024	As at 31 December 2023
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	*(audited)*	*(audited)*
Non-current assets	418,216	430,257	345,657
Current assets	471,773	430,014	501,099
Current liabilities	743,105	665,502	489,183
Net current (liabilities)/assets	(271,332)	(235,488)	11,916
Non-current liabilities	260,943	263,929	394,536
Net liabilities	(114,059)	(69,160)	(36,963)

For the year ended 31 December 2024

For the year ended 31 December 2024, the Group recorded total revenue of approximately HK$648.7 million, representing an increase of approximately 15.4% as compared to approximately HK$562.0 million for the previous year. As shown from the above table, revenue from all of the business segments exhibited growths for the year ended 31 December 2024. According to the 2024 Annual Report, such increase in revenue was mainly due to gradual recovery of economy from the 2019 novel coronavirus pandemic.

The gross profit of the Group amounted to approximately HK$64.2 million for the year ended 31 December 2024, with a gross profit margin of approximately 9.9%, as compared to approximately HK$73.6 million with a gross profit margin of approximately 13.1% for the previous year. As disclosed in the 2024 Annual Report, the decrease in gross profit margin was resulted from the increase in material costs, global shortage of chips and integrated circuits.

The Group recorded a loss attributable to owners of the Company of approximately HK$30.6 million for the year ended 31 December 2024, representing a decrease of approximately 75.8% as compared to approximately HK$126.6 million for the previous year. With reference to the 2024 Annual Report, such decrease in loss for the year ended 31 December 2024 was mainly due to the increase in fair value of investment properties of the Group based on the property valuation results as at 31 December 2024.

As at 31 December 2024, total assets of the Group amounted to approximately HK$860.3 million, which mainly consisted of (a) investment properties of approximately HK$307.1 million; (b) trade, bills and other receivables of approximately HK$219.2 million; (c) inventories of approximately HK$98.7 million; (d) property, plant and equipment of approximately HK$95.3 million; and (e) bank balances and cash (including pledged bank deposits) of approximately HK$69.2 million.

As at 31 December 2024, total liabilities of the Group amounted to approximately HK$929.4 million, which was mainly consisted of (a) trade, bills and other payables of approximately HK$388.5 million; (b) bank and other borrowings of approximately HK$347.0 million; (c) deferred tax liabilities of approximately HK$84.9 million; and (d) lease liabilities of approximately HK$51.1 million.

As at 31 December 2024, the Group recorded net current liabilities and net liabilities of approximately HK$235.5 million and HK$69.2 million, respectively.

For the six months ended 30 June 2025

For the six months ended 30 June 2025, the Group recorded total revenue of approximately HK$225.3 million, representing a decrease of approximately 27.8% as compared to approximately HK$312.1 million for the previous corresponding period. According to the 2025 Interim Report and as advised by the Management, such decrease in revenue was mainly attributable to (i) the substantial drop in sales of the Group's media entertainment platform related products due to challenging economic environment and a decline in demand of its products; and (ii) the decline in sales of the satellite TV equipment and antenna products as impacted by the China-US trade war.

The gross profit of the Group amounted to approximately HK$26.1 million for the six months ended 30 June 2025, with a gross profit margin of approximately 11.6%, as compared to approximately HK$27.3 million with a gross profit margin of approximately 8.7% for the previous corresponding period. As disclosed in the 2025 Interim Report, the increase in gross profit margin was resulted from the improvement in products profit margin of the Group's media entertainment platform related products and other multimedia products segments.

The Group recorded a loss of approximately HK$37.7 million for the six months ended 30 June 2025, as opposed to a profit of approximately HK$2.0 million for the previous corresponding period. With reference to the 2025 Interim Report, we noted that the loss for the period was primarily attributed to the absence of increase in fair value of investment properties of the Group of approximately HK$67.0 million as recorded in the previous corresponding period.

As at 30 June 2025, total assets of the Group amounted to approximately HK$890.0 million, representing an increase of approximately 3.5% from approximately HK$860.3 million as at 31 December 2024, which mainly consisted of (a) investment properties of approximately HK$304.8 million; (b) trade, bills and other receivables of approximately HK$285.9 million; (c) bank balances and cash (including pledged bank deposits) of approximately HK$84.8 million; (d) property, plant and equipment of approximately HK$83.9 million; and (e) inventories of approximately HK$56.9 million.

As at 30 June 2025, total liabilities of the Group amounted to approximately HK$1,004.0 million, representing an increase of approximately 8.0% from approximately HK$929.4 million as at 31 December 2024, which mainly consisted of (a) trade, bills and other payables of approximately HK$473.6 million; (b) bank and other borrowings of approximately HK$346.9 million; (c) deferred tax liabilities of approximately HK$87.0 million; and (d) lease liabilities of approximately HK$48.0 million.

As at 30 June 2025, the Group recorded net current liabilities and net liabilities of approximately HK$271.3 million and HK$114.1 million, respectively. With reference to the 2025 Interim Report and as advised by the Management, the increase in net liabilities of the Group was primarily due to the increase in accumulated losses owing to the net loss attributable to owners of the Company of approximately HK$40.2 million for the six months ended 30 June 2025 and the reduction in currency translation reserve owing to the exchange loss on translation of foreign operations of approximately HK$11.0 million for the six months ended 30 June 2025.

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

As disclosed in the Letter from the Board, the maximum gross and net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK$92.3 million and approximately HK$90.2 million (before deducting any placing commission), respectively. The Company intended to make repayment pursuant to the Repayment Scenario 2 and apply the net proceeds from the Rights Issue in the following manner:

(i) up to approximately HK$79.7 million for partial repayment of the principal amount of Loan B; and

(ii) approximately HK$10.5 million for repayment of the outstanding interest of Loan B (up to 31 December 2025), assuming the Interest Waiver (as defined below) applies.

As the Rights Issue will be on a non-underwritten basis, the actual amount of the net proceeds of the Rights Issue cannot be ascertained at this point. The Rights Issue will proceed irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that there is an under-subscription of the Rights Issue and the Unsubscribed Rights Shares are not fully placed to the Placees under the Compensatory Arrangement, the net proceeds from the Rights Issue will not be sufficient to repay US$10 million of Loan B to Lender B and the Company will not be able to make the repayment pursuant to the Repayment Scenario 2. In this scenario, the Company will make the repayment pursuant to the Repayment Scenario 1. The net proceeds from the Rights Issue will be applied in the following order of priority: (i) for repayment of outstanding interest of Loan B; and (ii) for repayment of the principal amount of Loan A and then Loan B as Loan A bears the highest interest of 12.0% per annum. The net proceeds are expected to be utilised immediately after completion of the Rights Issue and the entering into of a supplemental loan agreement in respect of Loan B between the Company and Lender B. Further announcement will be made by the Company in respect of the repayment under the Repayment Scenario 1 or the Repayment Scenario 2 upon completion of the Rights Issue.

In the event that there is any shortfall in net proceeds from the Rights Issue, subject to market conditions and operating conditions, the Company will further evaluate the available options including but not limited to rationing internal financial resources, the placing of new Shares and realising investments on hand to ensure the outstanding interest of Loan B is settled in full to facilitate the extension of the repayment date of Loan B to 22 April 2027 as agreed by Lender B. Given the repayment date of Loan B will be extended to 22 April 2027 (subject to fulfilment of the conditions under the Repayment Scenario 1 or Repayment Scenario 2), the Company will not have immediate need to settle the remaining principal amount of Loan B. As at the Latest Practicable Date, the Company did not have a concrete plan to further pay down Loan B. However, the Company will from time to time assess all opportunities for fundraisings (including placing of new Shares and rights issue/open offer) and/or realising investments on hand and/or rationing of internal financial resources to further pay down Loan B before the extended repayment date, in the next 12 months.

In assessing the fairness and reasonableness of the Rights Issue and the proposed use of proceeds, we have primarily taken into consideration the below factors:

2.1. Repayment of liabilities of the Group

As at 30 June 2025, the total bank and other borrowings of the Group ("**Outstanding Loans**") amounted to approximately HK$346.9 million. As advised by the Management, the Outstanding Loans carried effective interest rates ranging from 2.0% to 12.0% per annum. For the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, the Group also incurred considerable finance costs of approximately HK$28.7 million, HK$29.4 million and HK$14.2 million respectively.

Among the Outstanding Loans, approximately HK$213.52 million was repayable or subject to renewal within the next twelve months, including Loan A and Loan B, which had the highest interest rate amounting to 12.0% and 9.0% (or the prime rate as quoted by Standard Chartered Bank + 3.0%, whichever is higher) per annum, respectively. As at 31 January 2026, other than the Loans, the Company intends to renew bank borrowings of approximately HK$171.7 million and other borrowings of approximately HK$6.3 million ("**Bank and Other Borrowings**") upon their maturity. Among these Bank and Other Borrowings, approximately HK$40.0 million will be due within 12 months and approximately HK$138.0 million will be due beyond 12 months.

Loan A of US$1 million (equivalent to approximately HK$7.8 million) was granted to the Company by Lender A pursuant to a loan agreement dated 8 August 2024 with an original maturity date of 11 August 2025 (extended to 11 August 2026 pursuant to a supplemental loan agreement dated 23 September 2025). As at the Latest Practicable Date, the outstanding principal amounts of Loan A amounted to US$1 million (equivalent to approximately HK$7.8 million) and there was no outstanding interest for Loan A. Lender A is a wholly owned subsidiary of APAC Resources Limited (the shares of which are listed on the Main Board of the Stock Exchange, stock code: 1104). Loan A is an unsecured loan and has been fully utilised for the repayment of outstanding interest of Loan B. As at 31 July 2024, the outstanding interest of Loan B amounted to approximately US$1.08 million. Lender B demanded repayment and informed the Company that it would consider enforcement of the Loan Securities (as defined below) if the Company failed to repay outstanding interest of not less than US$1 million.

Loan B was granted to the Company by Lender B pursuant to a loan agreement dated 19 September 2016 (as supplemented by several supplemental loan agreements, collectively, the "**Loan B Agreement**") with an initial principal amount of US$2 million (equivalent to approximately HK$15.6 million) and an original maturity date of 4 months from the drawdown date. The Lender is wholly-owned by Allied Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 373). As at the Latest Practicable Date, Allied Group Limited was interested in 22,460,000 Shares, representing approximately 1.8% of the issued shares of the Company. Subsequent to the drawdown of US$2 million in September 2016, the Company obtained further loans in the principal amount of approximately US$49.8 million (equivalent to approximately HK$388.4 million) from Lender B by batches during the period from November 2016 to July 2023 and up to the Latest Practicable Date, (no further loans were made since July 2023), amounting in aggregate to approximately US$51.8 million (equivalent to approximately HK$404.0 million)). As at the Latest Practicable Date, the Company had repaid approximately US$31.8 million (equivalent to approximately HK$248.0 million) to Lender B (including the proceeds from the rights issue of the Company completed in July 2023) and the outstanding principal amounts of Loan B amounted to US$20 million (equivalent to approximately HK$156.0 million) with an overdue interest of approximately US$2.7 million (equivalent to approximately HK$21.1 million) (up to 31 December 2025). The Company does not have sufficient internal resources to repay Loan B in full due to its loss-making position since the first drawdown of Loan B in 2016. Subsequently, Loan B was extended on several occasions to 23 April 2025. Pursuant to the letters of intent dated 10 September 2025 and 12 February 2026 in respect of repayment of Loan B entered into between the Company and Lender B, the Company proposed and Lender B agreed to (i) extend the repayment date of the outstanding principal amount of Loan B from 23 April 2025 to 22 April 2027, subject to payment of the outstanding interest up to the payment date in full by 30 June 2026 (the "**Repayment Scenario 1**"); or (ii) extend the repayment date of the outstanding principal amount of Loan B from 23 April 2025 to 22 April 2027 and waive 50% of the outstanding interest of Loan B up to 31 December 2025 (the "**Interest Waiver**"), subject to repayment of the outstanding principal amount of Loan B of US$10 million (equivalent to approximately HK$78.0 million) and payment of 50% of the outstanding interest of Loan B up to 31 December 2025 by 30 June 2026 (the "**Repayment Scenario 2**"). As at 31 December 2025, the outstanding interest of Loan B amounted to approximately US$2.7 million (equivalent to approximately HK$21.1 million) and the Interest Waiver would amount to approximately US$1.35 million (equivalent to approximately HK$10.5 million).

In accordance with the terms of Loan B, the Company (i) charged the entire Company's undertaking, property and assets as securities to the Lender; and (ii) pledged all the shares owned by the Company in Pro Brand Technology Inc. (a non-wholly owned subsidiary of the Company principally engaged in the production and sale of satellite TV equipment and antenna products) to Lender B (collectively, the "Loan Securities"). The Company has fully applied Loan B as to approximately (i) US$47.3 million (equivalent to approximately HK$368.9 million) for the development and operation of satellite television broadcasting business in the Middle East, Mediterranean and Africa (the "**Media Business**") including the purchase of television contents, renting of satellite transponder, purchase of set-top boxes and smart cards and other operating costs such as payment for dealers' commission, marketing and promotion expenses; and (ii) US$4.5 million (equivalent to approximately HK$35.1 million) for general working capital of the Group. The Media Business became a business segment of the Group since 2016 (details of which were disclosed in the prospectus of the open offer of the Company dated 28 June 2017) and the Company disposed of its interest in the Media Business in 2019. Other than the Media Business, the Group has operated the existing business segments (namely the manufacturing and trading of electronic products) since its listing on the Stock Exchange in 2005. Loan B has matured on 23 April 2025. Unless Loan B is extended (subject to the satisfaction of the conditions under the Repayment Scenario 1 or Repayment Scenario 2 by 30 June 2026), Lender B may enforce the Loan Securities at its discretion.

As disclosed in the 2025 Interim Report, the Group had bank balances and cash of approximately HK$78.5 million as at 30 June 2025, which only accounted for approximately 16.7% of its current assets and approximately 8.8% of its total assets as at 30 June 2025. As at 30 June 2025, the current ratio of the Group (being current assets divided by current liabilities) amounted to approximately 63.5%, while the cash ratio of the Group (being cash and cash equivalents divided by current liabilities), amounted to approximately 10.6%. Notwithstanding that each of the repayment dates of the Loan A and Loan B had been subsequently extended to 11 August 2026 and 22 April 2027 subject to the conditions therein (where applicable), in view of the Interest Waiver and considering that (i) the overdue and unpaid interest of Loan B accumulated to approximately US$2.7 million (equivalent to approximately HK$21.1 million) (up to 31 December 2025); (ii) the monthly interest payment of the Loans will continue to have a significant adverse impact on the operating cash flow and profitability of the Group if the principal amounts of the Loans in particular Loan A and Loan B with the highest interest rates are not reduced; and (iii) the Company has decided to reserve existing cash resources for the business operation of the Group having considered the operation expenditure requirements of its business segments and headquarters in Hong Kong, we concur with the Company that it is financially prudent for the Company to raise additional capital to pay down the outstanding principal amount and interests of Loan B or the Loans (as the case may be) as soon as practicable.

After the repayment, the outstanding principal amount of Loan B will be reduced to HK$76.3 million. It is estimated that the finance costs of the Group will be reduced by approximately HK$7.2 million per annum, and the financial position of the Group will also improve with the net current liabilities and net liabilities reducing to approximately HK$181.1 million and HK$23.9 million, respectively (based on the financials of the Group as at 30 June 2025).

Accordingly, the proceeds from the Rights Issue would allow the Group to immediately repay its liabilities, thereby alleviating the liquidity pressure associated with its net liabilities and net current liabilities positions. Further, the repayment of principal amount of the Loan B or the Loans (as the case may be) would achieve interest savings and therefore reduce the finance costs, which would in turn potentially improve the financial performance of the Group. As such, we are of the view that the Rights Issue and the proposed allocation of net proceeds are fair and reasonable.

2.2. Fund raising alternatives considered by the Company

Upon enquiry with the Management, we learnt that the Board has explored various means of fund raising, such as debt financing, placing of new Shares and open offer, before resolving to the Rights Issue. With respect to debt financing, in light of the loss-making position of the Group for the years ended 31 December 2023 and 2024 and for the six months ended 30 June 2025, coupled with its net current liabilities and net liabilities position of the Group, it is difficult and unlikely for the Group to secure loans with a favourable interest rate. On the other hand, considering that any placing of new shares will lead to immediate dilution to the shareholding of the existing Shareholders without offering them the opportunity to participate in the fundraising exercise and maintain their shareholding interests in the Company, the Directors consider it is unfair to the existing Shareholders due to limited accessibility to the placing by the existing Shareholders.

While both the Rights Issue and open offer provide the Shareholders with equal opportunity to participate in and to maintain their pro-rata shareholdings in the Company, as opposed to open offer, the Rights Issue further allows the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are given the flexibility to sell the nil-paid rights in the market, thereby recouping some value.

Based on the above, we concur with the Directors' view that the fund raising through the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Taking into consideration that (i) the Rights Issue provides a good opportunity for the Group to strengthen its capital base without incurring significant borrowing cost in light of the Group's ongoing loss-making performance; (ii) the net proceeds from the Rights Issue would enable the Group to repay its liabilities thereby relieve its liquidity pressure and improve its net liabilities position; and (iii) the Rights Issue is considered more appropriate among the other financing options under prevailing circumstances, we are of the view that the conducting of the Rights Issue is in the interest of the Company and the Shareholders as a whole.

3. Principal terms of the Rights Issue and the Placing Agreement

Rights Issue

The Company proposes, subject to, amongst others, the Capital Reorganisation becoming effective, to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) Adjusted Share held on the Record Date at the Subscription Price of HK$0.75 per Rights Share, to raise approximately HK$92.3 million by issuing 123,040,372 Rights Shares to the Qualifying Shareholders. Set out below is a summary of the principal terms of the Rights Issue as extracted from the Letter from the Board:

Basis of the Rights Issue	:	one (1) Rights Share for every one (1) Adjusted Share held on the Record Date
Subscription Price	:	HK$0.75 per Rights Share
Net price per Rights Share (the aggregate Subscription Price of the maximum number of Rights Shares to be issued, less costs and expenses estimated to be incurred in the Rights Issue, divided by the maximum number of Rights Shares to be issued)	:	Approximately HK$0.73 per Rights Share (on the basis that all the Rights Shares will be taken up)
Number of Shares in issue as at the Latest Practicable Date	:	1,230,403,725 Existing Shares As at the Latest Practicable Date, there are no treasury shares or repurchased shares pending cancellation held by the Company or its subsidiaries or through their agents or nominees.

Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	:	123,040,372 Adjusted Shares (assuming there is no change in number of Shares in issue up to the effective date of the Capital Reorganisation)
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 123,040,372 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation) with an aggregate nominal value of HK$12,304,037.20
Total number of Adjusted Shares as enlarged by the allotment and issue of the Rights Shares	:	Up to 246,080,744 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation)
Right of excess application	:	There will be no excess application

As at the Latest Practicable Date, the Company had no outstanding derivatives, options, warrants, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities and/or options on or before the Record Date.

Assuming no change in the number of Shares in issue on or before the Record Date, other than the Capital Reorganisation becoming effective, the 123,040,372 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 100.00% of the total number of issued Adjusted Shares upon the Capital Reorganisation becoming effective; and (ii) 50.00% of the total number of issued Adjusted Shares as enlarged by the allotment and issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted and issued to them under the Rights Issue.

The Rights Issue will proceed on a non-underwritten basis, irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Unsubscribed Rights Shares will be placed by the Placing Agent under the Placing Agreement to independent Placees under the Compensatory Arrangement. There are no applicable statutory requirements under the laws of Bermuda regarding minimum subscription levels in respect of the Rights Issue.

Placing Agreement

On 12 February 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company to procure independent Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares as part of the Compensatory Arrangement.

Set out below is a summary of the principal terms of the Placing Agreement as extracted from the Letter from the Board:

Date:	12 February 2026 (after trading hours of the Stock Exchange)
Issuer:	The Company
Placing agent:	Morton Securities Limited, an Independent Third Party
Placing period:	The period commencing from the third Business Day after the Latest Time for Acceptance and ending on the sixth Business Day after the Latest Time for Acceptance.
Commission and expenses:	Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 1.5% of the amount, which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.
Placing price of the Unsubscribed Rights Shares:	The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price, and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the process of placement.

Placees:	The Unsubscribed Rights Shares shall only be offered by the Placing Agent to Placee(s) acceptable to the Board, and who and whose ultimate beneficial owner(s) are Independent Third Party(ies) and not acting in concert with any of the Company's connected persons.
Ranking of the Unsubscribed Rights Shares:	The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

Any Unsubscribed Rights Shares which are not placed under the Compensatory Arrangement after completion of the Placing will not be issued by the Company, and the size of the Rights Issue will be reduced accordingly.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to the Placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the "Net Gain") will be paid to those No Action Shareholders in the manner set out below:

Net Gain (if any, but rounded down to the nearest cent) will be paid on a pro-rata basis to the No Action Shareholders as set out below:

(i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL; and

(ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS.

As disclosed in the Letter from the Board, the terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate. Please refer to the Letter from the Board for further details of the Placing Agreement.

3.1. The Subscription Price

The Subscription Price is HK$0.75 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a premium of approximately 2.7% over the adjusted closing price of HK$0.73 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.073 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 39.0% to the adjusted closing price of HK$1.23 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.123 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;

(iii) a discount of approximately 9.0% to the adjusted average closing price of HK$0.824 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of HK$0.0824 per Existing Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 11.5% to the adjusted average closing price of HK$0.847 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of HK$0.0847 per Existing Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;

(v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 5.99%, represented by the theoretical diluted price of HK$0.801 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) to the benchmarked price of approximately HK$0.852 per Adjusted Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Adjusted Shares as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average of the five (5) previous consecutive trading days prior to the Last Trading Day and taking into account the effect of the Capital Reorganisation);

(vi) a premium of approximately HK$1.273 over the adjusted audited consolidated net liability value per Adjusted Share of approximately HK$0.523 (after taking into account the effect of the Capital Reorganisation) as at 31 December 2024 based on the audited consolidated net liabilities attributable to owners of the Company of approximately HK$64,402,000 as at 31 December 2024 and the total number of 1,230,403,725 Existing Shares in issue as at the Latest Practicable Date; and

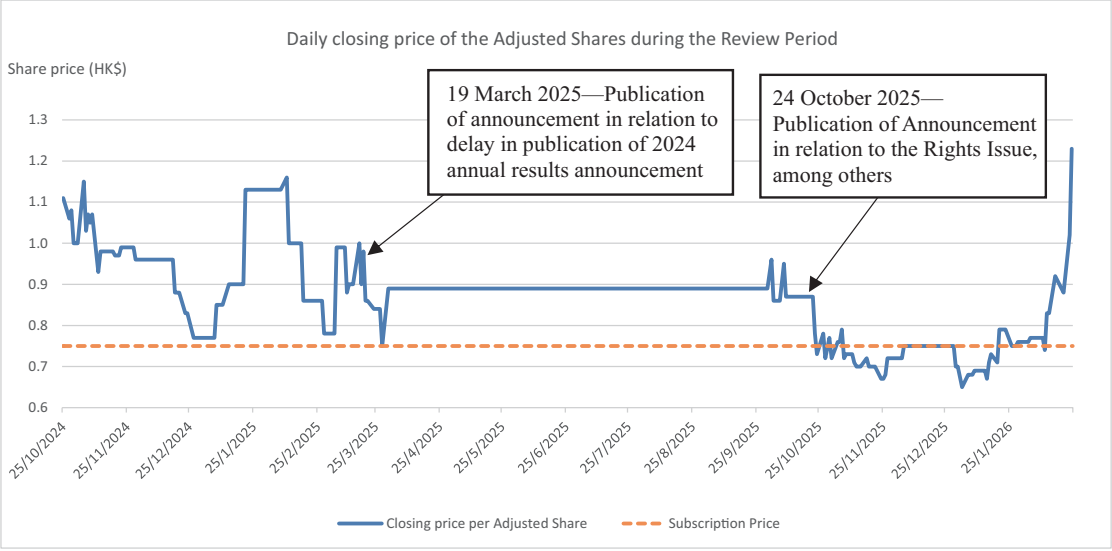
(vii) a premium of approximately HK$1.689 over the adjusted unaudited consolidated net liability value per Adjusted Share of approximately HK$0.939 (after taking into account the effect of the Capital Reorganisation) as at 30 June 2025 based on the unaudited consolidated net liabilities attributable to owners of the Company of approximately HK$115,581,000 as at 30 June 2025 and the total number of 1,230,403,725 Existing Shares in issue as at the Latest Practicable Date.

As stated in the Letter from the Board, the Subscription Price was determined with reference to (i) the average closing price of the Shares after resumption of trading on 2 October 2025 and up to the date of the Announcement; and (ii) the reasons for and benefits of the Rights Issue as discussed in the section headed "Reasons for and benefits of the Rights Issue and intended use of proceeds" in the Letter from the Board.

3.2. Historical Share price performance

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the daily theoretical closing prices of the Adjusted Shares ("**Adjusted Closing Price**") on the Stock Exchange from 25 October 2024 to 24 October 2025, which covers one year prior to the Last Trading Day, up to and including the Latest Practicable Date (the "**Review Period**"). Considering that trading in the Shares was suspended during the Review Period from 1 April 2025 to 30 September 2025, such period was excluded in our computation of the maximum, minimum and average closing prices during the Review Period in order to give a more accurate and fair assessment on the historical review of the share price. Notwithstanding such trading suspension lasts for around 6 months, we consider that the Review Period is fair and representative to illustrate the recent price movement of the Adjusted Shares for conducting a reasonable comparison between the historical Adjusted Closing Price and the Subscription Price as (i) the trading suspension period during the Review Period was excluded in our analysis; (ii) the Review Period represents a reasonable period commonly used to reflect the performance of the closing price of the Shares in response to the prevailing market condition and operating condition; (iii) inclusion of earlier time period further back prior to the Review Period may not be indicative of recent price performance; and (iv) the reference to the closing prices of the Adjusted Shares after the trading suspension period, up to and including the Latest Practicable Date could better reflect the market valuation of the Company following publication of its financial results for the year ended 31 December 2024 and the six months ended 30 June 2025 on 16 September 2025 and 30 September 2025, respectively.

The comparison of daily closing prices of the Adjusted Shares during the Review Period against the Subscription Price is shown in the chart below:



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

Note: Trading in the Shares was suspended with effect from 1 April 2025 and resumed on 2 October 2025 pending fulfilment of the resumption guidance.

As shown in the chart above, the Adjusted Closing Price fluctuated from HK$0.65 per Adjusted Share to HK$1.23 per Adjusted Share, with an average of approximately HK$0.86 per Adjusted Share during the Review Period.

During the Review Period, the Adjusted Closing Price presented an overall downward trend from the beginning of the period until around January 2025, following which a brief rebound was observed. Shortly after, the Adjusted Closing Price began to decrease again in February 2025 and fluctuated slightly in March 2025 and bottomed at HK$0.75 on 28 March 2025. Following the publication of the inside information announcement on 19 March 2025 in relation to the delay in publication of the 2024 Annual Report and possible delay in despatch of the corresponding annual report, trading in the Shares was suspended from 1 April 2025 until 2 October 2025, when it resumed upon the Company's fulfilment of the resumption guidance imposed by the Stock Exchange. For details of the resumption guidance, please refer to the announcement of the Company dated 30 June 2025. Following the resumption of trading on 2 October 2025, the Adjusted Closing Price oscillated within a narrow range from HK$0.86 to HK$0.96 and stayed flat at HK$0.87 until 22 October 2025, before it dropped and closed at HK$0.73 on the Last Trading Day. Subsequently, the Shares fluctuated around the Subscription Price and closed at HK$1.23 on the Latest Practicable Date.

The Subscription Price of HK$0.75 per Rights Share represents (i) a premium of approximately 15.4% over the lowest Adjusted Closing Price; (ii) a discount of approximately 39.0% to the highest Adjusted Closing Price; and (iii) a discount of approximately 12.9% to the average Adjusted Closing Price, during the Review Period. The Subscription Price also represents a discount to the Adjusted Closing Prices for 144 out of 202 trading days during the Review Period.

Despite the slight premium represented by the Subscription Price to the Adjusted Closing Price on the Last Trading Day, it is observed (i) that the Subscription Price represents a discount to the Adjusted Closing Prices for over 70% of the trading days during the Review Period; (ii) the closing price of the Adjusted Shares fluctuated around the Subscription Price between HK$0.65 and HK$1.23 following the announcement of the Rights Issue up to the Latest Practicable Date; (iii) the Subscription Price represents a discount of approximately 39.0% to the Adjusted Closing Price of HK$1.23 on the Latest Practicable Date; and (iv) there was no material change in the financial or trading position of the Company, subsequent to the date of the Announcement and up to the Latest Practicable Date. In view of the funding needs of the Group for repayment of debts as well as its loss-making and net liabilities position, we are of the view that setting the Subscription Price at a discount to the prevailing Share price, in particular the average Adjusted Closing Price during the Review Period as well as the Adjusted Closing Price on the Latest Practicable Date, would be necessary to incentivise the Qualifying Shareholders to participate and maintain their respective shareholding interests in the Company.

3.3. Historical trading volume and liquidity analysis

Apart from the daily closing price of the Shares, we have also reviewed the average daily trading volume per month of the Shares for the Review Period as set out in the following table.

	Number of trading days	**Total trading volume of the Shares**	**Average daily trading volume** *(Approximate number of Shares)* *(Note 1)*	**Average daily trading volume to total number of Shares in issue** *(Approximate %)* *(Note 2)*
2024				
October (from 25 October)	5	300,000	60,000	0.005%
November	21	1,733,400	82,543	0.007%
December	20	1,971,600	98,580	0.008%
2025				
January	19	160,200	8,432	0.001%
February	20	680,000	34,000	0.003%
March	21	2,480,220	118,106	0.010%
April *(Note 3)*	19	0	0	0.000%
May	20	0	0	0.000%
June	21	0	0	0.000%
July	22	0	0	0.000%
August	21	0	0	0.000%
September	22	0	0	0.000%
October *(Note 3)*	20	6,927,400	346,370	0.028%
November	20	5,227,200	261,360	0.021%
December	21	2,153,148	102,531	0.008%
2026				
January	21	4,957,700	236,081	0.019%
February (up to the Latest Practicable Date)	14	3,112,600	222,329	0.018%
Maximum		6,927,400	346,370	0.028%
Minimum *(Note 4)*		160,200	8,432	0.001%

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

Notes:

1. Computed by dividing the total daily trading volume of the Shares by the number of trading days of the respective corresponding months/periods.

2. Computed by dividing the average daily trading volume of the Shares by the total number of issued Shares as of the end of the relevant months.

3. Trading in the Shares was suspended from 1 April 2025 and resumed on 2 October 2025.

4. Excluded the months from April to September 2025 where trading was suspended.

As shown in the table above, excluding the months from April to September 2025 where trading of the Shares was suspended, the average daily trading volume of the Shares in each month/period was in the range of approximately 0.001% to 0.028% to the total number of issued Shares. This low trading volume demonstrates that the Shares are generally illiquid as they are not actively traded. Given the thin trading liquidity of the Shares during the Review Period, we consider that setting the Subscription Price at a discount to the prevailing Share price would enhance the attractiveness to the Shareholders to participate in the Rights Issue.

While the Subscription Price represents a slight premium to the closing price of the Adjusted Shares on the Last Trading Day, the closing price of the Adjusted Shares have been fluctuating above or below the Subscription Price following the Last Trading Day and up to the Latest Practicable Date and therefore, the premium to the closing price on the Last Trading Day only may not represent a fair reference point in assessing the Subscription Price.

3.4. Comparison with recent rights issues

In assessing the fairness and reasonableness of the Rights Issue, we have reviewed other rights issue exercises conducted by companies listed on Main Board of the Stock Exchange as initially announced during the Review Period which (i) were loss-making and/or at a net current liabilities position based on their respective latest annual and/or interim results announcements preceding announcement of rights issues; (ii) majority of more than 50% of the net proceeds raised will be applied for repayment of indebtedness; and (iii) had a market capitalisation of not more than HK$300 million as at the Latest Practicable Date, which approximates to two times of that of the Company. Having observed the wide range of market capitalisations of listed companies and based on our review of comparable analysis included in the circulars published by other Hong Kong listed companies during 2025, we note that it is common to adopt a range of 2-2.5 times of the market capitalisation of the subject company in identifying comparable companies for analysis purpose. We have, to our best effort and so far as we are aware, identified an exhaustive list of 15 rights issue exercises (the "**Comparables**"). We consider the Review Period represents an appropriate timeframe to capture sufficient samples and provide a meaningful reference of the recent trend of rights issue exercises in the prevailing market condition for the purpose of assessing the principal terms of the Rights Issue. Despite the Comparables were conducted by listed companies with different principal businesses as the Group, considering that the Group and the listed companies underlying the Comparables were similar in respect of financial standings and business performance in terms of profitability and/or financial position, size in terms of market capitalisation and fundraising purpose being repayment of indebtedness, we are of the view that our selection criteria of the Comparables are fair and reasonable and that the Comparables are representative. The following table sets forth the relevant details of the Comparables:

Date of announcement	Company name (stock code)	Basis of allotment	Principal business	Market capitalisation *HK$' million*	Amount of net proceed (deducted related expenses) *HK$' million*	Use of proceed	Premium/(discount) of the subscription price over/to the closing price per share on the last trading day *(Approximate %)*	Premium/(discount) of the subscription price to the average closing price for the five consecutive trading days prior to/up to and including the last trading day *(Approximate %)*	Premium/(discount) of the subscription price to the average closing price for the ten consecutive trading days prior to/up to and including the last trading day *(Approximate %)*	Premium/(discount) of the subscription price over/to the theoretical ex-right price per share based on the closing price per share on the last trading day *(Approximate %)*	Theoretical dilution effect *(Approximate %)*	Compensatory arrangement involved *(Y/N)*	Placing commission *(%)*	Maximum dilution *(Note 2)* *(Approximate %)*
16 February 2026	Xinming China Holdings Limited (2699)	6 for 1	Property development, property investment and property leasing in the PRC	26.3	101.4	(i) Repayment of convertible bonds, bank loans and other borrowings and other payables and accruals (96.0%)	(20.0)	(20.0)	(19.7)	(1.1)	(17.14)	Y	2	85.7
						(ii) Acquisition of property development projects (1.8%)								
						(iii) General working capital (2.2%)								
26 January 2026	Kwan On Holdings Limited (1559)	1 for 2	Civil engineering business	218.7	63.6	(i) Repayment of liabilities (70.7%)	(17.7)	(15.1)	(16.3)	(12.5)	(5.9)	N	N/A	33.3
						(ii) Development of existing business (15.7%)								
						(iii) General working capital (13.6%)								

Date of announcement	Company name (stock code)	Basis of allotment	Principal business	Market capitalisation *HK$' million*	Amount of net proceed (deducted related expenses) *HK$' million*	Use of proceed	Premium/(discount) of the subscription price over/to the closing price per share on the last trading day *(Approximate %)*	Premium/(discount) of the subscription price to the average closing price for the five consecutive trading days prior to/up to and including the last trading day *(Approximate %)*	Premium/(discount) of the subscription price to the average closing price for the ten consecutive trading days prior to/up to and including the last trading day *(Approximate %)*	Premium/(discount) of the subscription price over/to the theoretical ex-right price per share based on the closing price per share on the last trading day *(Approximate %)*	Theoretical dilution effect *(Approximate %)*	Compensatory arrangement involved *(Y/N)*	Placing commission *(%)*	Maximum dilution *(Note 2)* *(Approximate %)*
14 January 2026	Anchorstone Holdings Limited (1592)	4 for 1	Stone supply and installation business	46.0	62.5	(i) Repayment of borrowings (86.9%)	(42.9)	(39.8)	– *(Note 2)*	(8.6)	(24.0)	Y	1.25	80.0
						(ii) Repayment of trade and other payables (12.3%)								
						(iii) General working capital (0.8%)								
2 January 2026	HKC International Holdings Limited (248)	1 for 2	(i) Sales of internet of things ("IoT") solutions;	72.4	9.4	(i) Repayment of borrowings (90%)	(25.5)	(25.5)	– *(Note 2)*	(18.6)	(8.5)	N	N/A	33.3
			(ii) sales of mobile phones; and			(ii) General working capital (10%)								
			(iii) property leasing and related investment business.											
2 November 2025	KNT Holdings Limited (1025)	1 for 1	Manufacture and trade of clothing products	119.3	38.0	(i) Repayment of debt and outstanding payables (73.7%)	(9.1)	(10.7)	(13.8)	(4.8)	(9.4)	Y	3.0	50.0
						(ii) General working capital (26.3%)								

Date of announcement	Company name (stock code)	Basis of allotment	Principal business	Market capitalisation *HK$' million*	Amount of net proceed (deducted related expenses) *HK$' million*	Use of proceed	Premium/(discount) of the subscription price over/to the closing price per share on the last trading day *(Approximate %)*	Premium/(discount) of the subscription price to the average closing price for the five consecutive trading days prior to/up to and including the last trading day *(Approximate %)*	Premium/(discount) of the subscription price to the average closing price for the ten consecutive trading days prior to/up to and including the last trading day *(Approximate %)*	Premium/(discount) of the subscription price over/to the theoretical ex-right price per share based on the closing price per share on the last trading day *(Approximate %)*	Theoretical dilution effect *(Approximate %)*	Compensatory arrangement involved *(Y/N)*	Placing commission *(%)*	Maximum dilution *(Note 2)* *(Approximate %)*
22 October 2025	Crocodile Garments Limited (122)	1 for 2	Garment and related accessories business, property investment and letting business and treasury management	151.1	51.6	Repayment of bank borrowings and interest payments (100%)	(22.7)	(22.4)	(22.9)	(16.3)	(7.6)	N	N/A	33.3
9 October 2025	CCIAM Future Energy Limited (145)	1 for 2	Design and provision of energy saving solutions, provision of loan financing services and treasury investments	87.2	17.0	(i) Repayment of bond payable (63.5%) (ii) Business development (36.5%)	(18.6)	(19.1)	(19.9)	(13.1)	(6.6)	Y	HK$100,000 (representing approximately 0.54% assuming the maximum number of unsubscribed and unsold shares are fully placed)	33.3
15 September 2025	Zhong Jia Guo Xin Holdings Company Limited (899)	2 for 1	(i) Water business; (ii) property development and investment business; and (iii) mining business in the PRC	94.4	41.2	(i) Repayment of payables (58.7%) (ii) Investment of new project (17.0%) (iii) General working capital (14.6%) (iv) Maintenance and obtain licenses (9.7%)	(33.6)	(35.2)	(42.6)	(14.5)	(24.8)	Y	5.0	66.7

Date of announcement	Company name (stock code)	Basis of allotment	Principal business	Market capitalisation *HK$' million*	Amount of net proceed (deducted related expenses) *HK$' million*	Use of proceed	Premium/(discount) of the subscription price over/to the closing price per share on the last trading day *(Approximate %)*	Premium/(discount) of the subscription price to the average closing price for the five consecutive trading days prior to/up to and including the last trading day *(Approximate %)*	Premium/(discount) of the subscription price to the average closing price for the ten consecutive trading days prior to/up to and including the last trading day *(Approximate %)*	Premium/(discount) of the subscription price over/to the theoretical ex-right price per share based on the closing price per share on the last trading day *(Approximate %)*	Theoretical dilution effect *(Approximate %)*	Compensatory arrangement involved *(Y/N)*	Placing commission *(%)*	Maximum dilution *(Note 2) (Approximate %)*
8 July 2025	Alco Holdings Limited (328)	4 for 1	Design and distribution of consumer electronic products including notebook products	49.8	143.9	(i) Repayment of creditors and other liabilities (48.3%)	(19.0)	(19.0)	(12.8)	(4.6)	(15.5)	Y	1.5	80.0
						(ii) Repayment of bank loan and other borrowings (41.7%)								
						(iii) General working capital (10.0%)								
17 June 2025	Rsecomm Group Holdings Limited (1679)	5 for 1	Research, development, production and sales of power line communication products and the provision of smart manufacturing and industrial automation services and products	110.1	125.7	(i) Repayment of current liabilities (80%)	(22.5)	(21.6)	(22.1)	(4.6)	(18.7)	Y	0.5	83.3
						(ii) General working capital (20%)								

Date of announcement	Company name (stock code)	Basis of allotment	Principal business	Market capitalisation *HK$' million*	Amount of net proceed (deducted related expenses) *HK$' million*	Use of proceed	Premium/(discount) of the subscription price over/to the closing price per share on the last trading day *(Approximate %)*	Premium/(discount) of the subscription price to the average closing price for the five consecutive trading days prior to/up to and including the last trading day *(Approximate %)*	Premium/(discount) of the subscription price to the average closing price for the ten consecutive trading days prior to/up to and including the last trading day *(Approximate %)*	Premium/(discount) of the subscription price over/to the theoretical ex-right price per share based on the closing price per share on the last trading day *(Approximate %)*	Theoretical dilution effect *(Approximate %)*	Compensatory arrangement involved *(Y/N)*	Placing commission *(%)*	Maximum dilution *(Note 2) (Approximate %)*
3 March 2025	China Zenith Chemical Group Limited (362)	2 for 1	Generation and supply of heat and power	20.3	59.9	(i) Repayment of indebtedness and interest expenses (83.5%)	(17.9)	(18.4)	(43.5)	(7.1)	(13.1)	N	N/A	66.7
						(ii) General working capital (16.5%)								
18 February 2025	China Baoli Technologies Holdings Limited (164)	4 for 1	Multi-media technologies and convergence media business	116.4	167.7	(i) Repayment of outstanding liabilities (71.4%)	6.7	2.3	2.2	1.3	-	Y	1.0	80.0
						(ii) Business development (15.5%)								
						(iii) General working capital (13.1%)								

Date of announcement	Company name (stock code)	Basis of allotment	Principal business	Market capitalisation *HK$' million*	Amount of net proceed (deducted related expenses) *HK$' million*	Use of proceed	Premium/(discount) of the subscription price over/to the closing price per share on the last trading day *(Approximate %)*	Premium/(discount) of the subscription price to the average closing price for the five consecutive trading days prior to/up to and including the last trading day *(Approximate %)*	Premium/(discount) of the subscription price to the average closing price for the ten consecutive trading days prior to/up to and including the last trading day *(Approximate %)*	Premium/(discount) of the subscription price over/to the theoretical ex-right price per share based on the closing price per share on the last trading day *(Approximate %)*	Theoretical dilution effect *(Approximate %)*	Compensatory arrangement involved *(Y/N)*	Placing commission *(%)*	Maximum dilution *(Note 2)* *(Approximate %)*
6 December 2024	Ximming China Holdings Limited (2699)	4 for 1	Property development, property investment and property leasing in the PRC	26.3	87.3	(i) Settlement of convertible bonds, repayment of interest-bearing bank loans and other borrowings and other payables and accruals (92%)	(13.8)	(18.8)	(20.6)	(5.1)	(16.9)	Y	3.0	80.0
						(ii) General working capital (8%)								
2 December 2024	Luxxu Group Limited (1327)	1 for 1	Manufacture and trading of watches	151.0	15.2	(i) Repayment of bond payables (78.9%)	(44.4)	(44.4)	(45.5)	(28.6)	(22.2)	Y	(i) 1.5; or (ii) a fixed fee of HK$100,000, whichever is higher *(Note 3)*	50.0
						(ii) General working capital (21.1%)								

Date of announcement	Company name (stock code)	Basis of allotment	Principal business	Market capitalisation *HK$' million*	Amount of net proceed (deducted related expenses) *HK$' million*	Use of proceed	Premium/(discount) of the subscription price over/to the closing price per share on the last trading day *(Approximate %)*	Premium/(discount) of the subscription price to the average closing price for the five consecutive trading days prior to/up to and including the last trading day *(Approximate %)*	Premium/(discount) of the subscription price to the average closing price for the ten consecutive trading days prior to/up to and including the last trading day *(Approximate %)*	Premium/(discount) of the subscription price over/to the theoretical ex-right price per share based on the closing price per share on the last trading day *(Approximate %)*	Theoretical dilution effect *(Approximate %)*	Compensatory arrangement involved *(Y/N)*	Placing commission *(%)*	Maximum dilution *(Note 2)* *(Approximate %)*
11 November 2024	Far East Holdings International Limited (36)	2 for 1	Property investment	89.9	69.6	(i) Repayment of loan (71.1%)	(35.8)	(35.3)	(36.4)	(15.7)	(23.9)	Y	2.5	66.7
						(ii) General working capital (28.9%)								
		Maximum					6.7	2.3	2.2	1.3	(5.9)		5.0	85.7
		Minimum					(44.4)	(44.4)	(45.5)	(28.6)	(24.8)		0.5	33.3
		Average					(22.5)	(22.8)	(24.1)	(10.2)	(15.3)		2.0	61.5
		Median					(20.0)	(20.0)	(20.6)	(8.6)	(16.2)		1.5	66.7
24 October 2025	The Company	1 for 1	Trade and manufacture of satellite television (TV) equipment and antenna products	151.3	90.2	Repayment of the Loans (100.0%)	2.7	(9.0)	(11.5)	(6.4)	(6.0)	Y	1.5	50.0

Source: The website of the Stock Exchange (https://www.hkexnews.com.hk/)

Notes:

(1) Maximum dilution is calculated according to the basis of entitlement of each rights issue with formula: (number of new shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the new shares under the basis of entitlement + number of new shares to be issued under the basis of entitlement) x 100%

(2) The relevant discount is not disclosed in the announcement underlying this Comparable.

(3) For our assessment purpose, the commission rate of 1.5% was adopted in our computation.

As illustrated from the above table. The subscription prices of the Comparables:

(i) ranged from a discount of approximately 44.4% to a premium of approximately 6.7% (the "**Comparable LTD Range**"), with an average of a discount of approximately 22.5% and a median of a discount of approximately 20.0% as compared to their respective closing prices per share on the last trading day prior to/on the dates of the relevant announcements of the Comparables. The premium of 2.7% to the closing price per Adjusted Share on the Last Trading Day as represented by the Subscription Price is within the Comparable LTD Range;

(ii) ranged from a discount of approximately 44.4% to a premium of approximately 2.3% (the "**Comparable 5-day Range**"), with an average of a discount of approximately 22.8% and a median of a discount of approximately 20.0% as compared to their respective average closing price per share for the last five trading days prior to/up to and including the last trading day. The discount of 9.0% to the average closing price of the Adjusted Shares for the five consecutive trading days up to and including the Last Trading Day as represented by the Subscription Price is within the Comparable 5-day Range;

(iii) ranged from a discount of approximately 45.5% to a premium of approximately 2.2% (the "**Comparable 10-day Range**"), with an average of a discount of approximately 24.1% and a median of a discount of approximately 20.6% as compared to their respective average closing price per share for the last ten trading days prior to/up to and including the last trading day. The discount of 11.5% to the average closing price of the Adjusted Shares for the ten consecutive trading days up to and including the Last Trading Day as represented by the Subscription Price is within the Comparable 10-day Range; and

(iv) ranged from a discount of approximately 28.6% to a premium of approximately 1.3% (the "**Comparable TERP Range**"), with an average of a discount of approximately 10.2% and a median of a discount of approximately 8.6% as compared to their respective average theoretical ex-right prices per share based on the closing prices on the last trading day prior to/on the dates of the relevant announcements of the Comparables. The discount of the Subscription Price to the theoretical ex-right price per Adjusted Share of approximately 6.4% is within the Comparable TERP Range.

In view of that it is not uncommon for listed issuers to conduct rights issues at a premium to the prevailing market price (including the last trading day as observed from the Comparables), and that the Subscription Price (i) represented a discount to the average closing price of the Adjusted Shares for (a) the five consecutive trading days up to and including the Last Trading Day and (b) the average closing price of the Adjusted Shares for the ten consecutive trading days up to and including the Last Trading Day, and fall within the Comparable 5-day Range and the Comparable 10-day Range, respectively; (ii) represented a discount to the Adjusted Closing Prices for over 70% of the trading days during the Review Period; and (iii) represented a discount to the Adjusted Closing Price of HK$1.23 on the Latest Practicable Date, we are of the view that the Subscription Price, which is set at a discount to the overall prevailing market price, is fair and reasonable.

In addition, it is noted that the theoretical dilution effect of the Comparables ranged from approximately 5.9% to approximately 24.8% (the "**Comparable TDE Range**"), with an average of approximately 15.3% and a median of approximately 16.2%. The theoretical dilution effect of the Rights Issue of approximately 6.0% is within the Comparable TDE Range yet approximates to the low end of the range.

3.5 The Placing Agreement

Placing price

Pursuant to the Placing Agreement, the placing price of the Unsubscribed Rights Shares shall be at a price not less than the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the process of placement. Based on our assessment above, as we consider the Subscription Price is fair and reasonable, we are also of the view that setting the placing price at or above the Subscription Price is fair and reasonable.

Placing commission

The Company shall pay to the Placing Agent a placing commission ("**Placing Commission**") in Hong Kong dollars of 1.5% of the amount, which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares that have been successfully placed by the Placing Agent according to the terms of the Placing Agreement.

In assessing the fairness and reasonableness of the Placing Commission, we have reviewed the placing commission rates charged by placing agents under the Comparables which involved compensatory arrangements by way of placing, which ranged from 0.5% to 5.0%, with an average of 2.0% and a median of 1.5%. The Placing Commission falls within the aforesaid range and is below the average and equivalent to the median of the Comparables.

Considering that (i) the Subscription Price and the Placing Price are fair and reasonable; (ii) the Placing Commission is in line with market norms; (iii) the Placing would broaden the potential investor base as compared to the limited pool of existing Shareholders under excess application, thereby potentially increasing the level of proceeds to be raised by the Company to meet its funding needs for repaying the outstanding principal amount of Loan B and accordingly the entitlement of the Interest Waiver; and (iv) the Compensatory Arrangement ensure fair treatment to the No Action Shareholders as any net proceeds generated from the Placing at a price above the Subscription Price will be distributed to them, we are of the view that the Rights Issue and the entering into of the Placing Agreement (including the principal terms thereof) are fair and reasonable.

4. Potential dilution effect on the shareholding interests of the Independent Shareholders

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 respective shareholding interests in the Company will remain unchanged upon completion of the Rights Issue. Those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Non-Qualifying 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 50%.

Having taken into account (i) the Right Issue would strengthen the capital structure and financial position of the Group and the proceeds of which would relieve its financial burden; (ii) all Qualifying Shareholders are provided with an equal opportunity to subscribe for their assured entitlements under the Rights Issue at a discount to the prevailing market price for the purpose of maintaining their respective existing shareholding interests in the Company; (iii) 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 (iv) shareholding dilution is generally inherent in rights issues with new shares being issued, we consider that the potential dilution effect of the Rights Issue is justifiable.

5. Possible financial effect of the Rights Issue

It should be noted that the information below is for illustrative purpose only and does not purport to represent how the financial position of the Company will be upon completion of the proposed Rights Issue.

Liquidity

According to the 2025 Interim Report, the bank balances and cash of the Group were approximately HK$78.5 million as at 30 June 2025. The net proceeds from the Rights Issue amounting to approximately HK$90.2 million will enhance the Group's liquidity position immediately upon completion of the Rights Issue.

Gearing ratio

According to the 2025 Interim Report, the Group's gearing ratio, which is computed as the total borrowings over total assets of the Group, was approximately 44.4% as at 30 June 2025. Since all of the net proceeds are intended to be utilised for the repayment of the Loan B or the Loans (as the case may be) and the outstanding interest thereof, the borrowings level of the Group is expected to decrease. The capital base of the Group would also be enlarged by the Rights Shares upon completion of the Rights Issue. Accordingly, the gearing ratio of the Group will improve as a result of the Rights Issue.

In view of the above expected positive financial effects of the proposed Rights Issue, particularly in enhancing liquidity and reducing leverage, we are of the view that the proposed Rights Issue is in the interest of the Company and the Shareholders as a whole.

RECOMMENDATIONS

Taking into consideration of the principal factors and reasons as set out in this letter, we are of the view that the terms of the Rights Issue and the Placing Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Rights Issue and the Placing Agreement.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Billy Tang
Managing Director

Mr. Billy Tang is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 20 years of experience in the securities and investment banking industries.

A. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 December 2022, 2023 and 2024, and for the six months ended 30 June 2025, is disclosed in the following documents which have been published on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (https://www.sandmartin.com.hk), respectively:

(i) the audited financial information of the Group for the year ended 31 December 2022 is disclosed in the annual report of the Company for the year ended 31 December 2022 published on 27 April 2023, from pages 79 to 211 (https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701055.pdf);

(ii) the audited financial information of the Group for the year ended 31 December 2023 is disclosed in the annual report of the Company for the year ended 31 December 2023 published on 30 April 2024, from pages 78 to 195 (https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043002830.pdf);

(iii) the audited financial information of the Group for the year ended 31 December 2024 is disclosed in the annual report of the Company for the year ended 31 December 2024 published on 17 October 2025, from pages 81 to 199 (https://www1.hkexnews.hk/listedco/listconews/sehk/2025/1017/2025101701676.pdf); and

(iv) the unaudited consolidated financial information of the Group for the six months ended 30 June 2025 is disclosed in the interim report of the Company for the six months ended 30 June 2025 published on 30 October 2025, from pages 31 to 68 (https://www1.hkexnews.hk/listedco/listconews/sehk/2025/1030/2025103001039.pdf).

As at the Latest Practicable Date, no member of the Group has, since 31 December 2024 (i.e. the date to which the latest published audited accounts of the Company have been made up), acquired or agreed to acquire, nor is proposing to acquire, a business or an interest in the share capital of any company whose profits or assets would make a material contribution to the figures in the auditors' report or the next published accounts of the Company.

B. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 January 2026, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group's indebtedness is set out below.

The Group had outstanding borrowings of approximately HK$341.9 million comprising bank loans of approximately HK$171.7 million, secured and unguaranteed short term loan of approximately HK$156.1 million; and unsecured and unguaranteed short term loan of approximately HK$14.1 million. As at 31 January 2026, (i) bank loans of approximately HK$12.1 million were secured and guaranteed; and (ii) the remaining bank loans of the Group of approximately HK$159.6 million were secured and unguaranteed bank loan.

As at 31 January 2026, the Company had recognized the provision for financial guarantee amounting to US$3.5 million (equivalent to approximately HK$27.3 million) in favour of a former subsidiary of the Company, My HD Media FZ-LLC in relation to its financial obligations.

As at the close of business on 31 January 2026, the Group had lease liabilities with the amount of approximately HK$47.4 million, which were unsecured and unguaranteed.

Save as disclosed above and apart from intra-group liabilities, at the close of business on 31 January 2026, the Group did not have any loan capital issued and outstanding or agreed to be issued, other debt securities or other similar indebtedness, liabilities under acceptance (other than normal trade bills and payables) or acceptance credits, debentures, mortgages, charges, hire purchase or other finance lease commitments, guarantees or other contingent liabilities.

The Directors confirmed that, save as disclosed above, there has been no material change in the indebtedness and contingent liabilities of the Group since 31 January 2026 up to the Latest Practicable Date.

C. SUFFICIENCY OF WORKING CAPITAL

As disclosed in the interim report of the Company for the six months ended 30 June 2025, as at 30 June 2025, the Group reported net liabilities of approximately HK$114.1 million and net current liabilities of approximately HK$271.3 million, out of which approximately HK$213.5 million fell under current liabilities. In determining the sufficiency of the working capital of the Group, the Directors have given careful consideration to the future liquidity and performance of the Group as well as the cash flow forecast and its available sources of financing and have made the following assumptions:

(i) Based on communication with banks and lenders, the Group should be able to renew most of its existing bank and other borrowings that have expired or will expire, including the Loan B, on the basis that the Group have complied with the terms of the loan arrangements and, based on the Directors' experience, there is sufficient headroom in the credit enhancements provided by the Group over the amounts of borrowings; and

(ii) Pursuant to the letters of intent dated 10 September 2025 and 12 February 2026 entered into between the Company and Lender B, the Company proposed and the Lender B agreed to (i) extend the repayment date of the outstanding principal amount of Loan B of US$20,000,000 (equivalent to approximately HK$155,296,000) from 23 April 2025 to 22 April 2027, subject to payment of the outstanding interest up to the payment date in full by 30 June 2026; or (ii) extend the repayment date of the outstanding principal amount of Loan B from 23 April 2025 to 22 April 2027 and waive 50% of the outstanding interest of Loan B up to 31 December 2025, subject to repayment of the outstanding principal amount of Loan B of US$10 million (equivalent to approximately HK$78.0 million) and payment of 50% outstanding interest of Loan B up to 31 December 2025 by 30 June 2026. As at 31 December 2025 the outstanding interest of Loan B amounted to approximately US$2.7 million (equivalent to approximately HK$21.1 million).

The Directors, after due and careful enquiries, are of the opinion that, taking into account the financial resources presently available to the Group including internally generated funds, the currently available banking facilities and other borrowings, the abovementioned assumptions and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the date of the publication of this circular.

D. MATERIAL ADVERSE CHANGE

As disclosed in the interim report of the Company for the six months ended 30 June 2025, the Group recorded a decrease in revenue from approximately HK$312.1 million for the six months ended 30 June 2024 to approximately HK$225.3 million for the six months ended 30 June 2025, and loss attributable to owners of the Company of approximately HK$40.2 million for the six months ended 30 June 2025 as compared to profit attributable to owners of the Company of approximately HK$18.0 million for the six months ended 30 June 2024.

The Directors confirm that, as at the Latest Practicable Date, save as disclosed above, there was no material adverse change in the financial or trading position of the Company since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

E. FINANCIAL AND TRADING PROSPECT

The Group is principally engaged in (i) trading and manufacturing of media entertainment platform-related products; (ii) trading and manufacturing of components of audio and video electronic products; and (iii) trading and manufacturing of satellite TV equipment and antenna products.

Media entertainment platform-related products

In response to the challenging economic environment, the Group's media entertainment platform-related products segment continued to explore new business opportunities in emerging markets. The revenue of this segment decreased by approximately 65.71% for the six months ended 30 June 2025 as compared with the six months ended 30 June 2024. The segment revenue of media entertainment platform related products was approximately HK$24.1 million for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately HK$70.3 million). The segment results from operations were approximately HK$5.5 million for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately HK$2.0 million). The segment margin was approximately 22.67% for the six months ended 30 June 2025, as compared with the segment margin of approximately 2.88% for the six months ended 30 June 2024. The Group is exploring new business opportunities for this segment. The China-US trade war is not expected to have a material adverse impact on this segment, as this segment does not have customers in the US.

Other multimedia products

Major products of this segment included cables, multimedia accessories and wireless mobile phone chargers for vehicles. Segment revenue slightly decreased by approximately 0.25% for the six months ended 30 June 2025 as compared with the six months ended 30 June 2024. The segment revenue of other multimedia products was approximately HK$43.4 million for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately HK$43.5 million). The segment results from operations were approximately HK$6.1 million for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately HK$4.8 million). The segment margin was approximately 14.13% for the six months ended 30 June 2025, as compared with the segment margin of approximately 11.06% for the six months ended 30 June 2024. The Group is enhancing its product portfolio and developing new businesses to cope with the new demand from customers. As certain multimedia products of the Group are sourced from the PRC, the tariff imposed on Chinese-origin goods by the US government and the increase in freight charges as a result of the China-US trade war have certain impacts on this segment as some of the customers of the Group are located in the US. Such impacts are partially mitigated by sourcing from suppliers outside the PRC, such as Southeast Asia, and adjusting logistics structure.

Satellite TV equipment and antenna products

The segment margin of the Group's satellite TV equipment and antenna products segment showed a decline notwithstanding the gradual recovery of economy from the Pandemic in the North America. The segment revenue of satellite TV equipment and antenna products was approximately HK$157.8 million for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately HK$198.3 million). The segment results from operations were approximately HK$8.4 million for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately HK$10.7 million). The segment margin was approximately 5.30% for the six months ended 30 June 2025, as compared with the segment margin of approximately 5.42% for the six months ended 30 June 2024. Low noise blocking down converters ("**LNBs**") are receiving devices mounted on satellite dishes used for reception, which collect microwaves from the satellite dishes and facilitate the transmission of satellite TV signals. Apart from the sales of LNBs to the customers in North America, the Group is exploring business opportunities in other areas such as cross-selling LNBs to other existing customers of the Group in South Asia. The research and development team of the Group endeavours to develop new products for next generation radio and antenna communications. As certain components of the LNBs are sourced from the PRC, the tariff imposed on Chinese-origin goods by the US government as a result of the China-US trade war has some impacts on this segment as some of the Group's customers are located in the US. Such impacts are minimised by sourcing from suppliers outside the PRC, such as Southeast Asia.

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

The following is the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company (the "**Unaudited Pro Forma Financial Information**") which has been prepared by the directors of the Company in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants, to illustrate the effect of the Rights Issue, on the consolidated net tangible liabilities of the Group as if the Rights Issue had been taken place on 30 June 2025.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net liabilities of the Group attributable to owners of the Company as at 30 June 2025 as extracted from the Group's unaudited condensed consolidated interim financial statements set out in the published interim report of the Company 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 by the directors of the Company for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible liabilities of the Group attributable to owners of the Company had the Rights Issue been completed as at 30 June 2025 or any future date.

	Unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2025 *HK$'000* *(Note 1)*	**Estimated net proceeds from the Rights Issue** *HK$'000* *(Note 3(a))*	**Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2025 immediately after the completion of the Rights Issue** *HK$'000*	**Unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company per Share before the completion of the Rights Issue** *HK$* *(Note 4)*	**Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company per Share immediately after the completion of the Rights Issue** *HK$* *(Note 5(a))*
Based on 123,040,372 Rights Shares to be issued at the Subscription Price of HK$0.75 per Rights Share	(133,592)	90,180	(43,412)	(1.0858)	(0.1764)
Scenario for illustrative purposes	*(Note 1)*	*(Note 3(b))*		*(Note 4)*	*(Note 5(b))*
Based on 31,047,144 Rights Shares to be issued at the Subscription Price of HK$0.75 per Rights Share	(133,592)	20,985	(112,607)	(1.0858)	(0.7321)

Notes:

1. The amount of unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2025 was approximately HK$133,592,000, which is based on the consolidated net liabilities of the Group attributable to owners of the Company as at 30 June 2025 of approximately HK$114,059,000, adjusted by goodwill and intangible assets of approximately HK$14,778,000 and HK$4,755,000 respectively as shown on the condensed consolidated statement of financial position of the Group as at 30 June 2025, as extracted from the published interim report of the Company for the six months ended 30 June 2025.

2. The number of Shares in issue have been retrospectively adjusted from 1,230,403,725 Existing Shares as at 30 June 2025 into 123,040,372 Shares, as a result of Share Consolidation, assuming became effective on 30 June 2025 by which every ten issued and unissued Shares of HK$0.10 each were consolidated into one Consolidated Share of HK$1.00 each.

3(a). The estimated net proceeds from the Rights Issue of approximately HK$90,180,000 are calculated based on 123,040,372 Rights Shares to be issued (according to the number of Consolidated Shares in note 2) at the Subscription Price of HK$0.75 per Rights Share, after deduction of the estimated costs directly attributable to the Rights Issue, of approximately HK$2,100,000, assuming full subscription under the Rights Issue.

3(b). **Scenario for illustrative purposes assuming (1) full acceptance by all connected persons of the Company only, (2) no Unsubscribed Rights Shares have been placed by the Placing Agent, and (3) Rights Shares to be issued to the relevant applicants to the extent pursuant to the public float requirement under the Listing Rules and the Scale-down Mechanism.**

For illustrative purposes, the estimated net proceeds from the Rights Issue of approximately HK$20,985,000 are calculated based on the 30,780,390 Rights Shares to be issued (after the Share Consolidation described in note 2) at the Subscription Price of HK$0.75 per Rights Share, after deduction of the estimated costs directly attributable to the Rights Issue, of approximately HK$2,100,000, assuming that full acceptance by all connected persons of the Company only, no Unsubscribed Rights Shares have been placed by the Placing Agent, and the Rights Shares to be issued to the relevant applicants to the extent pursuant to the public float requirement under the Listing Rules and the Scale-down Mechanism.

4. The unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company per Share before the completion of the Rights Issue is calculated based on the unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2025 of approximately HK$133,592,000 as set out in note 1 above, divided by 123,040,372 Shares in issue as at 30 June 2025 (according to the number of Consolidated Shares in note 2).

5(a). The unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company per Share immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2025 immediately after the Rights Issue had been taken place of approximately HK$43,412,000 divided by 246,080,744 Shares which comprise 123,040,372 Shares in issue as at 30 June 2025 (according to the number of Consolidated Shares in note 2) and 123,040,372 Rights Shares to be issued under the Rights Issue.

5(b). **Scenario for illustrative purposes assuming (1) full acceptance by all connected persons of the Company only, (2) no Unsubscribed Rights Shares have been placed by the Placing Agent, and (3) Rights Shares to be issued to the relevant applicants to the extent pursuant to the public float requirement under the Listing Rules and the Scale-down Mechanism.**

For illustrative purposes, the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company per Share immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2025 immediately after the Rights Issue had been taken place of approximately HK$112,607,000 divided by 153,820,762 Shares which comprise 123,040,372 Shares in issue as at 30 June 2025 (according to the number of Consolidated Shares in note 2) and 30,780,390 Rights Shares to be issued under the Rights Issue assuming that full acceptance by all connected persons of the Company only, no Unsubscribed Rights Shares have been placed by the Placing Agent, and the Rights Shares to be issued to the relevant applicants to the extent pursuant to the public float requirement under the Listing Rules and the Scale-down Mechanism.

6. Save as disclosed in the above notes, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2025.

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

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

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TO THE DIRECTORS OF SANDMARTIN INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Sandmartin International Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2025 and related notes as set out on pages 56 to 58 of Appendix II to the circular issued by the Company dated 27 February 2026 (the "**Circular**") in connection with the proposed rights issue of the Company on the basis of one rights share for every one adjusted share held on the record date ("**Rights Issue**"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in Appendix II of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Rights Issue on the Group's consolidated net tangible liabilities attributable to owners of the Company as at 30 June 2025 as if the Rights Issue had been taken place at 30 June 2025. As part of this process, information about the Group's net tangible liabilities attributable to owners of the Company has been extracted by the directors of the Company from the Group's unaudited condensed consolidated interim financial statements 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 of the Company 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 (the "**HKICPA**").

Our Independence and Quality Management

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

Our firm applies Hong Kong Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements,* issued by the HKICPA, 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 Accountants' Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of the unaudited pro forma financial information included in a prospectus 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 Rights Issue would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

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

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

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company 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.

BDO Limited

Certified Public Accountants
Hong Kong

27 February 2026

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 Group. 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.

SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately following the completion of the Capital Reorganisation but before the completion of the Rights Issue; and (iii) immediately following the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to and including the Record Date other than as a result of the Capital Reorganisation) will be as follows:

(i) As at the Latest Practicable Date

	HK$
Authorised share capital:	
10,000,000,000 Shares of HK$0.10 each	1,000,000,000.00
Issued and paid-up share capital:	
1,230,403,725 Shares of HK$0.10 each	123,040,372.50

(ii) Immediately after the Capital Reorganisation becomes effective but before the completion of the Rights Issue

	HK$
Authorised share capital:	
10,000,000,000 Shares of HK$0.10 each	1,000,000,000.00
Issued and paid-up share capital:	
123,040,372 Shares of HK$0.10 each	12,304,037.20

(iii) Immediately following the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to and including the Record Date other than as a result of the Capital Reorganisation)

HK$

Authorised share capital:	
10,000,000,000 Shares of HK$0.10 each	1,000,000,000.00
Issued and paid-up share capital:	
246,080,744 Shares of HK$0.10 each	24,608,074.40

All the Shares rank *pari passu* with each other in all respects, including the rights as to dividends, voting and return of capital. The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* with each other and the Shares in issue on the date of allotment and issue of the Rights Shares in all respects, including rights to dividends, voting and return of capital. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of issue of the fully-paid Rights Shares.

As at the Latest Practicable Date, no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option.

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

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

The Company had not issued any Shares since 31 December 2025, being the end of the last financial year of the Company, and up to the Latest Practicable Date.

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

DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any associated corporations

(i) Long positions in the shares, underlying shares and debentures of the Company

Name of Director	Capacity	Number of ordinary shares and underlying shares held	Percentage of the issued share capital
Mr. Hung Tsung Chin	Interest of controlled corporation	140,000,000[1]	11.38%

Notes:

1. These shares represent shares held by Metroasset Investments Limited in which Mr. Hung beneficially owns 45.09% of the issued share capital.

2. The calculation is based on the total number of 1,230,403,725 Shares in issue as at the Latest Practicable Date.

(ii) Long positions in the shares, underlying shares and debentures of associated corporations of the Company

Name of associated corporation:
Pro Brand Technology, Inc., a non-wholly owned subsidiary of the Company

Name of Director	Capacity	Number of shares held	Percentage to the issued share capital
Mr. Chen Wei Chun	Interest of controlled corporation	350,000 *(Note 1)*	0.44%
	Beneficial owner	300,000 *(Note 2)*	0.38%
Mr. Hung Tsung Chin	Beneficial owner	450,000 *(Note 3)*	0.57%

Notes:

1. These shares are held by Jun Zhong Investment Limited (鈞仲投資有限公司) in which Mr. Chen Wei Chun beneficially owns the entire issued share capital.

2. These shares represent 300,000 shares of Pro Brand Technology, Inc., a non-wholly owned subsidiary of the Company, owned by Mr. Chen Wei Chun.

3. These shares represent 450,000 shares of Pro Brand Technology, Inc., a non-wholly owned subsidiary of the Company, owned by Mr. Hung.

4. The calculation is based on the total number of 78,923,970 shares in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, saved as disclosed above, none of the Directors and chief executive of the Company were interested in or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange; or (iv) were required to be disclosed under the Takeovers Code.

Interest of substantial shareholders

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

Long position in the Shares

Name	Capacity	Number of Shares	Shareholding
First Steamship *Note 1*	Beneficial owner	473,869,283	38.51%
	Interest of controlled corporation	44,197,255	3.59%
Legacy Trust Company Limited *Note 2*	Beneficial owner	187,118,394	15.21%
Metroasset Investments Limited *Note 3*	Beneficial owner	140,000,000	11.38%
Chen Mei Huei *Note 3*	Interest of controlled corporation	140,000,000	11.38%
Chen Ming-Jieh	Beneficial owner	120,000,000	9.75%

Notes:

1. First Steamship is interested in 518,066,538 Shares (comprising 473,869,283 Shares held by First Steamship and 44,197,255 Shares held by Grand Citi), representing approximately 42.1% of the issued share capital of the Company. Mr Kuo Jen Hao, the chairman and a non-executive Director, is a director of First Steamship.

2. Legacy Trust Company Limited is wholly owned by Mr. Vincent Chok, an Independent Third Party (save for his capacity of being a substantial shareholder of the Company).

3. Metroasset Investments Limited is owned as to 45.09% and 44.38% by Mr. Hung and Ms. Chen Mei Huei (spouse of Mr. Hung) respectively. Mr. Hung, an executive Director, is a director of Metroasset Investments Limited.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, (i) no person (other than a Director or chief executive of the Company) had, or was taken or deemed to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group; and (ii) none of the Directors or proposed Director is a director or employee of a company which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates were interested in any business apart from the business of the Group which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which, since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up, had been acquired or disposed of by or leased to or was proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

MATERIAL CONTRACTS

Save for the Placing Agreement, no material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by members of the Group during the two years immediately preceding 24 October 2025 (being the date of the Announcement) up to and including the Latest Practicable Date.

LITIGATION

As at the Latest Practicable Date, the Group was involved in the following litigations:

(i) In October 2020, Aggressive Digital Systems Private Ltd. ("**AD**", a non-wholly owned subsidiary of the Company) received a summons (the "**Summons**") to the National Company Law Tribunal ("**NCLT**") at Chandigarh in India that was filed by Aggressive Electronics Manufacturing Services Private Limited ("**AEMS**", a minority shareholder of AD) and Mr. Neeraj Bharara (collectively the "**Petitioners**") against Top Dragon Development Limited (a wholly owned subsidiary of the Company and the shareholder of AD), AD and certain directors of AD (collectively the "**Respondents**") alleging that the Respondents made undue acts either of oppression or mismanagement and claiming for losses caused to the Petitioners arising from such undue acts. The next hearing is scheduled on 5 February 2026. As advised by the Company's legal advisers in India, the Respondents have a good case and with due diligent pursuit in all likelihood may reach a logical conclusion of a favourable outcome as factual/legal position is in the Respondents' favour. Therefore, the Company has, on its current assessment and information available at this time, not recognized any contingent liabilities for this litigation and, does not expect that this litigation is likely to have any significant impact on the Group.

Save as disclosed above, no member of the Group was involved in any litigation or claims of material importance, and no litigation or claims of material importance were pending or threatened against any member of the Group as at the Latest Practicable Date.

EXPERTS AND CONSENTS

The qualifications of the experts who have given opinions, letters or advice contained in this circular are set out below:

Name	Qualification
BDO Limited	Certified public accountants
Lego Corporate Finance Limited	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, advice, report and/or references to its names, in the form and context in which they are respectively included.

As at the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, nor did it have any interest, either directly or indirectly, in the assets which have 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 consolidated financial statements of the Group were made up.

EXPENSES

The expenses payable by the Company in connection with the Rights Issue and the Placing Agreement, including printing, registration, translation, legal, financial advisory, accounting and other professional fees, are estimated to be approximately HK$2.1 million.

PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Biographies of the existing Directors and senior management of the Group are set out below:

Executive Directors

Mr. Hung Tsung Chin, aged 65, is the founder of the Group, which was founded in November 1989. He was the Chairman of the Board until 18 August 2017. Mr. Hung acts as an executive Director and authorised representative of the Company. He is currently the director of certain subsidiaries of the Company and the chief executive officer of several subsidiaries of the Company which are engaged in the Manufacturing and Trading of Electronic Products Business Division. Mr. Hung has over 34 years of management experience in the electronics manufacturing

industry. He graduated from the National Chengchi University in Taiwan, with a bachelor's degree in business administration. Mr. Hung also completed the executives programme from the Graduate School of Business Administration, National Chengchi University. He is the husband of Ms. Chen Mei Huei, the director of several subsidiaries of the Company and the chief executive officer of the Satellite Broadcasting Services Business Division.

Mr. Chen Wei Chun, aged 49, joined the Group in May 2015 and was appointed as an executive Director and Chief Financial Officer of the Company on 28 August 2015 and 30 November 2017 respectively. He is also the director and the chief financial officer of Pro Brand Technology, Inc., a non-wholly owned subsidiary of the Company. Mr. Chen graduated from National Chengchi University and Shih Chien University with a master's degree in finance and a master's degree in business administration respectively. He is well experienced in accounting and finance industries. Prior to joining the Group, Mr. Chen was the head of finance department of TTY Biopharm Company Limited and head of finance department of K.H.S. Musical Instrument Company Limited.

Non-executive Director

Mr. Kuo Jen Hao, aged 49, is a non-executive Director since 18 August 2017 and the chairman of the Board since 24 August 2021. He graduated with a bachelor's degree in Business Administration from Aletheia University in Taiwan and holds a master's degree of business administration from Pace University in 2003 in the United States. Mr. Kuo is a certified public accountant of the New Jersey State Board of Accountancy. He has several years of work experience in investment advisory, financial advisory and corporate finance at PricewaterhouseCoopers, Bank of America Merrill Lynch and Private Equity Management Group and held various key roles at several private and listed companies engaging in (i) the administrative and corporate business; (ii) corporate finance; and (iii) general management in real estate development business, shipping business, retailing business and logistics business. Mr. Kuo has a wealth of experience in business strategy development and innovation management. He is the chairman and the general manager of First Steamship (a company listed on the Taiwan Stock Exchange Corporation ("TWSE") (TWSE Stock Code: 2601) and is a substantial shareholder of the Company and through its subsidiaries collectively holds 42.11% of the issued share capital of the Company). Mr. Kuo is also a director and the chairman of Grand Ocean Retail Group Limited (a company listed on the TWSE (TWSE Stock Code: 5907) and is a subsidiary of First Steamship) and Taiwan Environment Scientific Co., Ltd. (a company listed on the Taipei Exchange) (Taipei Exchange Stock Code: 8476). He is currently a non-executive director and the chairman of Da Yu Financial Holdings Limited (Stock Code: 1073). He is also a director of several subsidiaries of the First Steamship, including but not limited to Mariner Finance Limited, Morton Securities Limited and First Steamship S.A. He has served as a non-executive director and the chairman of the board of Summit Ascent Holdings Limited (a company previously listed on the Stock Exchange with Stock Code: 102 and delisted on 1 September 2025) from 28 December 2017 to 26 April 2019. Mr. Kuo was a director of IRC Properties, Inc. (a company listed on the Philippine Stock Exchange) from July 2017 to May 2018.

Independent Non-executive Directors

Ms. Chen Wei-Hui, aged 48, is an independent non-executive Director since 23 December 2022. She is currently the chairperson of Audit Committee, member of each of Nomination Committee and Remuneration Committee. She was conferred the master's degree of Accounting from National Chengchi University in 2002 and Bachelor's degree of Accounting from Fu Jen Catholic University in 1999, both in Taiwan. Ms. Chen is a certified public accountant of the Republic of China, a Certified Internal Auditor of The Institute of Internal Auditors-Chinese Taiwan and a Land Administration Agent of the Republic of China. Ms. Chen is a Land Administration Agent of Canaan Land Registration Office since 2022 and was an Assistant Vice President of Taipei Exchange from 2005 to 2022 and Audit Assistant Manager of Deloitte and Touche of Taiwan from 2002 to 2005.

Mr. Lu Ming-Shiuan, aged 54, is an independent non-executive Director since 24 August 2021. He is currently the chairman of Nomination Committee, member of each of Audit Committee and Remuneration Committee. He was conferred the degree of Master of Law in Science and Technology from the Institute of Law of Science and Technology, College of Technology Management at the National Tsing Hua University in 2010, in Taiwan. Mr. Lu has been appointed as a member of the Taipei Bar Association since 2013. Mr. Lu is a senior partner of Heng-Sheng Attorney-at-Law since April 2016 and was a prosecutor of Taiwan Pingtung District Prosecutors Offices and Taiwan Miaoli District Prosecutors Offices.

Mr. Wu Chia Ming, aged 58, is an independent non-executive Director since 1 December 2014. He is currently the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Wu has a master's degree in business administration from the Institute of International Business, National Chen-kung University and a bachelor's degree in electronic engineering from Chung Yuan Christian University in Taiwan. He has nearly 29 years of experience in financial analysis and fund management. Currently, Mr. Wu is the chairman of Fortune-Future Investment Co., Ltd. Prior to that, he was a fund manager of KGI Securities Investment Trust Co., Ltd.

Senior management

Ms. Chen Mei Huei, aged 63, is a director of several subsidiaries of the Company and Chief Executive Officer of Satellite Broadcasting Services Business Division. She is a co-founder of the Group since 1989. She is currently a director of several subsidiaries of the Company and the chief executive officer of Satellite Broadcasting Services Business Division. Ms. Chen is responsible for the overall management of the Group including all overseas offices. She has been actively engaged in the sales and marketing development of the Group in Taiwan and the international markets for more than 34 years and has particular focus on new customers and new market development in recent years. Ms. Chen graduated from Tamkang University in Taiwan with a dual bachelor's degree in Spanish Literature and International Trade. She is the wife of Mr. Hung Tsung Chin, an executive Director and authorised representative of the Company.

Mr. Frank Karl-Heinz Fischer, aged 66, is a director of several subsidiaries of the Company, Vice President of the Group, Chief Technology Officer of the Group. He joined the Group in January 2008 and is currently a director of several subsidiaries of the Company, and the vice president and chief technology officer of the Group. He is responsible for the global marketing strategy and technical support of the Group. Mr. Fischer has more than 34 years of experience in hardware and software development for consumer electronic products in Europe and has been involved in Digital TV technologies since the beginning of Digital Video Broadcasting ("DVB") Project in 1994. He graduated as diploma degree engineer for automation technology and cybernetics from the Technical University Leipzig in Germany.

Mr. Hsiao Yu Jung, aged 60, is the deputy General Manager of the Group's DVB division. He joined the Group in July 2002 and is currently the deputy general manager of the Group's DVB division. He is responsible for procurement, manufacturing and development of the Group's DVB products and supervision of the Company's associate company in Nepal. Mr. Hsiao obtained a diploma in mechanical design engineering from the National Formosa University in Taiwan.

Mr. Su Jow Shi, aged 62, is the general Manager of the Group's digital TV division. He joined the Group in September 1995 and is currently the general manager of the Group's digital TV division. He is responsible for the Group's digital TV operations in South Asia region. Mr. Su graduated from the San Diego State University where he earned a Master of Public Administration degree.

Ms. Su Wan Ling (also known as Ms. Julia Swen), aged 60, is a director of Pro Brand Technology (TW) Inc. She has been working in our Group since 2007 and is currently a director of Pro Brand Technology (TW) Inc. She is responsible for promoting cable products, satellite and digital television products in the market of the United States. Ms. Su graduated from the University of California, with a bachelor's degree in Biochemistry; a master's degree in Environmental Science and a master's degree of Business Administration. She has over 29 years of experience in research of biotechnology field and business management.

Mr. Sven Willig, aged 52, is the general Manager of Intelligent Digital Services GmbH ("IDS"). He has joined the Group since 2005 and is currently the general manager of IDS. He is responsible for business and project development of IDS. Mr. Sven has over 24 years of management experience in the development and quality control of digital television technologies.

Mr. Tsai Li Che, aged 47, is the general Manager of China Region, Sandmartin (Zhong Shan) Electronic Co., Ltd. He joined the Group in December 2001 and is currently the general manager of China Region of Sandmartin (Zhong Shan) Electronic Co., Ltd. He is responsible for the operation of multimedia business in China region. Mr. Tsai graduated from Murdoch University with a bachelor degree of information technology. He has 23 years of experience in technology development and management and the relevant sales business in the field of international trade of multimedia.

Business address of the Directors and senior management

The business address of the Directors and senior managers of the Group is the same as the Company's principal office in Hong Kong at Unit 516, 5th Floor, Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

Registered office:	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Head office and principal place of business in Hong Kong:	Unit 516, 5th Floor Peninsula Centre 67 Mody Road Tsim Sha Tsui East Kowloon Hong Kong
Legal advisers to the Company in relation to the Rights Issue:	*As to Hong Kong law:* CLKW Lawyers LLP Room 1901A, 1902 & 1902A, 19/F, New World Tower 1 16-18 Queen's Road Central Central Hong Kong
Principal share registrar and transfer office:	Conyers Corporate Services (Bermuda) Limited Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Hong Kong branch share registrar and transfer office:	Boardroom Share Registrars (HK) Limited Room 2103B, 21st Floor 148 Electric Road North Point Hong Kong
Financial adviser to Company:	Yu Ming Investment Management Limited Room 1801, 18th Floor Allied Kajima Building 138 Gloucester Road Wanchai Hong Kong

Auditors and reporting accountants:	BDO Limited 25th Floor Wing On Centre 111 Connaught Road Central Hong Kong
Principal bankers:	CTBC Bank Co., Ltd. 1/F, No. 168 Jingmao 2nd Road Nangang District Taipei City 115, Taiwan R.O.C. China Guangfa Bank Co., Ltd. No. 713, Dongfengdong Road Yuexiu District, Guangzhou Guangdong, China Land Bank of Taiwan Co., Ltd. No.46, Guancian Rd. Jhongjheng District Taipei City 100007 Taiwan R.O.C.
Authorised representatives:	Mr. Hung Tsung Chin Unit 516, 5th Floor Peninsula Centre 67 Mody Road Tsim Sha Tsui East Kowloon Hong Kong Ms. Tung Wing Yee Winnie 31/F, 148 Electric Road North Point Hong Kong
Company Secretary:	Ms. Tung Wing Yee Winnie *(a fellow member of The Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of the CPA Australia)*
Placing agent:	Morton Securities Limited Room 1804-05, 18th Floor Allied Kajima Building 138 Gloucester Road Wanchai, Hong Kong

GENERAL

(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 material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group's business.

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.sandmartin.com.hk), the Stock Exchange (www.hkexnews.hk), from the date of this circular for at least 14 days and including the date of the SGM:

(i) the annual reports of the Company for each of the financial years ended 31 December 2022, 2023 and 2024;

(ii) the interim report of the Company for the six months ended 30 June 2025;

(iii) the letter from the Board, the text of which is set out on pages 14 to 47 of this circular;

(iv) the letter from the Independent Board Committee, the text of which is set out on pages 48 to 49 of this circular;

(v) the letter from the Independent Financial Adviser, the text of which is set out on pages 50 to 85 of this circular;

(vi) the report from BDO Limited on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;

(vii) the material contract referred to in the section headed "Material Contracts"; and

(viii) the written consents of the experts as referred to in the section headed "Experts and Consents".

Sandmartin International Holdings Limited
聖馬丁國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 482)

NOTICE IS HEREBY GIVEN THAT a special general meeting (the "**SGM**") of Sandmartin International Holdings Limited (the "**Company**") will be held at Industrial Zone No. 3, No. 16 Qianjin Erlu, Xin Qian Jin Village, Tanzhou Town, Zhongshan, Guangdong Province, the People's Republic of China at 3:00 p.m. on Monday, 23 March 2026 for the purpose of considering, if thought fit, passing with or without amendments, the following resolutions of the Company. Unless otherwise stated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 27 February 2026 (the "**Circular**"):

SPECIAL RESOLUTION

1. "**THAT** subject to and conditional upon: (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting the listing of, and permission to deal in, the Adjusted Shares (as defined below) arising from the Capital Reorganisation (as defined below); and (ii) where applicable, the compliance by the Company with section 46(2) of the Companies Act 1981 of Bermuda (the "**Companies Act**") and the Listing Rules to effect the Capital Reorganisation (as defined below), with effect from the second business day immediately following the day of passing of this resolution (the "**Effective Date**"):

   (a) every ten (10) issued and unissued ordinary shares of par value of HK$0.10 each (the "**Existing Share(s)**") in the share capital of the Company be consolidated into one (1) ordinary share of par value of HK$1.00 (the "**Consolidated Share(s)**") (the "**Share Consolidation**");

* *For identification purpose only*

(b) immediately following the Share Consolidation becoming effective, the issued share capital of the Company be reduced by (a) rounding down the total number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (b) cancelling the paid-up share capital of the Company to the extent of HK$0.90 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK$1.00 to HK$0.10 (the "**Capital Reduction**") and the credit arising from the Capital Reduction will be credited to the contributed surplus account of the Company within the meaning of the Companies Act (the "**Contributed Surplus Account**") for use by the directors of the Company (the "**Directors**") in any manner as permitted by applicable laws and the bye-laws of the Company in effect from time to time without further authorisation from the shareholders of the Company and all such actions in relation thereto be approved, ratified and confirmed;

(c) immediately following the Capital Reduction becoming effective, each of the then authorised but unissued Consolidated Shares of par value of HK$1.00 each in the share capital of the Company be subdivided into ten (10) authorised but unissued shares of par value of HK$0.10 each in the share capital of the Company (the "**Adjusted Share(s)**") such that the authorised share capital of the Company will be HK$1,000,000,000 divided into 10,000,000,000 Adjusted Shares of par value of HK$0.10 each (the "**Share Subdivision**") immediately following the Share Subdivision becoming effective and such Adjusted Share(s) shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the bye-laws of the Company;

(d) the entire amount standing to the credit of the share premium account of the Company be reduced to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account (the "**Share Premium Reduction**", together with the Share Subdivision, Share Consolidation and the Capital Reduction, the "**Capital Reorganisation**");

(e) any one of the directors of the Company be and is hereby authorised to apply any credit balance of the Contributed Surplus Account to eliminate or to set off the accumulated losses of the Company as at the Effective Date and/or to apply the credit of the Contributed Surplus Account in such other manner as he/she considers appropriate as permitted by the bye-laws of the Company in effect from time to time and all applicable laws without further authorisation from the shareholders of the Company and all such actions in relation thereto be approved, confirmed and ratified; and

(f) any one of the directors of the Company be and is hereby authorised to do all such acts and things and execute and deliver all such documents, which are ancillary to the Capital Reorganisation, on behalf of the Company, including under common seal where applicable, as such director may consider necessary, desirable or expedient to carry out or give effect to any or all of the foregoing arrangements in respect of the Capital Reorganisation.''

ORDINARY RESOLUTION

2. ''**THAT** subject to and conditional upon the passing of the resolution numbered 1, and the fulfilment of all the conditions set out in the letter from the board under the heading ''Conditions of the Rights Issue'' in the circular of the Company dated 27 February 2026:

(a) the allotment and issue of up to 123,040,372 Adjusted Shares of HK$0.10 each (the ''**Rights Shares**'' and each a ''**Rights Share**'') pursuant to an offer by way of rights (the ''**Rights Issue**'') to the shareholders of the Company (the ''**Shareholders**'') at the subscription price of HK$0.75 per Rights Share (the ''**Subscription Price**'') on the basis of one (1) Rights Share for every one (1) Adjusted Share held by the Shareholders (''**Qualifying Shareholders**'') whose names appear on the register of members of the Company on 8 April 2026, or such other date as may be determined by the Company for determining entitlements of Shareholders to participate in the Rights Issue (the ''**Record Date**''), as described in further details in a circular issued by the Company dated 27 February 2026 (a copy of which has been produced to the SGM marked ''A'' and signed by the chairman of the SGM for the purpose of identification), save for the Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) to whom the directors of the Company (the ''**Directors**''), based on legal opinions to be provided by the legal advisers to the Company, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s) (''**Non-Qualifying Shareholders**''), and on and subject to such terms and conditions as may be determined by the Directors, be and is hereby approved, confirmed and ratified;

(b) the placing agreement dated 12 February 2026 (the "**Placing Agreement**") entered into between the Company and Morton Securities Limited (the "**Placing Agent**") in relation to the placing of those Rights Shares that are not successfully sold by the Company (the "**Unsubscribed Rights Shares**") and/or the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form (the "**NQS Rights Shares**") at the placing price of not less than the Subscription Price on a best effort basis (a copy of the Placing Agreement marked "B" has been produced to this SGM and initialed by the chairman of this SGM for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

(c) the board of Directors or a committee thereof be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the 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 Non-Qualifying Shareholders, and to do all such acts and things or make such arrangements as it considers necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and

(d) any one of the Directors be and is hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Rights Issue or the Placing Agreement, as such Director may consider necessary, desirable or expedient to implement or give effect to any matters in connection with the Rights Issue, the Placing Agreement and any transactions contemplated thereunder."

On behalf of the Board
Sandmartin International Holdings Limited
Kuo Jen Hao
Chairman

Hong Kong, 27 February 2026

Registered Office:
Clarendon House 2
Church Street
Hamilton HM 11, Bermuda

Principal Place of Business in Hong Kong:
Unit 516, 5/F., Peninsula Centre,
67 Mody Road
Tsim Sha Tsui East, Kowloon
Hong Kong

Notes:

(1) A member of the Company entitled to attend and vote at the SGM is entitled to appoint in written form one or, if he is the holder of two or more shares (the "**Shares**") of the Company, more than one proxy(ies) to attend and vote instead of him. A proxy need not be a member of the Company.

(2) In order to be valid, the instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised to sign the same, and must be delivered to the office of the Hong Kong branch share registrar and transfer office of the Company (the "**Hong Kong Share Registrar**"), Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the SGM (i.e. by 3:00 p.m. on Saturday, 21 March 2026) or any adjournment thereof.

(3) For determining the entitlement of the Shareholders to attend and vote at the SGM, the register of members will be closed from Tuesday, 17 March 2026 to Monday, 23 March 2026 (both days inclusive) during which period no transfer of shares will be registered. In order to be eligible for attending and voting at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Monday, 16 March 2026.

(4) Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting at the SGM or any adjournment thereof.

(5) In the case of joint holders of Share, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such Share as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting in person or by proxy, that one of the said persons so present whose names stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.

(6) If Typhoon Signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions after super typhoons" announced by the Government of Hong Kong is/are in effect any time after 10:00 a.m. on the date of the SGM, the meeting will be postponed. The Company will publish an announcement on the website of the Company at http://www.sandmartin.com.hk and on the website of the Stock Exchange at http://www.hkexnews.hk to notify Shareholders of the date, time and venue of the rescheduled meeting.

(7) In case of discrepancy between the English version and the Chinese version of this notice of the SGM, the English version shall prevail.

As at the date of this notice, the directors of the Company are:

Executive Directors
Mr. Hung Tsung Chin and Mr. Chen Wei Chun

Non-Executive Director
Mr. Kuo Jen Hao (Chairman)

Independent Non-Executive Directors
Mr. Wu Chia Ming, Ms. Chen Wei-Hui and Mr. Lu Ming-Shiuan