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

If you have sold or transferred all your shares in **Anchorstone Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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ANCHORSTONE

Anchorstone Holdings Limited
基石控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1592)

(1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; (3) CONNECTED TRANSACTION IN RELATION TO THE SET-OFF ARRANGEMENT; AND (4) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company

VEDA | CAPITAL
智略資本

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

軟庫中華 SBI China

Placing Agent

太陽證券有限公司
SUN SECURITIES LIMITED

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

A letter from the Board is set out on pages 11 to 34 of this circular. A letter from the Independent Board Committee is set out on page IBC-1 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages IFA-1 to IFA-35 of this circular.

The Rights Issue will proceed on a non-underwritten basis and there is no requirement for a minimum level of subscription. Subject to the fulfilment and/or waiver of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. It should be noted that the Shares will be dealt in on an ex-rights basis from Friday, 10 April 2026. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 23 April 2026 to Thursday, 30 April 2026 (both dates 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 Thursday, 23 April 2026 to Thursday, 30 April 2026 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the EGM to be held at 11:00 a.m. on Wednesday, 8 April 2026 at Room 1501, Delta House, 3 On Yiu Street, Shatin, Hong Kong is set out in the Notice of the EGM of this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to Tricor Investor Services Limited at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish.

16 March 2026

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

"AFRC"	the Accounting and Financial Reporting Council
"Announcement"	the announcement of the Company dated 14 January 2026 in relation to, among other things, the Increase in Authorised Share Capital, the Rights Issue and the Set-off Arrangement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the Board of Directors
"Business Day(s)"	a day (excluding Saturday and Sunday and any day on which "extreme conditions" caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
"CCASS"	The Central Clearing and Settlement System established and operated by HKSCC
"Company"	Anchorstone Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued share are listed on Stock Exchange (stock code: 1592)
"Compensatory Arrangements"	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the section headed "Procedures in respect of the Unsubscribed Rights Shares and the Excluded Unsold Rights Shares and the Compensatory Arrangements"
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Deed of Set-Off"	the deed of set-off dated 14 January 2026 entered between the Company and Mr. Lui in relation to the Rights Issue
"Director(s)"	director(s) of the Company

"EGM"	an extraordinary general meeting of the Company to be held and convened to consider and approve the Increase in Authorised Share Capital, the Rights Issue and the Set off Arrangement
"Excluded Shareholder(s)"	the Overseas Shareholder(s) whom the Board, after making enquiries regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange, considers it necessary or expedient not to offer the Rights Shares to them
"Excluded Unsold Rights Share(s)"	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholders (if any) in nil-paid form that has/have not been sold by the Company
"General Rules of HKSCC"	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 HKSCC Operational Procedures
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Increase in Authorised Share Capital"	the proposed increase in the Company's authorised share capital from HK$50,000,000 divided into 500,000,000 Shares to HK$400,000,000 divided into 4,000,000,000 Shares by creating an additional 3,500,000,000 unissued Shares
"Independent Board Committee"	the independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the Listing Rules to advise the Independent Shareholders in respect of the Rights Issue and the Set-off Arrangement

"Independent Financial Adviser"	SBI China Capital Hong Kong Securities Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders on the terms of the Rights Issue and the Set-off Arrangement
"Independent Shareholder(s)"	the Shareholder(s) other than Mr. Lui
"Independent Third Party(ies)"	any persons or company and their respective ultimate beneficial owner(s) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquires, are third parties independent of and not connected with the Company and its connected persons
"Last Trading Day"	14 January 2026 being the last trading day of the Shares on the Stock Exchange prior to the publication of the Announcement
"Latest Placing Time"	6:00 p.m. on Thursday, 21 May 2026 or such later time and date as the Company and the Placing Agent may agree in writing, being the latest time to place the Placing Shares
"Latest Practicable Date"	11 March 2026, being the latest practicable date prior to the printing of this circular
"Latest Time for Acceptance"	4:00 p.m. on Wednesday, 6 May 2026 (or such other time and date as may be determined by the Company), being the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares
"Latest Time for Termination"	6:00 p.m. on Tuesday, 26 May 2026 (or such other time and date as may be determined by the Company), being the latest time for termination of the Placing Agreement
"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
"Mr. Lui"	Mr. Lui Yue Yun Gary, the shareholder of 137,886,046 Shares, representing approximately 47.62% of the issued share capital of the Company as at the Latest Practicable Date

"Net Gain"	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and Excluded Unsold Rights Shares placed by the Placing Agent and/or its sub-placing agent(s) under the Placing Agreement) under the Compensatory Arrangements
"No Action Shareholders"	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renouncees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, and/or the Excluded Shareholders (if any)
"Overseas Shareholder(s)"	the Shareholder(s) with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
"PAL(s)"	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
"Placing"	the offer by way of private placing of the Unsubscribed Rights Shares and Excluded Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall not be Shareholder(s) and shall be Independent Third Party(ies), to the independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
"Placing Agent"	Sun Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) regulated activities under the SFO
"Placing Agreement"	the placing agreement dated 14 January 2026 entered into between the Company and the Placing Agent in relation to the Placing
"Placing Period"	a period commencing from Thursday, 14 May 2026, and ending at the 6:00 p.m. on Thursday, 21 May 2026
"Placing Shares"	the Unsubscribed Rights Shares and the Excluded Unsold Rights Shares to be placed by the Placing Agent under the Placing Agreement

"Posting Date"	the date of despatch of the Prospectus Documents to the Qualifying Shareholders, and the Prospectus (for information only) to the Excluded Shareholders (as the case may be)
"PRC"	the People's Republic of China which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
"Prospectus Documents"	collectively, the Prospectus and PAL(s)
"Qualifying Shareholder(s)"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
"Record Date"	Monday, 20 April 2026 or such other date as may be determined by the Company, being the date for determining entitlements of Shareholders to participate in the Rights Issue
"Rights Issue"	the proposed issue of the Rights Shares by way of rights on the basis of four (4) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents
"Rights Share(s)"	the new Shares proposed to be allotted and issued by the Company pursuant to the Rights Issue
"Set-off"	the arrangement to set-off approximately HK$57.9 million, being the amount required to be paid by Mr. Lui for the subscription of 551,544,184 Rights Shares provisionally allotted to him pursuant to the Rights Issue against the Shareholder's Loans
"Set-off Arrangement"	the arrangement to set-off the amount required to be paid by Mr. Lui pursuant to the Rights Issue against the Shareholder's Loans to the Deed of Set-Off
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share Registrar"	Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong

"Share(s)"	ordinary share(s) of par value HK$0.10 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholder's Loans"	the unsecured shareholder's loans provided by Mr. Lui to the Group bearing interest at 5% per annum, the outstanding principal amount and accrued interest of which amounted to approximately HK$71 million as at the Latest Practicable Date
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Subscription Price"	HK$0.105 per Rights Share
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Undertaking"	the irrevocable undertaking given by Mr. Lui in favour of the Company in relation to the proposed Rights Issue
"Unsubscribed Rights Shares"	Rights Shares that are not subscribed by the Qualifying Shareholders
"%"	per cent

The expected timetable for the Rights Issue is set out below. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates.

Event	**Time and date in 2026**
Latest time for lodging transfer documents to qualify for attendance and voting at the EGM	4:30 p.m. on Friday, 27 March
Closure of register of members of the Company for attending and voting at the EGM (both dates inclusive)	Monday, 30 March to Wednesday, 8 April
Latest time for lodging forms of proxy for the purpose of the EGM	11:00 a.m. on Monday, 6 April
Record date for determining attendance and voting at the EGM	Wednesday, 8 April
Expected date and time of the EGM	11:00 a.m. on Wednesday, 8 April
Announcement of poll results of the EGM	Wednesday, 8 April
Effective date of the Increased in Authorized Share Capital	Thursday, 9 April
Register of members of the Company re-opens	Thursday, 9 April
Last day of dealing in the Shares on a cum-rights basis	Thursday, 9 April
First day of dealing in the Shares on an ex-rights basis	Friday, 10 April
Latest time for the Shareholders to lodge transfer documents to Shares in order to qualify for the Rights Issue	4:30 p.m. on Monday, 13 April
Closure of the register of members to determine the entitlements to the Rights Issue (both dates inclusive)	Tuesday, 14 April to Monday, 20 April
Record Date for determining entitlements to the Rights Issue	Monday, 20 April

Event	Time and date in 2026
Re-opening of the register of members of the Company	Tuesday, 21 April
Despatch of Prospectus Documents (in the case of Excluded Shareholders, the Prospectus only)	Tuesday, 21 April
First day of dealing in nil-paid Rights Shares	Thursday, 23 April
Latest time for splitting of the PAL	4:30 p.m. on Monday, 27 April
Last day of dealings in nil-paid Rights Shares	Thursday, 30 April
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain	4:00 p.m. on Wednesday, 6 May
Latest Time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Wednesday, 6 May
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements	Wednesday, 13 May
Commencement of placing of Unsubscribed Rights Shares by the Placing Agent	Thursday, 14 May
Latest time of placing of the Unsubscribed Rights Shares by the Placing Agent	6:00 p.m. on Thursday, 21 May
Latest time for the Rights Issue and the Placing Agreement to become unconditional	6:00 p.m. on Tuesday, 26 May
Announcement of results of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company	Tuesday, 2 June
Despatch of share certificates of fully-paid Rights Shares and completion of Unsubscribed Rights Share Placing to take place	Wednesday, 3 June
Despatch of refund cheques, if any, if the Rights Issue is terminated	Wednesday, 3 June

Event	Time and date in 2026
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Thursday, 4 June
Payment of Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholders (if any)	Thursday, 11 June

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

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

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

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

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

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

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

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Listing Committee granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed "Conditions of the Rights Issue" under the section headed "Proposed Rights Issue" in the Letter from the Board.

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

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and the results of the Placing. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders and the Placing Shares not placed under the Placing Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Anchorstone Holdings Limited
基石控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1592)

Executive Directors:
Mr. Lui Yue Yun Gary *(Chairman)*
Ms. Lui Natalie Po Wai

Independent non-executive Directors:
Mr. Ko Tsz Kin
Mr. Wong Yue Fai
Prof. Jiang Zhihong

Registered Office:
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PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
Unit 1501–02,
15/F., Delta House,
No. 3 On Yiu Street,
Shatin,
New Territories,
Hong Kong

16 March 2026

To the Shareholders

Dear Sir/Madam,

(1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; (3) CONNECTED TRANSACTION IN RELATION TO THE SET-OFF ARRANGEMENT; AND (4) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Increase in Authorised Share Capital, the Rights Issue and the Set-off Arrangement.

The purpose of this circular is to provide you with, among other things, (i) further information regarding the Increase in Authorised Share Capital, the Rights Issue and the Set-off Arrangement; (ii) a letter of recommendation from the Independent Board Committee in respect of the Rights Issue and the Set-off Arrangement; (iii) a letter of advice from the

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Set-off Arrangement; (iv) other information required under the Listing Rules; and (v) a notice convening the EGM.

2. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to seek the approval by way of ordinary resolution at the EGM by the Shareholders of an increase in its authorised share capital from HK$50,000,000 divided into 500,000,000 Shares to HK$400,000,000 divided into 4,000,000,000 Shares by creating an additional 3,500,000,000 unissued Shares. All such Shares shall rank *pari passu* in all respects.

Subject to the passing of an ordinary resolution by the Shareholders at the EGM to approve the Increase in Authorised Share Capital, the Increase in Authorised Share Capital will become effective from the first business day immediately following the EGM. As at the Latest Practicable Date, such condition has not been fulfilled.

3. PROPOSED RIGHTS ISSUE

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

Issue Statistics

Basis of the Rights Issue:	Four (4) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date
Subscription Price:	HK$0.105 per Rights Share
Number of Shares in issue:	289,555,281 Shares
Number of Rights Shares:	Up to 1,158,221,124 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares:	Up to HK$115,822,112.40 (assuming no change in the share capital of the Company on or before the Record Date)
Number of Shares as enlarged by the allotment and issue of the Rights Shares:	Up to 1,447,776,405 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued)

Number of Rights Shares being undertaken by Mr. Lui:	Up to 551,544,184 Rights Shares (the actual amount of Rights Shares to be taken up by Mr. Lui will depend on the level of subscription taken up by the Qualifying Shareholders and the results of the Placing such that it will not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code immediately after completion of the Rights Issue)
Gross proceeds to be raised from the Rights Issue:	Up to approximately HK$121.6 million before the expenses and the Set-off Arrangement

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

Assuming no change in the number of Shares in issue on or before the Record Date, 1,158,221,124 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 400% of the total number of issued Shares as at the Latest Practicable Date; and (ii) 80% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

The Undertaking

As at the Latest Practicable Date, Mr. Lui is beneficially interested in an aggregate of 137,886,046 Shares, representing approximately 47.62% of the issued share capital of the Company.

On 14 January 2026, Mr. Lui has given the Undertaking in favour of the Company, that (i) he will not dispose of any of the 137,886,046 Shares comprising the current shareholding in the Company beneficially owned by himself, and such Shares will remain beneficially owned by him up to and including the Record Date; (ii) he will lodge his acceptance of the 551,544,184 Rights Shares, which will be the number of Rights Shares provisionally allotted to him in nil-paid form under the Rights Issue, with the Share Registrar or the Company, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents; and (iii) pursuant to the note of Rule 7.19(5)(b) of the Listing Rules, when the rights issue is not fully underwritten and on the basis that if the issue is not fully taken up, the application of the Shareholder for his/her/its assured entitlement under the Rights Issue can be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code, he consents that, in the event of an under-subscription of the Rights Issue, the Company has power and authority to scale down Mr. Lui's assured entitlement under the Rights issue to a level which does not trigger an obligation to make a general offer under the Takeovers Code immediately after completion of the Rights Issue.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares and Excluded Unsold Rights Shares will be placed to independent placees on a best effort basis by the Placing Agent under the Compensatory Arrangements. Any Unsubscribed Rights Shares and Excluded Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

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

Subscription Price

The Subscription Price is HK$0.105 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 33.12% to the closing price of HK$0.157 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 30.00% to the closing price of HK$0.150 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 28.57% to the average of the closing prices of approximately HK$0.147 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day;

(iv) a discount of approximately 7.89% to the theoretical ex-rights price of HK$0.114 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK$0.150 per Share as quoted on the Stock Exchange on the Last Trading Day;

(v) a premium of approximately HK$0.322 to the unaudited consolidated net deficit per Share of approximately HK$0.217 (based on the latest published unaudited consolidated net deficit of approximately HK$62,731,000 as at 30 June 2025 and the total number of issued Shares as at the Latest Practicable Date); and

(vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 24.00% represented by the theoretical diluted price of approximately HK$0.114 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK$0.150 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the Last Trading Day of approximately HK$0.147 per Share) of approximately HK$0.150 per Share.

The net Subscription Price per Rights Share (after deducting the relevant expenses) will be approximately HK$0.104 per Right Share.

The Subscription Price was determined with reference to, among others, (i) the market price of the Shares under the prevailing market conditions and the relevant discount to the closing prices; (ii) the prevailing market conditions of the capital market in Hong Kong; (iii) the latest business performance and financial position of the Group; and (iv) the reasons for the Rights Issue as discussed in the section headed ''Reasons for the Rights Issue and the Set-off Arrangement'' in this letter.

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

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must:

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

(ii) not an Excluded Shareholder.

In order to be registered as members of the Company on the Record Date, transfer documents (together with the relevant share certificates) must be lodged with the Share Registrar no later than 4:30 p.m. on Monday, 13 April 2026.

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

Rights of Overseas Shareholders

As at the Latest Practicable Date, there are 6 Overseas Shareholders in the PRC holding an aggregated number of 1,260,000 Shares, representing approximately 0.43% of the issued share capital of the Company.

The Prospectus will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders, if any, may not be eligible to take part in the Rights Issue. The Company will send the Prospectus (without the PAL) to the Excluded Shareholders for their information only. For the avoidance of doubt, the Overseas Shareholders, if any, are entitled to attend and vote at the EGM.

The Company notes the requirements specified in the notes to Rule 13.36(2)(a) of the Listing Rules, and has made enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders present on the Record Date. The Company has been advised by its legal advisers in the PRC that, under the applicable legislations of the PRC, there is (i) no legal restriction or requirement of any regulatory body or stock exchange with respect to extending the Rights Issue to the Overseas Shareholders in the PRC; and (ii) in relation to the Rights Issue, there is no requirement under the relevant applicable legislations of the PRC requiring the prior approval and or registration of the Prospectus with the relevant regulatory authorities under the applicable laws of the PRC. Accordingly, the Rights Issue will be extended to such Overseas Shareholders in the PRC and there are no Excluded Shareholders for the Rights Issue as at the Latest Practicable Date. Save for the aforesaid Overseas Shareholders, all Shareholders on the Company's register of members as at the Latest Practicable Date have Hong Kong registered addresses.

The Company will continue to ascertain whether there are any other Overseas Shareholders (other than the aforesaid) as at the Record Date and, if applicable, will make further enquiries with legal advisers in other overseas jurisdictions regarding the feasibility of extending the Rights Issue to such Overseas Shareholder (if any) as at the Record Date.

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

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Company pursuant to 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 or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 14 April 2026 to Monday, 20 April 2026 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

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

Basis of provisional allotment

The basis of the provisional allotment shall be four (4) Rights Shares for every one (1) existing Share in issue and held by the Qualifying Shareholders on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

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

No fractional entitlements to the Rights Shares

On the basis of provisional allotment of four (4) Rights Shares for every one (1) existing Share held, no fractional entitlement to Rights Shares shall arise.

Status of the Rights Shares

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

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Wednesday, 3 June 2026. Those entitled, except HKSCC Nominees Limited, will receive one share certificate for all the Rights Shares in

fully-paid form, allotted and issued thereto. Refund cheques are expected to be posted on or before Wednesday, 3 June 2026 by ordinary post, at the respective Shareholders' own risk, to their registered addresses if the Rights Issue is terminated.

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

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and Excluded Unsold Rights Shares by offering the Unsubscribed Rights Shares and Excluded Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 14 January 2026 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and Excluded Unsold Rights Shares to the independent placees on a best effort basis.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and Excluded Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis.

The Placing Agent will, on a best effort basis, procure, by not later than 6:00 p.m. on Thursday, 21 May 2026, subscribers for all (or as many as possible) of those Unsubscribed Rights Shares and Excluded Unsold Rights Shares. Any Unsubscribed Rights Shares and Excluded Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

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

B. the relevant Excluded Shareholders with reference to their shareholdings in the Company on the Record Date.

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

Placing Agreement for the Unsubscribed Rights Shares and Excluded Unsold Rights Shares

Principal terms of the Placing Agreement are summarised as follows:

Date:	14 January 2026 (after trading hours of the Stock Exchange)
Issuer:	The Company
Placing Agent:	Sun Securities Limited, a corporation licensed to engage in type 1 (dealing in securities) regulated activity under the SFO The Placing Agent confirms that it and its ultimate beneficial owner(s) are Independent Third Parties
Placing Period:	The period commencing from Thursday, 14 May 2026 and ending at 6:00 p.m. on Thursday, 21 May 2026.
Commission:	Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong Dollars, of 1.25% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and Excluded Unsold Rights Shares that have been successfully placed by the Placing Agent and/or its sub-placing agent(s) pursuant to the terms of the Placing Agreement. Assuming, save for Mr. Lui, none of the Qualifying Shareholders has taken up their entitled Rights Shares and all Unsubscribed Rights Shares and the Excluded Unsold Rights Shares have been placed by the Placed Agent, the total placing commission will be approximately HK$0.796 million in cash to be deducted from the gross proceeds of the Rights Issue.
Placing price of the Unsubscribed Rights Shares and Excluded Unsold Rights Shares:	The placing price of the Unsubscribed Rights Shares and Excluded Unsold Rights Shares shall be not less than the Subscription Price. The final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares and Excluded Unsold Rights Shares during the process of placement.

Placees:

The Unsubscribed Rights Shares and Excluded Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and none of the placees shall be a party acting in concert (as defined in the Takeovers Code) with any of them or other placees.

The Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

Ranking:

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

(i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;

(ii) the passing of all necessary resolutions to be proposed at the EGM to be convened to consider and, approve, among others, the Increase in Authorised Share Capital and the Rights Issue and the respective transactions contemplated thereunder;

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

(iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion of the Placing Agreement; and

(v) the Placing Agreement not having been terminated accordance with the provisions thereof.

Save for condition (iv) which may be waived by either party by notice in writing to the other party, none of the above conditions is capable of being waived.

In the event that the above condition precedents have not been fulfilled or waived (as the case may be) on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination.

Termination:

Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Unsubscribed Rights Shares and the Excluded Unsold Rights Shares or otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

(a) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industry, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or

(b) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolution opinion, would affect the success of the Placing; or

(c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or

(d) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or

(e) any breach of any of the representations and warranties given by the Company as set out in the Placing Agreement having come to the knowledge of the Placing Agent or any event having occurred or any matter having arisen on or after the date of the Placing Agreement and prior to the completion of the Rights Issue which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or

(f) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

(a) the passing of all the necessary resolution(s) at the EGM to be convened to consider and, approve, among others, the Increase in Authorised Share Capital, the Rights Issue and the respective transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Shareholders or the Independent Shareholders (as the case may be);

(b) the Increase in Authorised Share Capital having become effective;

(c) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of the Prospectus Documents each duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolutions of the Directors (and all other documents required to be attached hereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date;

(d) the Prospectus Documents are made available to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date;

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

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

(g) compliance with the requirements under the applicable laws and regulations of Hong Kong.

All conditions set out above cannot be waived by any party. If any of the above conditions is not satisfied at or prior to the respective time stipulated therein, the Rights Issue will not proceed.

As at the Latest Practicable Date, save for conditions (f) and (g), all the other conditions have not been fulfilled.

Application for listing of the Rights Shares and the Placing Shares

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

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

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

There will be no odd lot matching arrangement for the Rights Shares in their nil-paid or fully paid form and the Placing Shares.

Stamp duty and other applicable fees

Dealing in the Rights Shares in both their nil-paid and fully-paid forms and the Placing Shares which are registered in the register of members of the Company in Hong Kong will be in the board lots of 10,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

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

THE SET-OFF ARRANGEMENT

The Shareholder's Loans have been provided by Mr. Lui to the Group from time to time since 2020 to finance the Group's general working capital requirements. The Shareholder's Loans are unsecured and bear interest of 5% per annum. Having considered that (i) the Group was not required to provide any collateral for the Shareholder's Loans, and (ii) the interest rate of the Shareholder's Loans is significantly lower as compared to the interest rates offered by banks in Hong Kong which range between approximately 7% to 9% per annum, the Directors consider the terms of the Shareholder's Loans to be on normal commercial terms or better to the Company.

As at the Latest Practicable Date, the Company was indebted to Mr. Lui in an aggregate amount of approximately HK$71 million (including principal of approximately HK$60.35 million and accrued interest of approximately HK$10.70 million) under the Shareholder's Loans which are due on 31 December 2027, providing an extended and favorable repayment period that takes into account the Group's limited cash resources. Notwithstanding the extension of the repayment due date, and having regard to the background of the Shareholder's Loans, the Board considers that (i) the subscription monies represent repayment of indebtedness owed by the Company to Mr. Lui; (ii) the Set-off Arrangement, being an alternative method of discharging such indebtedness, does not constitute preferential treatment to Mr. Lui over other Qualifying Shareholders; and (iii) it effectively settles the Group's overdue debt without cash outflow while at the same time alleviating the continuing interest burden of 5% per annum on the Shareholder's Loans. Accordingly, the Board considers that the Set-off Arrangement is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Pursuant to the Undertaking, Mr. Lui conditionally agreed to the Set-off whereby approximately HK$57.9 million required to be paid by Mr. Lui for the subscription of 551,544,184 Rights Shares provisionally allotted to him pursuant to the Rights Issue would be set-off against the Shareholder's Loans on a dollar-for dollar basis. However, if the relevant resolution in respect of the Set-off Arrangement is not approved at the EGM, the Company was given to understand that Mr. Lui will satisfy the subscription monies from his internal resources.

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

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

			Immediately after completion of the Rights Issue and the Placing					
	As at the Latest Practicable Date		Assuming all Qualifying Shareholders have taken up the Rights Shares		Assuming no Qualifying Shareholders (except Mr. Lui pursuant to the Undertaking) had taken up their Rights Shares entitlement and all the Placing Shares have been placed		Assuming no Qualifying Shareholders (except Mr. Lui pursuant to the Undertaking) had taken up their Rights Shares entitlement after adjustment to number of Rights Shares offered to Mr. Lui *(Note 1)*	
	No. of Shares	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*
Mr. Lui	137,886,046	47.62	689,430,230	47.62	689,430,230	47.62	149,376,046	49.62
Independent Shareholders	151,669,235	52.38	758,346,175	52.38	151,669,235	10.48	151,669,235	50.38
Independent placees	—	0.00	—	0.00	606,676,940	41.9	—	0.00
Total	289,555,281	10.00	1,447,776,405	100.00	1,447,776,405	100.00	301,045,281	100.00

Note: In the event of an under-subscription of the Rights Issue, pursuant to the note of Rule 7.19(5)(b) of the Listing Rules, which sets out that an issuer may provide for shareholders to apply on the basis that, if the issue is not fully taken up, their application can be "scaled" down to a level which does not trigger an obligation to make a general offer after completion of the Rights Issue and the Placing (i.e. Mr. Lui's shareholding cannot be increased by more than 2% immediately after the completion of the Rights Issue).

The Shareholders and the public investors of the Company should note that the above shareholding changes are for illustrative purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue and the Placing are subject to various factors, including the results of the acceptance of the Rights Issue. The public float requirements under the Rule 8.08 of the Listing Rules shall be maintained by the Company at all times, and the Company will take all appropriate steps to ensure that sufficient public float shall be at all times in compliance with Rule 8.08(1) of the Listing Rules.

USE OF PROCEEDS

Assuming full subscription under the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date), the gross proceeds from the Rights Issue will be approximately HK$121.6 million. After the Set-off Arrangement and deducting the related expenses, the estimated net proceeds from the Rights Issue will be further reduced to approximately HK$61.8 million to approximately HK$62.6 million (subject to actual number of Unsubscribed Rights Shares for Placing).

Assuming full subscription under the Rights Issue and that there will be no Unsubscribed Rights Shares for Placing, the Company intends to utilize the net proceeds from the Rights Issue of approximately HK$62.6 million for the followings:

(a) as to approximately HK$41.8 million will be used for repayment of overdue bank loans and the interests incurred therefrom;

(b) as to approximately HK$20.3 million will be used for repayment of the outstanding trade and other payables; and

(c) as to the remaining of approximately HK$0.5 million will be used as general working capital of the Group, including day-to-day salaries, office administrative overheads and selling and distribution expenses.

Given that the Rights Issue is non-underwritten and will proceed regardless of the level of subscription, the following table illustrated different application of the net proceeds from the Rights Issue by subscription levels.

Table — Proceeds application by subscription levels (for illustrative purposes only)

Rights Issue and Placing							
Shares to Mr. Lui	Shares to other Shareholders	Unsubscribed Rights Shares to Placees	Set-off Arrangement	Expected cash received by the Company	Repayment of Bank Loans	Repayment of Trade/Other Payables	Working Capital
Shares	*Shares*	*Shares*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
All Shareholders subscribing for his/her/its Rights Shares							
551,544,184	606,676,940	—	57.9	62.6	41.8	20.3	0.5
No Shareholders (except Mr. Lui) subscribing for Rights Shares but assuming all the Unsubscribed Rights Shares are placed successfully							
551,544,184	—	606,676,940	57.9	61.8	41.8	20.0	—
No Shareholder subscribing for Rights Shares but assuming 25% of the Unsubscribed Rights Shares are placed successfully and Mr. Lui's entitlement of Rights Shares has to be scaled down							
160,871,954	—	151,669,235	16.9	14.7	14.7	—	—
No Shareholder subscribing for Rights Shares and assuming all the Unsubscribed Rights Shares cannot be placed so Mr. Lui's entitlement of Rights Shares has to be scaled down							
11,490,000	—	—	1.2	1.2	—	—	—

As illustrated in the table above, should the Rights Issue be undersubscribed with low or minimal public take-up by Qualifying Shareholders, (i) Mr. Lui's entitlement to the Rights Shares pursuant to the Undertaking (by way of set-off) will be scaled down as described below; and (ii) the net proceeds will be correspondingly reduced, with the Company intending to prioritize to their use for repayment of overdue bank loans, and followed by settlement of outstanding trade and other payables. With reference to the table ''Proceeds application by subscription levels'' above,

— in the event that all or most of the Placing Shares are successfully placed, and Mr. Lui subscribes for up to 551,544,184 Rights Shares, the subscription monies payable of Mr. Lui under the Rights Issue, being approximately HK$57.9 million, will be set-off in full against the Shareholder's Loans on a dollar-to-dollar basis. The remaining net proceeds of up to approximately HK$62.6 million (subject to the actual results of the Placing) generated via the Placing, will be applied first towards the repayment of the Group's overdue bank loans, which comprise both outstanding principal and accrued interest (amounts due to Hang Seng Bank of approximately HK$40.8 million (including principal of approximately HK$28.8 million and accrued interest of approximately HK$12.0 million); and amounts due to Chong Hing Bank of approximately HK$4.2 million (including principal of approximately HK$2.5 million and accrued interest of approximately HK$1.7 million)) and remaining proceeds (if any) are expected to be utilized to the Group's outstanding trade and other payables.

— in the event that only a reduced number of or nil Placing Shares are placed, the Company will scale down the number of Rights Shares applied by Mr. Lui's under the Rights Issue, in accordance with note to Rule 7.19(5)(b) of the Listing Rules, to a level that will not trigger an obligation to make a general offer after completion of the Rights Issue and the Placing (i.e. Mr. Lui's shareholding cannot be increased by more than 2% immediately after the completion of the Rights Issue), which means that Mr. Lui's subscription will be reduced as necessary so that, after taking into account (i) all Rights Shares actually taken up by other Shareholders and placees; and (ii) Mr. Lui's own assured entitlement he has applied for, his final shareholding will be capped at a level that does not trigger a mandatory general offer obligation under the Takeovers Code. The Company, if and when necessary, will adjust the number of Rights Shares to be allotted to Mr. Lui under the Rights Issue after receiving the results of the Rights Issue and the Placing to ensure that Mr. Lui's post-completion percentage shareholding remains below the relevant mandatory offer threshold, in accordance with note to Rule 7.19(5)(b) of the Listing Rules. As illustrated in the last column of the shareholding table of the Company set out above, on the theoretical basis that no Placing Shares are placed, the maximum number of Rights Shares to be allotted and issued to Mr. Lui will be scaled down to 11,490,000 Rights Shares, and approximately HK$1.2 million will be set-off against the Shareholder's Loans on a dollar-to-dollar basis. Additionally, should there is an under-subscription of the Rights Issue other than those under the Undertakings and after adjustments to number of Rights Shares offered to Mr. Lui, after the Set-off Arrangement there will be no proceeds from the Rights Issue.

Having considered that the Rights Issue provides an opportunity for all Qualifying Shareholders to subscribe for their entitlements and that the relevant net proceeds are expected to improve the Group's financial position, and further offering the Group that, even if the level of public subscription is low, the outstanding balance of the Shareholder's Loans will still be partially reduced, the Board is of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

As disclosed in the annual report for the year ended 31 December 2024, the Group recorded a net loss of approximately HK$86 million. As disclosed in the interim report for the six months ended 30 June 2025, the Group recorded a net loss attributable to owners of the Company of approximately HK$8.7 million. The Group recorded total deficit of approximately HK$54 million as at 31 December 2024 and total deficit of approximately 62 million as at 30 June 2025. As at 31 December 2024 and 30 June 2025, the Group had cash and cash balances of approximately HK$308,000 and HK$628,000 respectively. As such, taking into account (i) the current financial position of the Group; and (ii) the intended use of proceeds for the future development of the Group set out above, the Directors considered that the Group has an urgent funding need in raising additional cash and strengthen the financial position as well as liquidity of the Group through the Rights Issue. For other factors considered by the Directors in other fund raising alternatives, please refer to the "Reasons for the Rights Issue and the Set-off Arrangement" below.

REASONS FOR THE RIGHTS ISSUE AND THE SET-OFF ARRANGEMENT

The Group is principally engaged in the stone sales and supply and installation of marble products in Hong Kong, Macau and the PRC.

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

As for equity fund raising, such as sole placement of Shares, it is a common market practice to conduct such activity on a best-effort basis and accordingly the amount to be raised would be uncertain and subject to the then market conditions. In addition, for placement of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company. In addition, to raise fund from placing, substantial amount of securities must be issued and usually the subscriber(s) may ask for a relatively deeper discount to the trading price of the Shares in view of the substantial amount of securities involved.

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

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

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

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

FUND RAISING EXERCISE IN THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activities during the 12 months immediately preceding the date of the Announcement.

Date	Event	Net proceeds raised (approximately)	Proposed use of proceeds	Actual use of proceeds as at the Latest Practicable Date
19 September 2025	Issue of new Shares under general mandate	HK$11.78 million such fund has been deposited in the Company's bank accounts by the Company	— approximately HK$5.89 million for the repayment of bank loans	— approximately HK$2.67 million for the repayment of bank loans
			— approximately HK$2.94 million for the settlement of other debts and payables	— approximately HK$1.56 million for the settlement of other debts and payables
			— approximately HK$2.94 million for general working capital of the Group	— approximately HK$0.4 million for general working capital of the Group

Intended uses of the unutilized balance of the proceeds from the 2025 Proceeds

The Group had overdue bank loans and accrued interests of approximately HK$45.0 million as at 31 December 2025, comprising (i) approximately HK$40.8 million due to Hang Seng Bank; and (ii) approximately HK$4.2 million due to Chong Hing Bank. As illustrated in the table above, the Company intended to utilize HK$5.89 million from the 2025 Proceeds for the repayment of bank loans and it had applied approximately HK$2.67 million to repay these bank loans. The Company intends to utilize HK$3.22 million of the unutilized proceeds from the 2025 Proceeds to settle its overdue bank loan during March to April 2026. Upon completion of the Rights Issue, the Company intends to further apply approximately HK$41.8 million from the proceeds of the Rights Issue to settle the remaining overdue amounts of bank loans in June 2026.

The Group had outstanding trade and other payables of approximately HK$35.7 million as at 31 December 2025, comprising (i) approximately HK$24.7 million due to suppliers and subcontractors; (ii) approximately HK$6.0 million in accrued salaries and operating expenses; and (iii) approximately HK$5.0 million in accrued professional fees. As illustrated in the table above, the Company intended to utilize HK$2.94 million from the 2025 Proceeds for the settlement of other debts and payables and it had applied approximately HK$1.56 million to settle accrued professional fees, accrued salaries and accrued operating expenses. The Company intends to utilize approximately HK$0.79 million and approximately HK$0.59 million, totaling HK$1.38 million of the unutilized proceeds, from the 2025 Proceeds to settle its outstanding amounts due to suppliers and subcontractors 2026 and accrued salaries during March to April 2026, respectively. Upon completion of the Rights Issue, after the settlement of the Group's bank loans, the Company intends to further apply up to approximately HK$20.3 million from the proceeds of the Rights Issue (if any), to settle its outstanding debts in June 2026.

The Company intended to utilize HK$2.94 million from the 2025 Proceeds as general working capital of the Group. As at the Latest Practicable Date, the Company had utilized approximately HK$0.4 million, and approximately HK$2.54 million will continue to be utilized as general working capital of the Group. Should there be any unutilized proceeds from the Rights Issue after the repayment of the Group's outstanding bank loans and other debts and payables as described in the paragraphs above, the Company intends to apply around HK$0.5 million for general working capital of the Group upon completion of the Rights Issue.

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

LISTING RULES IMPLICATIONS

Increase in authorized share capital

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution on the Increase in Authorised Share Capital at the EGM.

Rights Issue and the Set-off Arrangement

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

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

As Mr. Lui is a controlling Shareholder holding 137,886,046 Shares, representing approximately 47.62% of the issued share capital of the Company as at the Latest Practicable Date, the Set-off Arrangement would constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are therefore subject to the reporting and announcement requirements and the approval of the Independent Shareholders at the EGM under the Listing Rules.

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Rights Issue and the Set-off Arrangement. The controlling shareholder of the Company, namely Mr. Lui and his associates will abstain from voting in favour of the resolution(s) to approve the Rights Issue and the Set-off Arrangement at the EGM.

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

Independent Board Committee and the Independent Financial Adviser

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ko Tsz Kin, Mr. Wong Yue Fai and Prof. Jiang Zhihong has been established to advise the Independent Shareholders as to (i) whether the terms of the Rights Issue and the Set-off Arrangement are fair and reasonable and in the interests of the Shareholders and the Company as a whole; and (ii) how to vote on the resolution(s) relating to the Rights Issue and the Set-off Arrangement.

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

THE EGM

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve (i) the Rights Issue; (ii) the Set-off Arrangement and (iii) the Increase in Authorised Share Capital, each in accordance with the Listing Rules.

DESPATCH OF PROSPECTUS DOCUMENT

Subject to the approval of the Rights Issue, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Posting Date. The Prospectus (without the PAL) and a letter to the Excluded Shareholders (if any) explaining the circumstances in which they are not permitted to participate in the Rights Issue will be despatched to the Excluded Shareholders (if any) for their information only also on the Posting Date.

ADDITIONAL INFORMATION

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

By order of the Board
Anchorstone Holdings Limited
Lui Yue Yun Gary
Chairman and Executive Director

Anchorstone Holdings Limited
基石控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1592)

16 March 2026

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND CONNECTED TRANSACTION IN RELATION TO THE SET-OFF ARRANGEMENT

We refer to the circular of the Company dated 16 March 2026 (the "**Circular**") of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

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

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

Yours faithfully,
The Independent Board Committee

Mr. Ko Tsz Kin	**Mr. Wong Yue Fai**	**Prof. Jiang Zhihong**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

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

軟庫中華 SBI China

16 March 2026

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

Dear Sir or Madam,

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND (2) CONNECTED TRANSACTION IN RELATION TO THE SET-OFF ARRANGEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Set-off Arrangement, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company to the Shareholders dated 16 March 2026 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The Rights Issue and the Undertaking

The Board proposes to implement the Rights Issue on the basis of four (4) Rights Shares for every one (1) existing Share held on the Record Date at the Subscription Price of HK$0.105 per Rights Share, to raise up to approximately HK$121.6 million before the Set-off Arrangement and expenses by way of issuing up to 1,158,221,124 Rights Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date). The estimated net proceeds of the Rights Issue (taking into account the effect of the Set-off and deducting the related expenses for the Rights Issue), will be approximately HK$62.6 million (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date and all Qualifying Shareholders taking up their respective entitlement under the Rights Issue in full). The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Excluded Shareholders. As at the Latest Practicable Date, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Unsubscribed Rights Shares and Excluded Unsold Rights Shares will be placed to independent placees on a best effort basis by the Placing Agent under the Compensatory Arrangements. Any Unsubscribed Rights Shares and Excluded Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

On 14 January 2026, Mr. Lui had given the Undertaking in favour of the Company, that (i) he will not dispose of any of the 137,886,046 Shares comprising the current shareholding in the Company beneficially owned by himself, and such Shares will remain beneficially owned by him up to and including the Record Date; (ii) he will lodge his acceptance of the 551,544,184 Rights Shares, which will be the number of Rights Shares provisionally allotted to him in nil-paid form under the Rights Issue, with the Share Registrar or the Company, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents; and (iii) pursuant to the note of Rule 7.19(5)(b) of the Listing Rules, when the rights issue is not fully underwritten and on the basis that if the issue is not fully taken up, the application of the Shareholder for his/her/its assured entitlement under the Rights Issue can be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code, he consents that, in the event of an under-subscription of the Rights Issue, the Company has power and authority to scale down Mr. Lui's assured entitlement under the Rights issue to a level which does not trigger an obligation to make a general offer under the Takeovers Code immediately after completion of the Rights Issue.

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

The Set-off Arrangement

As disclosed in the Letter from the Board, as at the Latest Practicable Date, the Company was indebted to Mr. Lui in an aggregate amount of approximately HK$71 million (including principal of approximately HK$60.35 million and accrued interest of approximately HK$10.70 million) under the Shareholder's Loans. Pursuant to the Undertaking, Mr. Lui conditionally agreed to the Set-off whereby approximately HK$57.9 million required to be paid by Mr. Lui for the subscription of 551,544,184 Rights Shares provisionally allotted to him pursuant to the Rights Issue would be set-off against the Shareholder's Loans on a dollar-for-dollar basis. However, if the relevant resolution in respect of the Set-off Arrangement is not approved at the EGM, the Company was given to understand that Mr. Lui will satisfy the subscription monies from his internal resources.

As at the Latest Practicable Date, Mr. Lui is a controlling Shareholder holding 137,886,046 Shares, representing approximately 47.62% of the issued share capital of the Company. The Set-off Arrangement would therefore constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting and announcement requirements and the approval of the Independent Shareholders at the EGM under the Listing Rules.

Mr. Lui and his associates will abstain from voting of the Rights Issue and the Set-off Arrangement at the EGM. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Lui and his associates, no other Shareholder is required or indicated his intention to abstain from voting in respect of the resolution(s) relating to the Rights Issue and the Set-off Arrangement at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ko Tsz Kin, Mr. Wong Yue Fai and Prof. Jiang Zhihong has been established to advise the Independent Shareholders as to (i) whether the terms of the Rights Issue and the Set-off Arrangement are fair and reasonable and in the interests of the Shareholders and the Company as a whole; and (ii) how to vote on the resolution(s) relating to the Rights Issue and the Set-off Arrangement.

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

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

In formulating our opinion, we have relied on the information and facts supplied and opinions expressed by the management of the Group. We have assumed that all information and representations provided by the management of the Group, for which they are solely responsible, were true and accurate at the time they were prepared or made and will continue to be so up to the Latest Practicable Date. Should there be any subsequent material changes which occurred during the period from the date of the Circular up to the date of the EGM and would affect or alter our opinion, we will notify the Independent Board Committee and the Independent Shareholders as soon as possible. We have no reason to doubt the truth, accuracy

or completeness of the information and representations made to us by the management of the Group. We have been advised that no material facts have been omitted from the information supplied and opinions expressed. As such, we have no reason to suspect that any relevant information has been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided by the management of the Group to us, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading.

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

(1) Background information of the Company

The Group is principally engaged in the stone sales and supply and installation of marble products in Hong Kong, Macau and the PRC.

Going concern

As disclosed in the 2025 Interim Report, due to the difficult operation environment in the past few years, most of the construction projects were delayed and thus the receivables collection cycle of the Group had unexpectedly procrastinated. As a result, the Group failed to repay certain bank borrowings (mainly trust receipt loans) by the due date since year 2020. On 13 January 2025, a subsidiary of the Group has received a letter from one of its banks requesting the immediate repayment of the outstanding principal bank borrowing balances of approximately HK$3,425,000 and the accrued interest thereon, along with termination of the respective banking facilities. The letter stated that legal action would be taken against the subsidiary of the Group if that subsidiary of the Group fails to settle the amount within three business days after the date of the letter. As at the Latest Practicable Date, the above bank borrowing has not yet been settled and no agreement has been reached with the bank.

As disclosed in the announcement of the Company dated 7 January 2026, a winding up petition dated 4 December 2025 was presented by Hang Chin Marble Engineering Limited against Pacific Marble and Granite Limited ("**PMG**"), an indirectly wholly owned subsidiary of the Company, on the ground that PMG is insolvent and unable to pay its debt.

In view of above, certain measures have been taken to mitigate the liquidity pressure and to improve the financial position of the Group, and in an effort to remediating the delayed payments to the relevant banks, which include, but are not limited to, the followings:

(i) the Group has actively negotiated with the relevant banks for extension of the overdue bank borrowings and to waive their rights arising from the events of default arising from overdue payments. For the bank borrowing which demanded for immediate repayment, the management of the Group is in discussion with the relevant banks for a feasible settlement plans and extension of repayment period. Having considered the long standing relationships with the relevant banks, the Directors believe that the Group will be able to form an agreement with relevant banks, especially the bank borrowing which demanded for immediately repayment on 13 January 2025;

(ii) the Group has implemented measure to accelerate the certification, billing and collection with customers for completed projects;

(iii) the Group is also in active negotiations with its customers to request for deposits before commencement of projects and its suppliers and sub-contractors to extend the settlement terms for its purchases;

(iv) the substantial shareholder, Mr. Lui who is also the chairman and an executive director of the Company, is willing to provide financial support to the Group when needed. Also, the Group obtained loans from its executive Directors for financial support. As at 31 December 2024, such loans amounted to approximately HK$11,206,000 (2024: approximately HK$11,621,000) are unsecured and repayable on 30 June 2026 and interest bearing ranged at 2% to 5% per annum;

(v) the Group continues to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its profitability and to improve the cash flow from its operation in future; and

(vi) the Group is actively looking for other sources of financing including any possible form of debt or equity financing to enhance the capital structure and reduce the overall financing expenses.

Financial performance

The following table summarises the financial performance of the Group for the two financial years ended 31 December 2023 ("**FY2023**") and 31 December 2024 ("**FY2024**") and the six months ended 30 June 2024 ("**6M2024**") and 30 June 2025 ("**6M2025**") as extracted from the annual report of the Company for the financial year ended 31 December 2024 ("**2024 Annual Report**") and the interim report of the Company for the six months ended 30 June 2025 ("**2025 Interim Report**"), respectively.

	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 from contracts with customers	27,866	17,634	58,514	77,199
Cost of sales	(25,376)	(14,646)	(43,130)	(53,250)
Gross profit	2,490	2,988	15,384	23,949
Gross profit margin	8.9%	16.9%	26.3%	31.0%
(Loss) for the period/ year	(8,725)	(8,522)	(86,372)	(40,449)

For the six months ended 30 June 2025

Revenue from contracts with customers amounted to approximately HK$27.9 million for 6M2025, representing an increase of approximately HK$10.3 million, or approximately 58.5%, as compared to approximately HK$17.6 million for 6M2024 mainly due to increase in revenue from supply and installation services. Revenue from supply and installation services increased by approximately HK$8.2 million, or 62.1%, from approximately HK$13.2 million for 6M2024 to approximately HK$21.4 million for 6M2025.

Gross profit decreased from approximately HK$3.0 million for 6M2024 to approximately HK$2.5 million for 6M2025, representing a decrease of approximately 0.5 million or 16.7%. Gross profit margin decreased from approximately 17.0% for 6M2024 to approximately 9.0% for 6M2025. The decrease in gross profit margin was mainly due to the difference in project mix and the impact of variation orders certified or confirmed.

Loss for the period increased from approximately HK$8.5 million 6M2024 to approximately HK$8.7 million for 6M2025 mainly due to increase in (i) impairment losses on contract assets of approximately HK$1.7 million; which is partially offset by decrease in administrative expenses of approximately HK$1.0 million and decrease in finance cost, net of approximately HK$0.9 million.

For the year ended 31 December 2024

Revenue from contracts with customers amounted to approximately HK$58.5 million for FY2024, representing a decrease of approximately HK$18.7 million, or approximately 24.2%, as compared to approximately HK$77.2 million for FY2023 mainly due to decrease in stone sales of approximately HK$27.4 million, or 52.0%; which is partially offset by increase in revenue from supply and installation service of approximately HK$8.7 million, or 35.5%. During FY2024, several large projects of the Group reached completion stage and the newly awarded large projects have not yet commenced operation.

Gross profit decreased from approximately HK$23.9 million for FY2023 to approximately HK$15.4 million for FY2024, representing a decrease of approximately 8.5 million or 35.6%. Gross profit margin decreased from approximately 31.0% for FY2023 to approximately 26.3% for FY2024. As advised by the management of the Group, the decrease in gross profit was mainly due to increase in cost of sales.

Loss for the year increased from approximately HK$40.4 million for FY2023 to approximately HK$86.4 million for FY2024, representing an increase in loss of approximately HK$46.0 million, or 113.9%. The increase in loss for the year was mainly attributable to (i) decrease in gross profit of approximately HK$8.5 million as mentioned above; and (ii) increase in impairment losses under expected credit losses model, net of reversal, of contract assets, trade and retention receivables and other receivables of approximately HK$41.8 million; which was partially offset by decrease in administrative expenses of approximately HK$3.9 million. As mentioned in the 2024 Annual Report, the increase in impairment losses was mainly based on the reassessment result of the project status and the increasing risk of bad debts due to the current economic downturn and the industry factors.

Financial position

	For the six months ended 30 June 2025	**For the year ended 31 December 2024**	**31 December 2023**
	HK$'000 (unaudited)	*HK$'000* (audited)	*HK$'000* (audited)
Total assets	103,880	104,589	190,274
Bank balances and cash	628	308	507
Total liabilities	166,611	158,692	155,029
Bank borrowings and loans from directors	44,752	45,077	59,636
Net (liabilities)/assets	(62,731)	(54,103)	35,245

Comparison between 30 June 2025 and 30 June 2024

Total assets remained relatively stable and amounted to approximately HK$103.9 million as at 30 June 2025 and approximately HK$104.6 million as at 31 December 2024. When compared to 31 December 2024, contract assets increased by approximately HK$7.1 million while (i) inventories decreased by approximately HK$5.1 million; (ii) trade and retention receivables decreased by approximately HK$1.7 million and (iii) deposits, prepayments and other receivables decreased by approximately HK$1.4 million as at 30 June 2025.

Total liabilities increased by approximately HK$7.9 million from approximately HK$158.7 million as at 30 June 2024 to approximately HK$166.6 million as at 30 June 2025. Such increase was mainly due to increase in trade and retention payables of approximately HK$8.6 million.

As disclosed in the 2025 Interim Report, as at 30 June 2025, the Group had bank balance and cash of approximately HK$0.6 million and bank overdrafts of approximately HK$9.9 million. The net liabilities of the Group amounted to approximately HK$62.7 million as at 30 June 2025. The Group had been relying on its internal resources, financial supports from the Directors and other sources of funds to support its operations.

Comparison between 31 December 2024 and 31 December 2023

Total assets decreased from approximately HK$190.3 million as at 31 December 2023 to approximately HK$104.6 million as at 31 December 2024, representing a decrease of approximately HK$85.7 million, or 45.0%. The decrease was mainly due to (i) decrease in contract assets of approximately HK$74.7 million and (ii) decrease in inventories of approximately HK$6.0 million.

Total liabilities increased by approximately HK$3.7 million from approximately HK$155.0 million as at 31 December 2023 to approximately HK$158.7 million as at 31 December 2024. Such increase was mainly due to (i) increase in accruals and other payables of approximately HK$11.1 million; and (ii) increase in trade and retention payables of approximately HK$6.1 million; which was partially offset by decrease in loans from directors of approximately HK$14.9 million. In particular, the loans due to Mr. Lui was decreased from approximately HK$23.7 million as at 31 December 2023 to approximately HK$9.6 million 31 December 2024.

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

With reference to the Letter from the Board, assuming full subscription under the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to the Record Date), the gross proceeds from the Rights Issue will be approximately HK$121.6 million and the estimated net proceeds of the Rights Issue after the Set-off Arrangement and deducting the related expenses will be approximately HK$62.6 million. The Company intends to use the net proceeds from the Rights Issue for the followings:

(i) as to approximately HK$41.8 million will be used for repayment of overdue bank loans and the interests incurred therefrom;

(ii) as to approximately HK$20.3 million will be used for repayment of the outstanding trade and other payables; and

(iii) as to the remaining of approximately HK$0.5 million will be used as general working capital of the Group, including day-to-day salaries, office administrative overheads and selling and distribution expenses.

As disclosed in the Letter from the Board, given that the Rights Issue is non-underwritten and will proceed regardless of the level of subscription, should the Rights Issue be undersubscribed with low or minimal public take-up by Qualifying Shareholders, (i) Mr. Lui's entitlement to the Rights Shares pursuant to the Undertaking (by way of set-off) will be scaled down as described below; and (ii) the net proceeds will be correspondingly reduced, with the Company intending to prioritize to their use for repayment of overdue bank loans, and followed by settlement of outstanding trade and other payables. With reference to the table titled ''Proceeds application by subscription levels'' under the section headed ''Use of Proceeds'' in the Letter from the Board.

— in the event that all or most of the Placing Shares are successfully placed, and Mr. Lui subscribes for up to 551,544,184 Rights Shares, the subscription monies payable of Mr. Lui under the Rights Issue, being approximately HK$57.9 million, will be set-off in full against the Shareholder's Loans on a dollar-to-dollar basis. The remaining net proceeds of up to approximately HK$62.6 million (subject to the actual results of the Placing) generated via the Placing, will be applied first towards the repayment of the Group's overdue bank loans, which comprise both outstanding principal and accrued interest; and remaining proceeds (if any) are expected to be utilized to the Group's outstanding trade and other payables. (the ''**First Placing Scenario**'').

— in the event that only a reduced number of or nil Placing Shares are placed, the Company will scale down the number of Rights Shares applied by Mr. Lui's under the Rights Issue, in accordance with note to Rule 7.19(5)(b) of the Listing Rules, to a level that will not trigger an obligation to make a general offer after completion of the Rights Issue and the Placing (i.e. Mr. Lui's shareholding cannot be increased by more than 2% immediately after the completion of the Rights Issue). As illustrated in the Letter from the Board, on the theoretical

basis that no Placing Shares are placed, the maximum number of Rights Shares to be allotted and issued to Mr. Lui will be scaled down to 11,490,000 Rights Shares, and approximately HK$1.2 million will be set-off against the Shareholder's Loans on a dollar-to-dollar basis. Additionally, should there is an under-subscription of the Rights Issue other than those under the Undertakings and after adjustments to number of Rights Shares offered to Mr. Lui, after the Set-off Arrangement there will be no proceeds from the Rights Issue (the "**Second Placing Scenario**").

We have obtained and reviewed the email correspondences between the Company and Hang Seng Bank, and between the Company and Chong Hing Bank for the amounts of outstanding bank borrowings. According to the email correspondences, as at 31 December 2025, (i) the total outstanding bank borrowings due to Hang Seng Bank amounted to approximately HK$40.8 million (including principal amount of approximately HK$28.8 million and accrued interest of approximately HK$12.0 million; and (ii) the total outstanding bank borrowings due to Chong Hing Bank amounted to approximately HK$4.2 million (including principal amount of approximately HK$2.5 million and accrued interest of approximately HK$1.7 million). As advised by the management of the Group, the Group has difficulty to obtain new bank facilities and that affects the business operations and liquidity of the Group due to the overdue records.

As for both the First Placing Scenario, since the net proceeds from the Rights Issue (after the Set-off Arrangement) will be applied first towards repayment of overdue bank loans from Hang Seng Bank and Chong Hing Bank before applying the remaining proceeds (if any) to the Group's outstanding trade and other payables, we are of the view that prioritising the repayment of overdue bank loans would improves the financial position of the Group and help to alleviate the pressure from obtaining liquidity in the future for the business operations of the Group, and hence we consider the First Placing Scenario is fair and reasonable. As for the Second Placing Scenario, in the event that only a reduced number of or nil Placing Shares are placed, the Company will scale down the number of Rights Shares to be issued to Mr Lui in accordance to the note to Rule 7.19(5)(b) of the Listing Rules. In order for Mr. Lui not to trigger the obligation to make a general offer under the Takeovers Code, the shareholding of Mr. Lui cannot be increased by more than 2% immediately upon completion of the Rights Issue and the number of Rights Shares to be allotted and issued to Mr. Lui will be scaled down to 11,490,000 Rights Shares, and approximately HK$1.2 million will be set-off against the Shareholder's Loans on a dollar-to-dollar basis. Taking into account that the scale down mechanism in the Second Placing Scenario is to comply with the Listing Rules and the Takeovers Code, and approximately HK$1.2 million will be set-off against the Shareholder's Loans on a dollar-to-dollar basis, we are of the view that the Second Placing Scenario is fair and reasonable. Accordingly we concur with the Board that the First Placing Scenario and the Second Placing Scenario are in the interests of the Company and the Shareholders as a whole.

As disclosed in the 2024 Annual Report, the Group recorded net loss of approximately HK$86.4 million for FY2024. As disclosed in the 2025 Interim Report, as at 30 June 2025, (i) bank borrowings of the Group amounted to approximately HK$33.5 million; (ii) trade and retention payables amounted to approximately HK$58.3 million; and (iii) total deficit of the Group amounted to approximately HK$62.7 million; while the bank balance and cash amounted to HK$628,000. Due to the overdue bank borrowings records since 2020, it is difficult for the Group to obtain new bank facilities to support further construction projects. As a result, the Group has to rely on its internal resources, the financial supports from the Directors and other sources of funds to support its operations. We have obtained and reviewed the management account of the Group as of 31 December 2025 and bank statements of the Group, as at 31 December 2025, the bank balance and cash of the Group amounted to approximately HK$7.5 million and the entire portion of the bank borrowings of approximately HK$31.3 million were overdue. The current bank balance and cash is not sufficient to support the business operations of the Group and additional funds is required to maintain its business operations such as payment of trade payables and day-to-day expenses.

As such, taking into account (i) the current financial positions of the Group; and (ii) the intended use of proceeds for repayment of (a) overdue bank loans and the interests incurred therefrom; (b) repayment of the outstanding trade and other payables of the Group; and (c) general working capital of the Group, we concur with the Directors that the Group has funding needs to raise additional cash and to support the operation and enhance the financial position of the Group through the Rights Issue.

Suitable source of financing among other financing alternatives

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

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

We have discussed with the management of the Group in relation to the quantitative effect of financing the HK$121.6 million (i.e. the gross proceeds of the Rights Issue before Set-off Arrangement and expenses) from debt financing/bank loans. As advised by the management of the Company, due to the fact that the entire portion of the existing bank borrowings were overdue, it is difficult for the Group to obtain new debt financing/bank loans. The Company had tried to negotiate with one bank to obtain additional financing but unsuccessful. As advised by the management of the Group, under the prevailing market conditions and considering the net liabilities position of the Group, financial institutions would require pledge of assets from the Group; however, the lack of property, plant and equipment makes it difficult for the Group to fulfil the security/covenants requirements of the financial institutions. Even if the Group successfully obtains the additional debt financing/ bank loans, it would inevitably increase the interest expenses and gearing ratio of the Group. As disclosed in the 2025 Interim Report, the overall effective interest rates of bank borrowings as at 30 June 2025 was approximately 2.5%–7.3% per annum. The principal amount of HK$121.6 million would amount to the interest expenses of approximately HK$3.0 million to HK$8.9 million per annum. According to the management account of the Group, as at 31 December 2025, the gearing ratio of the Group was approximately -101.0% (calculated as the net debts, i.e. bank borrowings plus loans from Directors less bank balance and cash, divided by the total equity and multiplied by 100%). For illustrative purposes only, the gearing ratio of the Group, when taking into account the additional debt financing of HK$121.6 million, would be decreased to approximately -230.4%. The Group was in net liabilities position as at 31 December 2025, resulting in a negative gearing ratio.

We concurred that the proposed Rights Issue are more favourable than debt financing despite the theoretical dilutions to the Shareholders having considered that (i) debt financing and bank borrowings will inevitably increase the gearing ratio of the Group; (ii) the Group has overdue bank borrowings records since 2020 and it is difficult for the Group to obtain new bank facilities; and (iii) even if debt financing is granted, it may not be achievable on favourable terms in a timely manner and it may also be subject to lengthy due diligence and negotiations with financial institutions, which may not be able to meet the Group's imminent funding needs.

Compared with other fund-raising alternatives, the Rights Issue will provide each and every Qualifying Shareholders with the opportunity to participate in the future business development of the Group. On the other hand, the Rights Issue also allows the Qualifying Shareholders the flexibility to sell off some or all of their rights entitlements in the open market (subject to the market demand) and realise the cash value therefrom.

The Set-off Arrangement

As mentioned in the Letter from the Board, the Shareholder's Loans have been provided by Mr. Lui to the Group from time to time since 2020 to finance the Group's general working capital requirements. The Shareholder's Loans are unsecured and bear interest of 5% per annum. Having considered that (i) the Group was not required to provide any collateral for the Shareholder's Loans, and (ii) the interest rate of the Shareholder's Loans is significantly lower as compared to the interest rates offered by banks in Hong Kong which range between approximately 7% to 9% per annum, the Directors consider the terms of the Shareholder's Loans to be on normal commercial terms or better to the Company. As at the Latest Practicable Date, the Company was indebted to Mr. Lui in an aggregate amount of approximately HK$71 million (including principal of approximately HK$60.35 million and accrued interest of approximately HK$10.70 million) under the Shareholder's Loans.

Pursuant to the Undertaking, Mr. Lui conditionally agreed to the Set-off whereby approximately HK$57.9 million required to be paid by Mr. Lui for the subscription of 551,544,184 Rights Shares provisionally allotted to him pursuant to the Rights Issue would be set-off against the Shareholder's Loans of approximately HK$71 million on a dollar-for dollar basis. However, if the relevant resolution in respect of the Set-off Arrangement is not approved at the EGM, the Company was given to understand that Mr. Lui will satisfy the subscription monies from his internal resources.

We have obtained and reviewed the Deed of Set-Off and noted that (i) the subscription monies payable by Mr. Lui for the Rights Shares to which he is entitled to subscribe for the Rights Issue would be set-off on a dollar-to-dollar basis against the equivalent amount of the Shareholder's Loans and accrued interest thereon on the completion date of the Rights Issue; (ii) if there remains any balance of the Shareholder's Loans after the Set-off, the Company shall continue to assume its repayment obligations and settle the balance of the Shareholder's Loans; and (iii) if there remains any outstanding subscription monies payable after the Set-off, Mr. Lui shall settle the payments in accordance with the terms of the Rights Issue.

We consider that the Set-off Arrangement is fair and reasonable as far as the Independent Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole on the basis that (i) in comparison with loan capitalisation by issuing Shares to Mr. Lui as a form of repayment to part of the Shareholder's Loans, the proposed Rights Issue will offer the existing Shareholders with the opportunity to participate in the enlarged capital base of the Company without causing immediate dilution to their respective shareholding interests. Furthermore, loan capitalisation would not raise any proceeds for the Group to repay its overdue bank borrowings; (ii) the Group is currently in a tight liquidity position in view of its relatively low level of bank balances and cash, and the Group has overdue bank borrowings records since 2020 and it is difficult for the Group to obtain new bank facilities. The Group should prioritise the repayment of overdue

bank loans instead of partial cash repayment or restructuring of the Shareholder's Loans; (iii) the relevant amount from the subscription of Rights Shares under the Undertaking is approximately HK$57.9 million; and under the Set-off Arrangement, the Shareholder's Loans of approximately HK$71 million can be substantially set-off; (iv) the Group will be able to save interest expenses immediately after the Set-off and the completion of the Rights Issue; and (v) the financial position of the Group will be strengthened by the Set-off Arrangement with the reduction in indebtedness and the increase in equity base. Moreover, Mr. Lui will, through the subscription of the Rights Shares, increase his equity interests in the Company and signify his continuous support to the Company.

(3) Fund raising exercise in the past 12 months

As disclosed in the Letter from the Board, the Company has announced the issuance of new Shares under general mandate on 19 September 2025 (the "**GM Placing**"). Details of the use of the proceeds raised from the GM Placing are set out below.

Date	Event	Net proceeds raised (approximately)	Proposed use of proceeds	Actual use of proceeds as at the Latest Practicable Date
19 September 2025	Issue of new Shares under general mandate	HK$11.78 million such fund has been deposited in the Company's bank accounts by the Company	— approximately HK$5.89 million for the repayment of bank loans	— approximately HK$2.67 million for the repayment of bank loans
			— approximately HK$2.94 million for the settlement of other debts and payables	— approximately HK$1.56 million for the settlement of other debts and payables
			— approximately HK$2.94 million for general working capital of the Group	— approximately HK$0.4 million for general working capital of the Group

As disclosed in the table above and based on our review on the use of proceeds records from the GM Placing provided by the Company, as at the Latest Practicable Date, approximately HK$4.63 million, or approximately 39.3% of the net proceeds raised from the GM Placing has been utilised as intended. We have discussed with the management of the Company and were advised that there is no change in the intended use of proceeds and the Company expects to fully utilise the proceeds from the GM Placing as intended for the period from September 2025 to April 2026.

We have obtained and reviewed the management account for the Group as of 31 December 2025 and noted that (i) bank borrowings of the Group decreased from approximately HK$33.5 million as at 30 June 2025 to approximately HK$31.3 million as at 31 December 2025 mainly due to repayment from the proceeds of the GM Placing; (ii) trade and retention payables decreased from approximately HK$58.3 million as at 30 June

2025 to approximately HK$24.7 million as at 31 December 2025 mainly due to repayment by Mr. Lui on behalf of the Company; and (iii) accruals and other payables decreased from approximately HK$49.7 million as at 30 June 2025 to approximately HK$24.6 million as at 31 December 2025 mainly due to mainly due to repayment by Mr. Lui on behalf of the Company. We have obtained and reviewed the email correspondences between the Company and the banks and noted that, as at 31 December 2025, interest expenses accrued from the bank borrowings amounted to approximately HK$13.7 million. As advised by the management of the Group, as at the Latest Practicable Date, there were no material change to the amount of bank borrowings; trade and retention payables; and accruals and other payables as compared to the corresponding amounts as at 31 December 2025.

The Company intends to use unutilised balance of the net proceeds from the GM Placing and the net proceeds from the Rights Issue (assuming full subscription) in the following manner:

— as to approximately HK$45.0 million will be used for repayment of overdue bank loans and the interests incurred therefrom. As at 31 December 2025, the aggregated amount of overdue bank borrowings and interests incurred amounted to approximately HK$45.0 million. Hence, a substantial amount of the overdue bank loans and interests incurred therefrom will be settled after the repayment;

— as to approximately HK$21.7 million will be used for repayment of the outstanding trade and other payables, which will reduce approximately 44.0% of the aggregated amount of trade and retention payables, and accruals and other payables; and

— as to the approximately HK$3.0 million will be used as general working capital of the Group. We noted from the management account of the Group for the year ended 31 December 2025, administrative expenses amounted to approximately HK$14.3 million. The current allocation to working capital of the Group would only able to support the operation of the Group for less than 3 months.

As such, we concur with the Directors that the Group has funding needs to raise additional cash and to support the operation and enhance the financial position of the Group through the Rights Issue.

(4) Principal terms of the Rights Issue

Basis of the Rights Issue	:	Four (4) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK$0.105 per Rights Share
Number of Shares in issue	:	289,555,281 Shares
Number of Rights Shares	:	Up to 1,158,221,124 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to HK$115,822,112.40 (assuming no change in the share capital of the Company on or before the Record Date)
Number of Shares as enlarged by the allotment and issue of the Rights Shares	:	Up to 1,447,776,405 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued)
Number of Rights Shares being undertaken by Mr. Lui	:	Up to 551,544,184 Rights Shares (the actual amount of Rights Shares to be taken up by Mr. Lui will depend on the level of subscription taken up by the Qualifying Shareholders and the results of the Placing such that it will not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code immediately after completion of the Rights Issue)
Gross proceeds to be raised from the Rights Issue	:	Up to approximately HK$121.6 million before the expenses and the Set-off Arrangement

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

Subscription Price

The Subscription Price is HK$0.105 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 33.12% to the closing price of HK$0.157 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 30.00% to the closing price of HK$0.150 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 28.57% to the average of the closing prices of approximately HK$0.147 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day;

(iv) a discount of approximately 7.89% to the theoretical ex-rights price of HK$0.114 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK$0.150 per Share as quoted on the Stock Exchange on the Last Trading Day;

(v) a premium of approximately HK$0.322 to the unaudited consolidated net deficit per Share of approximately HK$0.217 (based on the latest published unaudited consolidated net deficit of approximately HK$62,731,000 as at 30 June 2025 and the total number of issued Shares as at the Latest Practicable Date); and

(vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 24.0% represented by the theoretical diluted price of approximately HK$0.114 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK$0.150 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the Last Trading Day of approximately HK$0.147 per Share) of approximately HK$0.150 per Share.

The net Subscription Price per Rights Share (after deducting the relevant expenses) will be approximately HK$0.104 per Right Share.

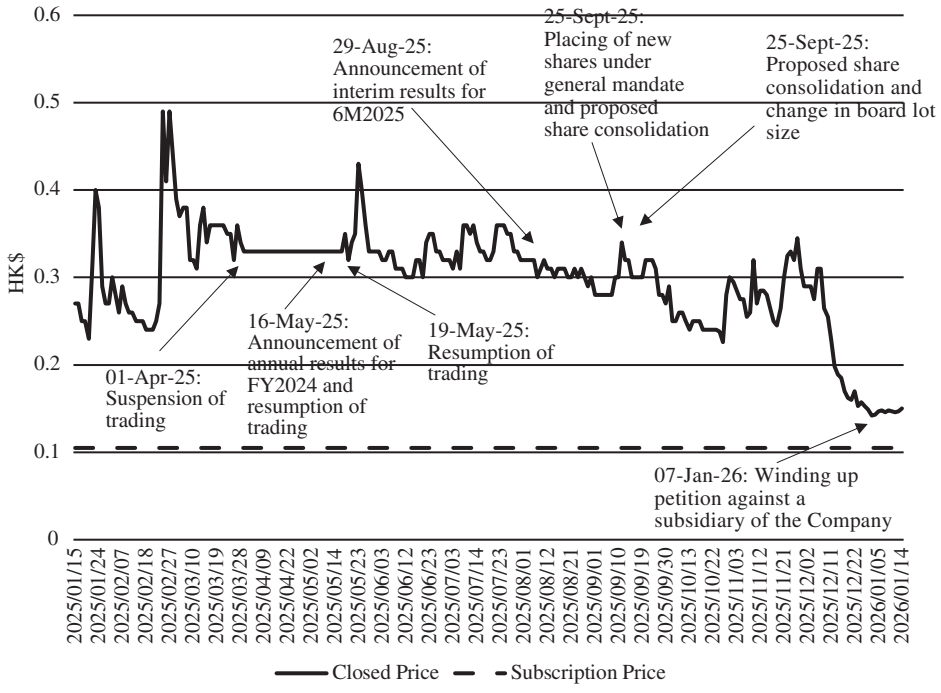
As disclosed in the Letter from the Board, the Subscription Price was determined with reference to, among others, (i) the market price of the Shares under the prevailing market conditions and the relevant discount to the closing prices; (ii) the prevailing market conditions of the capital market in Hong Kong; (iii) the latest

business performance and financial position of the Group; and (iv) the reasons for the Rights Issue as discussed in the section headed "Reasons for the Rights Issue and the Set-off Arrangement" in the Letter from the Board.

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

Share price performance

In order to assess the fairness and reasonableness of the Subscription Price, we reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 15 January 2025 up to and including the Last Trading Day (the "**Review Period**"), being a period of approximately 12 months up to and including the Last Trading Day.



Source: the website of the Stock Exchange

During the Review Period, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange were HK$0.490 (adjusted for the share consolidation of 10 into 1 shares of the Company which became effective on 24 October 2025 (the "**Share Consolidation**") recorded on 25 February 2025 and 27 February 2025 and HK0.142 recorded on 31 December 2025, respectively.

Taking into account the adjustment for the Share Consolidation, the closing prices of the Shares were volatile and fluctuated between HK$0.23 and HK$0.49 during the period from 15 January 2025 to 27 February 2025. The closing prices of the Shares was at HK$0.27 on 15 January 2025 and reached HK$0.4 on 23 January 2025. The closing prices of the Shares then dropped to HK$0.24 on 18 February 2025 before rebounding to HK$0.49 on 25 February 2025, the highest closing price of the Shares during the Review Period. Subsequently the closing prices of the Shares dropped to HK$0.34 on 28 March 2025. On 28 March 2025, after the trading hours, the Company announced that there would be delay in publication of the annual results announcement for FY2024. The trading of the Shares was suspended on 1 April 2025 and resumed on 19 May 2025 after the publication of the announcement of annual results for FY2024 on 16 May 2025. The closing prices of the Shares reached HK$0.43 on 23 May 2025 and then dropped to HK$0.226 on 27 October 2025. During such period, the Company published announcements in relation to (i) interim results for 6M2025 on 29 August 2025; (ii) placing of new shares under general mandate and proposed share consolidation on 25 September 2025; and (iii) proposed share consolidation and change in board lot size on 25 September 2025. The Share Consolidation became effective on 24 October 2025.

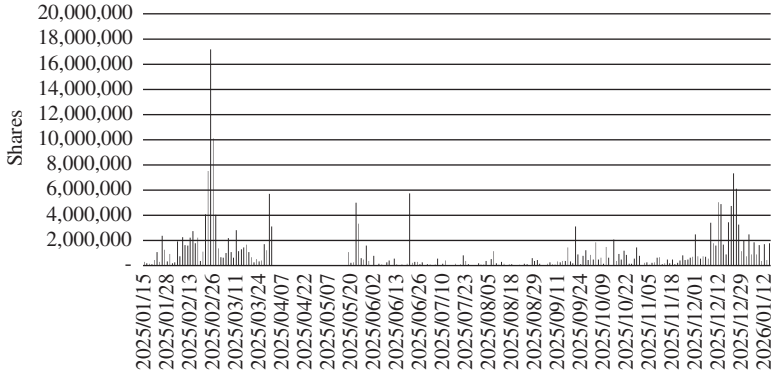
The closing prices of the Shares rebounded to HK$0.295 on 31 October 2025 and fluctuated between HK$0.245 and HK$0.345 during the period from 31 October 2025 to 8 December 2025. The closing prices of the Shares then dropped to HK$0.142 on 31 December 2025, the lowest closing price of the Shares during the Review Period, and closed at HK$0.15 on 14 January 2026, being the Last Trading Day.

We have enquired the Directors regarding the movements in the Share price during the Review Period, in particular in February 2025, and we are advised by the Directors that they are not aware of any other specific reason nor event which may be related to the aforesaid movements.

We note that it is a common market practice that, in order to enhance the attractiveness of a rights issue and to encourage the existing shareholders to participate in the rights issue, the subscription price of a rights issue normally represents a discount to the prevailing market prices of the relevant shares. Having considered the Group's deficit position, the difficulty to obtain new bank facilities and has to rely on its internal resources and financial supports from the Directors to support its operations, we concur with the Directors that the Subscription Price being set at a discount to the prevailing market prices of the Shares for the Rights Issue is in line with the general practice and is acceptable.

Trading liquidity of the Shares

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



Source: the website of the Stock Exchange

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

Month/period	**Number of trading days**	**Average daily trading volume**	**Number of issued Shares at the beginning of each month**	**Percentage of average daily trading volume to the total number of issued Shares at the beginning of the month**
2025				
January	10	642,300	241,296,281 *(Note 2)*	0.266%
February	20	3,207,175	241,296,281 *(Note 2)*	1.329%
March	21	1,408,690	241,296,281 *(Note 2)*	0.584%
April *(Note 1)*	—	—	241,296,281 *(Note 2)*	*(Note 1)*
May *(Note 1)*	10	1,287,550	241,296,281 *(Note 2)*	0.534%
June	21	456,571	241,296,281 *(Note 2)*	0.189%

Month/period	Number of trading days	Average daily trading volume	Number of issued Shares at the beginning of each month	Percentage of average daily trading volume to the total number of issued Shares at the beginning of the month
July	22	143,114	241,296,281 *(Note 2)*	0.059%
August	21	207,762	241,296,281 *(Note 2)*	0.086%
September	22	535,868	241,296,281 *(Note 2)*	0.222%
October	20	732,150	241,296,281 *(Note 2)*	0.303%
November	20	377,175	241,296,281	0.156%
December	21	2,557,024	289,555,281 *(Note 3)*	0.883%
2026				
January (Up to the Last Trading Day)	9	1,327,562	289,555,281	0.458%

Notes:

1. Trading of the Shares was suspended from 1 April 2025 to 16 May 2025 pending the release of annual results announcement for the year ended 31 December 2024.

2. Adjusted for the share consolidation of 10 into 1 Share which became effective on 24 October 2025.

3. On 28 November 2025, the Company completed the placing of 48,259,000 Shares under the general mandate.

The above table illustrates that the average daily trading volume of the Shares per month was generally thin during the Review Period. The percentage of average daily trading volume to the total number of issued Shares at the beginning of the month ranged from approximately 0.059% to 0.883% during the Review Period, except in February 2025 (being approximately 1.329%), trading in the Shares had been historically inactive and the Shares were hence rather illiquid.

Average daily trading volume of the Shares per month was below 1.0% of the total number of issued Shares at the beginning of the month in most of the Review Period. Since the Shares were generally illiquid in the open market, we concur with

the Board that it would be difficult to attract the Qualifying Shareholders to re-invest in the Company through the Rights Issue if the Subscription Price was not set at discount to the historical closing prices of the Shares.

Comparison with other rights issue transactions

In order to assess the reasonableness of the Subscription Price, we have reviewed all rights issues conducted by other companies listed on the Stock Exchange, which announced the respective rights issue in the three months preceding the Last Trading Day, i.e. from 15 October 2025 and up to the Last Trading Day. We have identified 19 comparable companies (the "**Comparables**") and consider the selection of such three months period to be sufficient and appropriate for our analysis for fund raising exercises such as rights issues, as the market sentiment at the relevant time in general plays an important role in the determination of the Subscription Price, while reasonable number of such fund-raising exercises could be included for reference purposes. Nevertheless, Shareholders should note that the businesses, operations and prospects of the Company are not exactly the same as the Comparables and we have not conducted any in-depth investigation into the business, operations and prospects of the Comparables. Although the Comparables may differ from the Company in terms of: (i) their principal activities, market capitalisation, profitability and financial position; (ii) the subscription prices and the amounts and the proposed use of proceeds; and (iii) the background of the respective rights issues, we still consider that the Comparables are fair and reasonable as they can provide a general reference to the Independent Shareholders on the recent range of discount of subscription price to the market price of the relevant shares of rights issue transactions in the equity capital market in Hong Kong. The details of our findings are summarised in the table (the "**Comparables Table**") below:

	Date of announcement	Company name (stock code)	Basis of entitlement (%)	Premium/(Discount) of subscription price over/(to) the closing price on the last trading day (%)	Premium/(Discount) of subscription price over/(to) the average closing price of the five (5) consecutive trading days immediately prior to the last trading day (%)	Premium/(Discount) of subscription price over/(to) the theoretical ex-rights price (%)	Premium/(Discount) of subscription price over/(to) the net asset value per Share (%)	Theoretical dilution effect (%)	Placing commission (%)	Market capitalisation as at the date of the respective announcement for the rights issue (HK$ million)	Approximate estimated net proceeds	Excess application (Yes/No)	Underwriting arrangement (Yes/No)	Status (completed/ pending completion/ lapsed)	Principal activities
1	14/1/2026	Jutal Offshore Oil Services Limited (3303)	1 for 6	(69.2)	(69.5)	(66.1)	(85.1)	9.9	1.0	1,109.3	55.1	No	No	Pending completion	Manufacturing of oil and gas facilities and oil and gas process equipment
2	13/1/2026	EPI (Holdings) Limited (689)	2 for 1	(11.1)	(21.6)	(4.0)	(76.9)	14.4	N/A	111.5	192.7	Yes	Yes	Pending completion	Provision of exploration and production of oil and gas services
3	2/1/2026	HKC International Holdings Ltd. (248)	1 for 2	(25.5)	(25.5)	(18.6)	(79.1)	8.5	N/A	58.5	9.4	Yes	No	Pending completion	Electronic products sales business
4	30/12/2025	Wanjia Group Holdings Ltd. (401)	1 for 1	(31.6)	(25.8)	(18.8)	(33.3)	15.8	2.0	65.5	40.8	No	No	Pending completion	Pharmaceutical wholesale and distribution business, and hemodialysis treatment and consultancy service business
5	23/12/2025	Mindtell Technology Ltd. (8611)	1 for 2	(32.4)	(29.7)	(24.2)	8,100.0 *(Note 1)*	10.8	2.0	851.8	281.3	No	No	Lapsed	Design, procurement, installation, and maintenance of customized systems applications for corporate customers
6	19/12/2025	China Castson 81 Finance Co. Ltd. (810)	5 for 2	(26.6)	(31.8)	(9.4)	(27.1)	22.7	2.5	28.3	49.2	No	Yes	Pending completion	Investing in equity and debt instruments of listed and unlisted companies in Hong Kong
7	12/12/2025	Shun Wo Group Holdings Ltd. (1591)	1 for 3	(6.7)	(3.3)	(5.1)	(54.8)	1.7	N/A	60.0	17.9	Yes	No	Completed	Excavation and lateral support works, socketed H-piling and mini-piling works and pile caps construction works
8	11/12/2025	Hang Yick Holdings Co. Ltd. (1894)	4 for 1	(28.1)	(26.8)	(7.3)	(84.7)	22.5	1.0	29.5	82.0	No	No	Pending completion	Steel and metal engineering services
9	21/11/2025	Crown International Corporation Ltd. (727)	3 for 1	(19.8)	(26.8)	(5.8)	(44.9)	20.1	N/A	257.5	618.0	Yes	No	Completed	Property investment business
10	19/11/2025	Silkwave Inc (471)	3 for 1	(31.1)	(32.7)	(10.1)	(62.8)	24.5	N/A	79.2	162.0	Yes	No	Completed	Nedia and transmission business
11	12/11/2025	Domaine Power Holdings Limited (442)	1 for 2	(17.4)	(15.7)	(12.4)	65.1	5.8	N/A	148.5	58.0	Yes	No	Completed	Manufacture and sale of jewelry
12	6/11/2025	Winto Group (Holdings) Limited (8238)	3 for 1	(7.0)	(7.0)	(2.0)	net liabilities	5.2	3.0	18.4	49.4	No	No	Pending completion	Publications and advertising business

	Date of announcement	Company name (stock code)	Basis of entitlement (%)	Premium/(Discount) of subscription price over/(to) the closing price on the last trading day (%)	Premium/(Discount) of subscription price over/(to) the average closing price of the five (5) consecutive trading days immediately prior to the last trading day (%)	Premium/(Discount) of subscription price over/(to) the theoretical ex-rights price (%)	Premium/(Discount) of subscription price over/(to) the net asset value per Share (%)	Theoretical dilution effect (%)	Placing commission (%)	Market capitalisation as at the date of the respective announcement for the rights issue (HK$ million)	Approximate estimated net proceeds	Excess application (Yes/No)	Underwriting arrangement (Yes/No)	Status (completed/ pending completion/ lapsed)	Principal activities
13	4/11/2025	Zhongshi Minan Holdings Limited (8283)	5 for 1	(23.9)	(26.0)	(4.9)	(64.7)	21.7	2.5	26.5	97.0	No	No	Completed	Automotive service provider
14	2/11/2025	KNT Holdings Limited (1025)	1 for 1	(9.1)	(10.7)	(4.8)	48.2	5.4	3.0	44.5	38.0	No	No	Pending completion	Manufacturing and trade of clothing products
15	24/10/2025	Sandmartin International Holdings Limited (482)	1 for 1	2.7	(12.0)	1.4	net liabilities	6.0	N/A	89.8	90.2	Yes	No	Pending completion	Trading and manufacture of satellite television equipment and antenna products
16	24/10/2025	Jiading International Group Holdings Limited (8153)	1 for 2	(38.8)	(37.1)	(29.7)	(78.3)	12.9	2.0	22.6	6.2	No	No	Completed	Health products business
17	22/10/2025	Crocodile Garments Limited (122)	1 for 2	(22.7)	(22.5)	(16.3)	(92.5)	7.6	N/A	137.9	51.6	Yes	No	Completed	Apparel business
18	15/10/2025	Synertone Communication Corporation (1613)	2 for 1	(35.7)	(35.7)	(15.6)	(43.8)	23.8	1.0	94.2	119.3	No	No	Completed	Digital trunking system and building intelligence and smart home business
19	15/10/2025	Winshine Science Company Limited (209)	7 for 1	(23.5)	(24.3)	(4.1)	net liabilities	21.1	N/A	34.0	176.5	Yes	Yes	Completed	Manufacturing and sales of toys
		Maximum		2.7	(3.3)	1.4	65.1	24.5	3.0						
		Minimum		(69.2)	(69.5)	(66.1)	(92.5)	1.7	1.0						
		Average		(24.1)	(25.5)	(13.6)	(47.6)	13.7	2.0						
		Median		(23.9)	(25.8)	(9.4)	(62.8)	12.9	2.0						
		Company		(30.0)	(28.6)	(7.9)	net liabilities	24.0	1.25						

Source: the website of the Stock Exchange

Note:

1. The premium of the subscription price over the net asset value per share of Mindtell Technology Ltd. (stock code: 8611) is exceptionally high and considered an outlier, it is therefore disregarded and excluded in the calculation of the average discount/premium.

As shown in the above table, the Comparables had subscription prices at a discount/premium to their respective closing price per share on the last trading day within a range from a discount of approximately 69.2% to a premium of approximately 2.7%, with an average discount of approximately 24.1% and median discount of approximately 23.9%. In the case of the Rights Issue, the Subscription Price has a discount of approximately 30.0% to the closing price per Share as quoted on the Stock Exchange on the Last Trading Day, which falls within the range of the Comparables and below the average and median of the Comparables. With regard to the discount/premium to the average closing price of the five (5) consecutive trading days immediately prior to the last trading day, the Comparables ranged from a discount of approximately 69.5% to a discount of approximately 3.3%, with an average discount of approximately 25.5% and median discount of approximately 25.8%. In the case of the Rights Issue, the Subscription Price has a discount of approximately 28.6% to the average closing price of the five (5) consecutive trading days immediately prior to the last trading day, which also falls within the range of the Comparables and slightly below the average and median of the Comparables. With regard to the discount/premium to the theoretical ex-entitlement price per share of the Comparables, the Comparables ranged from a discount of approximately 66.1% to a premium of approximately 1.4%, with an average discount of approximately 13.6% and median discount of approximately 9.4%. In the case of the Rights Issue, the Subscription Price has a discount of approximately 7.9% to the theoretical ex-entitlement price per Share, which also falls within the range of the Comparables and above the average and median of the Comparables.

Having taken into consideration that:

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

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

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

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

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

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

Non-underwritten basis

As mentioned in the Letter from the Board, subject to the fulfilment of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares and Excluded Unsold Rights Shares will be placed to independent placees on a best effort basis by the Placing Agent under the Compensatory Arrangements. Any Unsubscribed Rights Shares and Excluded Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

As shown in the Comparables Table above, we noted that it is common for rights issues to be conducted on a non-underwritten basis as only three Comparables conducted rights issue on an underwritten basis.

Compensatory Arrangements

As disclosed in the Letter from the Board, the Company will, according to Rule 7.21(1)(b) of the Listing Rules, make arrangements to dispose of the Unsubscribed Rights Shares and Excluded Unsold Rights Shares by offering the Unsubscribed Rights Shares and Excluded Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 14 January 2026 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and Excluded Unsold Rights Shares to the independent placees on a best effort basis.

Set out below are the principal terms of the Placing Agreement:

Date	:	14 January 2026 (after trading hours of the Stock Exchange)
Issuer	:	The Company
Placing Agent	:	Sun Securities Limited, a corporation licensed to engage in type 1 (dealing in securities) regulated activity under the SFO, was appointed as the Placing Agent to procure. The Placing Agent confirms that it and its ultimate beneficial owner(s) are Independent Third Parties.
Placing Period	:	The period commencing from Thursday, 14 May 2026 and ending at 6:00 p.m. on Thursday, 21 May 2026.
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 1.25% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and Excluded Unsold Rights Shares that have been successfully placed by the Placing Agent and/or its sub-placing agent(s) pursuant to the terms of the Placing Agreement. Assuming, save for Mr. Lui, none of the Qualifying Shareholders has taken up their entitled Rights Shares and all Unsubscribed Rights Shares and the Excluded Unsold Rights Shares have been placed by the Placed Agent, the total placing commission will be approximately HK$0.796 million in cash to be deducted from the gross proceeds of the Rights Issue.
Placing price of the Unsubscribed Rights Shares and Excluded Unsold Rights Shares	:	The placing price of the Unsubscribed Rights Shares and Excluded Unsold Rights Shares shall be not less than the Subscription Price. The final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares and Excluded Unsold Rights Shares during the process of placement.

Placees	:	The Unsubscribed Rights Shares and Excluded Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and none of the placees shall be a party acting in concert (as defined in the Takeovers Code) with any of them or other placees. The Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.
Ranking of the placed Unsubscribed Rights Shares and Excluded Unsold Rights Shares	:	The placed Unsubscribed Rights Shares and Excluded Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank pari passu in all respects among themselves and with the Shares in issue as at the date of completion of the Rights 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: (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked; (ii) the passing of all necessary resolutions to be proposed at the EGM to be convened to consider and, approve, among others, the Rights Issue, the Increase in Authorised Share Capital and the respective transactions contemplated thereunder; (iii) all necessary consents and approvals to be obtained on the part of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;

(iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion of the Placing Agreement; and

(v) the Placing Agreement not having been terminated accordance with the provisions thereof.

Save for condition (iv) which may be waived by either party by notice in writing to the other party, none of the above conditions is capable of being waived.

In the event that the above condition precedents have not been fulfilled or waived (as the case may be) on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination.

Termination : Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Unsubscribed Rights Shares and the Excluded Unsold Rights Shares or otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

(i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industry, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or

(ii) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolution opinion, would affect the success of the Placing; or

(iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or

(iv) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or

(v) any breach of any of the representations and warranties given by the Company as set out in the Placing Agreement having come to the knowledge of the Placing Agent or any event having occurred or any matter having arisen on or after the date of the Placing Agreement and prior to the completion of the Rights Issue which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or

(vi) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

As shown in the Comparables Table above, among the 19 Comparables, 10 of them had placing of the unsubscribed rights shares as compensatory arrangement. The Comparables had placing commissions ranged from 1.0% to 3.0%, with average and median of 2.0%. The placing commission under the Placing Agreement of 1.25% is within the range of the Comparables and below both the average and median of the Comparables. Thus, we consider the placing commission under the Placing Agreement is fair and reasonable so far as the Independent Shareholders are concerned.

(5) Possible financial effects of the Rights Issue

Net asset value

Taking into account the proceeds from Rights Issue, it is expected that the net liabilities of the Group will decrease as a result of the Rights Issue. Further, we note from the section headed "Unaudited Pro Forma Financial Information of the Group" as set out in Appendix II to the Circular that the unaudited consolidated net tangible liabilities of the Group as at 30 June 2025 is approximately HK$62.7 million, while the unaudited consolidated net tangible liabilities per Share as at 30 June 2025 before the completion of the Rights Issue is approximately HK$0.26. Assuming full subscription under the Rights Issue, the Group is expected to raise net proceeds of approximately HK$62.6 million (after the Set-off Arrangement and deducting the related expenses). After pro forma adjustments, the unaudited pro forma adjusted consolidated net tangible liabilities of the Group after the completion of the Rights Issue would improve to approximately HK$131,000, while the unaudited pro forma adjusted consolidated net tangible liabilities per Share after the completion of the Rights Issue would decrease to approximately HK$0.0001. Such decrease is due to the fact that approximately HK$62.6 million (after the Set-off Arrangement and deducting the related expenses) would be raised upon completion of the Rights Issue and enhance the cash position of the Group.

Liquidity position

According to the 2025 Interim Report, the Group had bank and cash balances of approximately HK$628,000 as at 30 June 2025. Upon the completion of the Rights Issue, the bank and cash balances of the Group will increase as a result of the net proceeds of approximately HK$62.6 million after the Set-off Arrangement and deducting the related expenses for the Rights Issue. The Rights Issue will provide additional liquidity in the form of equity to the Group and therefore, will enhance its liquidity position. We consider that it is in the interests of the Company and the Shareholders as a whole.

Gearing ratio

The gearing ratio of the Group (represented by net debts, being loans from Directors and bank borrowings, less bank balances and cash) divided by total capital) was approximately -237.1% as at 30 June 2025. The net proceeds of approximately HK$62.6 million after the Set-off Arrangement and deducting the related expenses for the Rights Issue will enhance the cash position and increase the total equity of the Group immediately upon completion of the Rights Issue. The Set-off Arrangement will improve the indebtedness level and lower the gearing ratio of the Group.

Earnings

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

Potential dilution effect of the Rights Issue on the shareholding interests

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their proportional shareholding interests in the Company will remain unchanged after the Rights Issue. Any Qualifying Shareholders who choose not to take up in full their assured entitlements under the Rights Issue will have their shareholdings in the Company diluted. The possible dilution effect of the Rights Issue on shareholding interests is illustrated in the section headed "Change in the shareholding structure of the Company arising from the Rights Issue" in the Letter from the Board. As in all other rights issues, the dilution on the shareholding of excluded shareholders and those qualifying shareholders who do not take up in full their assured entitlement under the Rights Issue is inevitable. With reference to the Letter from the Board, the Rights Issue will result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 24.0%. We compared the Rights Issue with other rights issue transactions as set out in the table under "Comparison with other rights issue transactions" in the section headed "(4) Principal terms of the Rights Issue" in this letter. We noted that the theoretical dilution effect of the Rights Issue of approximately 24.0% falls within the range although it is near to the highest end of the Comparables of approximately 24.5%.

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

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

(ii) we have reviewed the 2025 Interim Report and noted that the bank and cash balances was approximately HK$628,000 while the net current liabilities amounted to approximately HK$51.4 million as at 30 June 2025;

(iii) the Rights Issue is considered as the most suitable source of financing among other financing alternatives as discussed under ''Suitable source of financing among other financing alternatives'' under the section headed ''(2) Reasons for the Rights Issue and the Set-off Arrangement'' in this letter. Having considered the Group's financial position, and general thin trading volume of the Shares during the Review Period (as referred in the paragraphs under ''Trading liquidity of the Shares'' in the section headed ''(4) Principal terms of the Rights Issue'' in this letter), it is inevitably that the Subscription Price has to be set at a relatively deep discount to the prevailing market prices of the Shares to encourage the Shareholders to participate in the Rights Issue; and

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

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

RECOMMENDATION

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

In respect of the Rights Issue:

(i) the Group recorded a net loss of approximately HK$86.4 million for FY2024 and, as at 30 June 2025, total deficit of the Group amounted to approximately HK$62.7 million. Due to the overdue bank borrowings records since 2020, it is difficult for the Group to obtain new bank facilities to support the further construction projects. Funds to be raised from the Rights Issue will improve the Group's liquidity position and provide it with additional funds for business operation and general working capital;

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

(iii) the Subscription Price is fair and reasonable, the Company has made arrangements in accordance with Rule 7.21 and it is common for rights issues to be conducted on a non-underwritten basis as discussed in the section headed "(4) Principal terms of the Rights Issue" in this letter,

In respect of the Set-off Arrangement:

(i) the Group is in a tight liquidity position; as at 31 December 2025, the bank balance and cash of the Group amounted to approximately HK$7.5 million and the entire portion of the bank borrowings of approximately HK$31.3 million were overdue. The Set-off Arrangement can alleviate the liquidity pressure and reduce the interest expenses of the Group with the repayment of the Shareholder's Loans. It also signifies Mr. Lui's continuous support to the Group; and

(ii) the Set-off Arrangement will entail Mr. Lui's long-term support and confidence to the Group as he will increase his equity interests in the Company by extinguishment of part of the Shareholder's Loans; and the Company would reduce the interest expenses from the Shareholder's Loans,

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

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

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

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

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 December 2022, 2023 and 2024 and for the six months ended 30 June 2025 are disclosed in the annual reports of the Company for the years ended 31 December 2022, 2023 and 2024 and in the interim report of the Company for the six months ended 30 June 2025. The said annual reports and interim report of the Company are published on both the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.anchorstone.com.hk):

Annual report of the Company for the year ended 2022
https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042703941.pdf

Annual report of the Company for the year ended 2023
https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042901731.pdf

Annual report of the Company for the year ended 2024
https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0930/2024093000866.pdf

Interim report of the Company for the six months ended 30 June 2025
https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0925/2025092501386.pdf

2. INDEBTEDNESS OF THE GROUP

At the close of business on 31 January 2026 (being the latest practicable date for ascertaining information regarding this indebtedness statement), the Group had an aggregate outstanding indebtedness amounting to approximately HK$45.6 million, which consists of:

Bank borrowings

As at 31 January 2026, the Group had secured bank borrowings of approximately HK$45.2 million (including principal and accrued interest), which are all secured by trade and retention receivables, contract assets and cross guarantees by the Group's subsidiaries and Mr. Lui.

Lease Liabilities

The Group measures the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rates. At the close of business on 31 January 2026, the Group had total lease liabilities of approximately HK$0.4 million.

Disclaimer

Save for the aforesaid and apart from intra-group liabilities, at the close of business on 31 January 2026, the Group did not have any debt securities issued and outstanding, or any other borrowings or indebtedness including bank overdrafts and liabilities under acceptances (other than normal trade payables) or acceptance credits or hire purchases commitments, or any other borrowings subject to mortgages or charges, or any other material contingent liabilities or guarantees.

3. WORKING CAPITAL STATEMENT

As at 31 January 2026, the aggregate outstanding indebtedness of the Group amounting to approximately HK$45.6 million, of which approximately HK$45.6 million will be due for repayment within one year. The Group had bank deposit balances of approximately HK$7.0 million. In the preparation of the Group's statement regarding sufficiency of working capital, 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 in assessing whether the Group will have sufficient financial sources to continue as a going concern for at least the twelve months from the date of this Circular.

Major assumptions, certain plans and measures taken into account by the Directors in preparing the statement regarding sufficiency of working capital include:

(i) the Rights Issue will be completed in May 2026;

(ii) interest rates remain stable or marginally decrease over the next 12 months period; and

(iii) assumed that the principle bank of the Group will not demand immediate repayment of the outstanding borrowing balance pending the outcome of the Group's proposed rights issue.

Should the underlying assumptions are not substantiated, or should the Group fail to achieve the above-mentioned plans and measure, the Group may not have sufficient working capital for its requirements within the next 12 months from the date of this Circular.

Taking into account the financial resources available to the Group, including the internally generated funds, and based on the aforesaid assumptions and the reasonable expectation of obtaining necessary waivers and/or amendments in the unlikely event of any potential covenants breach, the Directors, after due and careful consideration, are of the opinion that the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of publication of this Circular.

4. MATERIAL ADVERSE CHANGE

As set out in the Company's announcement dated 28 November 2025, the Company, through its appointed placing agent, completed the placing of 48,259,000 placing shares to not less than six placees, and raised net proceeds of approximately HK$11.78 million. These proceeds are being used on the repayment of the Group's bank loans, settlement of other debts and payables and general working capital purposes and are disclosed in the section headed under "Fund Raising Exercise in the Past 12 Months" in the Letter from the Board of this Circular.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any 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.

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

The Group is principally engaged in the stone sales and supply and installation of marble products in Hong Kong, Macau and the PRC.

Due to the overdue bank borrowings records since 2020, it is difficult for the Group to obtain new bank facilities to support the further construction projects. As a result, the Group has to rely on its internal resources, the financial supports from the Company's Executive Directors and other sources of funds to support its operations.

The Board remains cautiously optimistic about the Group's outlook as it continues to strengthen its financial foundation and position for future growth. A key focus going forward will be to improve the Group's gearing ratio. The proceeds from the Rights Issue are intended to be used to, among others, settle outstanding liabilities, which is expected to enhance the Group's capital structure, reduce finance costs, and provide greater flexibility for future investment opportunities.

With a stronger balance sheet, the Group plans to actively explore additional large-scale residential development projects once financial conditions improve and relevant performance bond requirements are met. The management believes that improved financial credibility and bonding capacity will strengthen the Group's chances of securing new contracts. At the same time, the Group recognises that competition for major projects remains intense, and that the timing and profitability of its projects may be affected by construction cost trends and market demand.

The Group also intends to use part of the Rights Issue proceeds to settle overdue payables to key suppliers. This is expected to allow the Group to regain the "preferred customer" status and benefit from more favourable raw material pricing. The Board believes this, together with improved procurement stability, will help lower input costs and support gross margin recovery. However, the Group remains mindful of potential risks from volatile raw material prices, supply chain constraints, or delays in supplier credit reinstatement.

While management is optimistic about the operating environment in the medium term, external factors such as changes in interest rates, government policies, or macroeconomic uncertainties in global and local economy could still affect project profitability and cash flow. The Group will continue to manage its financial leverage prudently, maintain close communication with suppliers and lenders, and seek opportunities that align with its long-term value creation objectives.

Despite the uncertainty in the global and local economy, the management will continue to get the operations back on track as effectively and efficiently by closely working with its consumers, suppliers and subcontractors. The Group actively seeks for new business opportunities in Hong Kong and other countries/regions.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Anchorstone Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") as at 30 June 2025 (the "**Unaudited Pro Forma Financial Information**") which has been prepared by the directors of the Company (the "**Directors**") in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited to illustrate the effects of the Rights Issue (as defined in the prospectus) on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had taken place at 30 June 2025.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2025, as extracted from the Group's management accounts for the year ended 30 June 2025, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Rights Issue been completed as at 30 June 2025 or at any future date.

	Unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2025 *(Note 1)* *HK$'000*	Estimated net proceeds from the Rights Issue *(Note 2)* *HK$'000*	Unaudited consolidated net tangible liabilities of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue *HK$'000*
Based on 1,158,221,124 Rights Shares to be issued at the Subscription Price of HK$0.105 per Rights Share	(62,731)	62,600	(131)
Unaudited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 30 June 2025 per Share before the completion of the Rights Issue *(Note 3)*			(0.26)
Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company per Share immediately after the completion of the Rights Issue *(Note 4)*			(0.0001)

Notes:

1. The unaudited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 30 June 2025 are based on the unaudited consolidated net liabilities attributable to the owners of the Company in the unaudited consolidated statement of financial position of the Group as at 30 June 2025 as set out in the published interim report of the Company for the six months ended 30 June 2025 as extracted from the unaudited 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 estimated net proceeds from the Rights Issue of approximately HK$62,600,000 are calculated based on the maximum number of 1,158,221,124 Rights Shares (in the proportion of four (4) Rights Shares for every one (1) existing Shares held on the Record Date which is 289,555,281 Shares) to be issued at the Subscription Price of HK$0.105 per Rights Share assuming full acceptance of the Rights Shares by all of the Qualifying Shareholders after the Set-off Arrangement and deducting all directly attributable transaction costs which is estimated to be approximately HK$1,856,000.

3. The unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2025 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 before the completion of the Rights Issue of approximately HK$(62,731,000) divided by 241,296,281 existing Shares in issue as at 30 June 2025.

4. 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 (assuming full acceptance of the Rights Shares by all of the Qualifying Shareholders) is arrived at based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity owners of the Company immediately after completion of the Rights Issue of approximately HK$(131,000) divided by 1,447,776,405 pro forma Shares which comprise (i) 241,296,281 existing Shares in issue as at 30 June 2025, (ii) 48,259,000 Placing Shares took place on 28 November 2025 assuming that the Rights Issue has been completed on 30 June 2025, and (iii) 1,158,221,124 Rights Shares to be issued assuming that the Rights Issue has been completed on 30 June 2025.

5. Except as disclosed above, no adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2025.

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

The following is the text of a report, prepared for the sole purpose of inclusion in this Circular, from the independent reporting accountant, Guangshen (Hong Kong) CPA Limited, Registered Public Interest Entity Auditors.

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

The Directors

15/F, Units 1501–02
Wui Tat Building
3 On Yiu Street
Sha Tin, New Territories
Hong Kong

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Anchorstone Holdings Limited (the "**Company**") and its subsidiaries (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 adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025 and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages II-1 to II-3 of Appendix II to the Company's circular dated 16 March 2026 (the "**Circular**") in connection with the proposed rights issue on the basis of four (4) rights shares for every one (1) existing share held by the qualifying shareholders on the record date at the subscription price of HK$0.105 per rights share (the "**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 on pages II-1 to II-3 of 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 unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025 as if the Rights Issue had taken place on 30 June 2025. As part of this process, information about the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company has been extracted by the directors of the Company from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2025, on which an interim 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" ("**AG7**"), 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 requirement 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.

The firm applies Hong Kong Standard on Quality Management ("**HKSQM**") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, 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 AG7 issued by the HKICPA.

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

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2025 would have been as presented.

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

- the related 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 Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Guangshen (Hong Kong) CPA Limited
Certified Public Accountants
Hong Kong 16 March 2026

1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

2. SHARE CAPITAL

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

(i) As at the Latest Practicable Date

		HK$
Authorised:		
500,000,000	Ordinary Shares of HK$0.10 each	50,000,000
		HK$
Issued and fully paid:		
289,555,281	Ordinary Shares of HK$0.10 each	28,955,528.1

(ii) Immediately upon completion of the Increase in Authorised Share Capital but before the completion of the Rights Issue

		HK$
Authorised:		
4,000,000,000	Ordinary Shares of HK$0.10 each	400,000,000
		HK$
Issued and fully paid:		
289,555,281	Ordinary Shares of HK$0.10 each	28,955,528.1

(iii) Immediately after completion of the Rights Issue (assuming full subscription under the Rights Issue and no change in the number of Shares)

		HK$
Authorised:		
4,000,000,000	Ordinary Shares of HK$0.10 each	400,000,000

		HK$
Issued and fully paid:		
1,447,776,405	Ordinary Shares of HK$0.10 each	144,777,640.5

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

As at the Latest Practicable Date, the number of issued Shares was 289,555,281 of par value of HK$0.10 each with no treasury shares and the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

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

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

3. DISCLOSURE OF INTERESTS

Directors' Interests

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

Name of Director	Capacity/nature of interest	Total number of Shares held *(Note 1)*	Percentage of interest in the Company's issued capital
Mr. Lui	Interest in controlled corporation *(Note 2)*	121,153,929 (L) 7,251,500 (S)	41.84% 2.50%
	Beneficial owner	16,676,117 (L) 56,000 (S)	5.76% 0.02%

Notes:

1. *"L" denotes long position and "S" denotes short position.*

2. *Mr. Lui directly holds the entire issued share capital in PMG Investments Limited ("**PMG Investments**") and Pacific Marble & Granite Holdings Limited ("**PMG Holdings**"). Therefore, Mr. Lui is taken to be interested in the number of Shares held by PMG Investments and PMG Holdings pursuant to Part XV of the SFO.*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, or chief executives of the Company has any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' Interests

Name of Shareholder	Capacity/nature of interest	Total number of Shares held *(Note 1)*	Percentage of interest in the Company's issued capital
PMG Investments	Beneficial owner *(Note 2)*	67,381,000 (L) 7,251,500 (S)	23.27% 2.50%
Pacific Marble & Granite Holdings (BVI) Ltd.	Interest in controlled corporation *(Note 2)*	53,823,529 (L)	18.59%
PMG Holdings	Beneficial owner *(Note 2)*	53,823,529 (L)	18.59%

Notes:

1. *"L" denotes long position and "S" denotes short position.*

2. *PMG Holdings is wholly-owned by Pacific Marble & Granite Holdings (BVI) Ltd. and accordingly, Pacific Marble & Granite Holdings (BVI) Ltd. is deemed to be interested in all the underlying Shares held by PMG Holdings. Mr. Lui is the ultimate beneficial owner for each of PMG Investments, Pacific Marble & Granite Holdings (BVI) Ltd. and PMG Holdings.*

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

4. DIRECTORS' SERVICE CONTRACTS

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

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

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

6. COMPETING BUSINESS

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

7. LITIGATIONS

As at the Latest Practicable Date, the legal cases of the Group were as follows:

(i) the Group had accrued unpaid salaries of approximately HK$4,900,000 as at 31 December 2025, due to temporary cash flow constraints; and

(ii) a winding-up petition dated 4 December 2025 was presented by Hang Chin Marble Engineering Limited against Pacific Marble and Granite Limited ("**PMG**"), an indirectly wholly owned subsidiary of the Company, on the ground that PMG is insolent and unable to pay its debt. The hearing of this proceeding is scheduled to take place on 18 March 2026 and the Company will take appropriate actions after the hearing results.

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

8. MATERIAL CONTRACTS

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

(i) the placing agreement dated 19 September 2025 (and the relevant supplemental placing agreements dated 9 October 2025, 28 October 2025 and 17 November 2025) entered between the Company and Kingston Securities Limited, as the placing agent, to place its shares on a best effort basis to not less than six independent placees;

(ii) the Undertaking and the Deed of Set-off; and

(iii) the Placing Agreement.

9. EXPERTS AND CONSENTS

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

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

As at the Latest Practicable Date, each of the experts named above (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and references to its name and/or its advice in the form and context in which they respectively appear; (ii) was not beneficially interested in any share of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (iii) did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors	*Executive Directors* Mr. Lui Yue Yun Gary Ms. Lui Natalie Po Wai *Independent non-executive Directors* Mr. Ko Tsz Kin Mr. Wong Yue Fai Proj. Jiang Zhihong
Registered Office	Cricket Square Hutchins Drive PO Box 2681, Grand Cayman KY1-1111 Cayman Islands

Principal place of business in Hong Kong	Unit 1501–02 15/F., Delta House No. 3 On Yiu Street, Shatin New Territories, Hong Kong
Authorised representatives	Mr. Lui Yue Yun Gary 15/F., Delta House No. 3 On Yiu Street, Shatin New Territories, Hong Kong Ms. Lui Natalie Po Wai 15/F., Delta House No. 3 On Yiu Street, Shatin New Territories, Hong Kong
Company Secretary	Ms. Don Mun Min
Legal Adviser	Conyers Dill & Pearman 29th Floor, One Exchange Square 8 Connaught Place, Central Hong Kong
Financial Adviser	Veda Capital Limited Room 27, Units 405–414, Level 4 Core E, Cyberport 3, 100 Cyberport Road Hong Kong
Independent Financial Adviser	SBI China Capital Hong Kong Securities Limited 4/F., Henley Building No. 5, Queen's Road Central Hong Kong
Reporting accountants	Guangshen (Hong Kong) CPA Limited Unit 602, Tower A, Hunghom Commercial Center 39 Ma Tau Wai Road Kowloon, Hong Kong
Placing Agent	Sun Securities Limited 28/F., Bank of East Asia Harbour View Centre 56 Gloucester Road, Wanchai Hong Kong
Share Registrar	Tricor Investor Services Limited 17/F., Far East Finance Centre 16 Harcourt Road Hong Kong

Principal share registrar and transfer office in the Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive, PO Box 2681 Grand Cayman KY1-1111, Cayman Islands
Principal bankers	Hang Seng Bank 83 Des Voeux Road Central, Hong Kong Chong Hing Bank 24 Des Voeux Road Central, Hong Kong Nanyang Commercial Bank 151 Des Voeux Road Central, Hong Kong
Stock Code	01592
Company website	http://www.anchorstone.com.hk

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

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

Executive Directors

Mr. Lui Yue Yun Gary ("Mr. Lui")

Mr. Lui, aged 70, an executive Director since February 2016. He is the Chairman and the Chief Executive Officer of the Group. He is also one of the co-founder of the Group and is the actual controlling shareholder of the Company.

Mr. Lui obtained a Bachelor's degree in Civil Engineering from University of Toronto, Canada. He has around 40 years of experience in marble and granite outfitting works and has been involved in numerous projects throughout the years. Mr. Lui had experience in leading certain stone supply and installation projects in Hong Kong, Macau and the Mainland China. Mr. Lui has established a strong rapport with different main contractors and architects for various types of projects and brings in extensive knowledge of marble and granite selection and project management to the Group.

Ms. Lui Natalie Po Wai ("Ms. Lui")

Ms. Lui, aged 26, an executive Director since 2 May 2024 and the daughter of Mr. Lui.

Ms. Lui obtained a bachelor's degree from The University of British Columbia in Canada. Ms. Lui is currently the marketing manager at Pacific Marble & Granite Limited, an indirectly wholly-owned subsidiary of the Company, and is responsible for its business

promotion and development. Ms. Lui also works at a research company and is responsible for the recruitment and preparation of industry experts for investment firms and management consultancies.

Independent non-executive Directors

Mr. Ko Tsz Kin ("Mr. Ko")

Mr. Ko, aged 56, an independent non-executive Director since June 2018.

Mr. Ko is also the chairman of the Audit Committee and a member of each of the Nomination Committee and Remuneration Committee. Mr. Ko obtained a Bachelor's degree in administrative studies from York University in Canada. He is a practicing member of Hong Kong Institute of Certified Public Accountants and has over 29 years of experience in auditing and accounting.

Mr. Wong Yue Fai ("Mr. Wong")

Mr. Wong, aged 39, an independent non-executive Director since 2023.

Mr. Wong obtained a bachelor's degree from Ryerson University (now known as Toronto Metropolitan University) in Canada. He possesses business experience of around 15 years and is currently a businessman who engages in trading business.

Prof. Jiang Zhihong ("Prof. Jiang")

Prof. Jiang Zhihong, aged 57, an independent non-executive Director since 10 December 2025.

Prof. Jiang is currently the Vice President and Chair Professor of Macau University of Science and Technology, as well as the director of the State Key Laboratory of Mechanism and Quality of Chinese Medicine. He obtained his PhD in Pharmaceutical Sciences from Nagasaki University in Japan and conducted postdoctoral research at the Department of Biological Chemistry and Molecular Pharmacology at Harvard Medical School in the United States.

Company secretary

Ms. Don Mun Min ("Ms. Don")

Ms. Don has been the Company Secretary of the Company since 28 February 2025. She is an associate member of the Hong Kong Chartered Governance Institute and a member of CPA Australia.

12. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Company comprises all the independent non-executive Directors, namely Mr. Ko Tsz Kin, Mr. Wong Yue Fai and Proj. Jiang Zhihong. The primary duties of the audit committee of the Company include the review of the Group's financial reporting process and the internal control systems as well as risk management of the Group.

13. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK$1.06 million to approximately HK$1.86 million (assuming all the Rights Shares are subscribed and/or the unsubscribed Rights Shares are placed), which are payable by the Company.

14. DOCUMENTS ON DISPLAY

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

(i) the letter from the Board, which sets out on pages 11 to 34 of this Circular;

(ii) the letter from the Independent Board Committee, which sets out on pages IBC-1 to IBC-2 of this Circular;

(iii) the letter from the Independent Financial Adviser, which sets out on pages IFA-1 to IFA-35 of this Circular;

(iv) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group, which sets out in Appendix II of this Circular;

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

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

15. MISCELLANEOUS

(i) as at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

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

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

Anchorstone Holdings Limited
基石控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1592)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Anchorstone Holdings Limited (the "**Company**") will be held at Room 1501, Delta House, 3 On Yiu Street, Shatin, Hong Kong on Wednesday, 8 April 2026 at 11:00 a.m. for the purpose of considering and, if though fit, passing the below resolutions of the Company. Terms and expressions that are not expressly defined in this notice of EGM shall bear the same meaning as those defined in the circular of the Company dated 16 March 2026 (the "**Circular**").

ORDINARY RESOLUTIONS

1. "**THAT** the authorised share capital of the Company be increased from HK$50,000,000 divided into 500,000,000 Shares to HK$400,000,000 divided into 4,000,000,000 Shares by creating of an additional 3,500,000,000 unissued Shares (the "**Increase in Authorised Share Capital**") with effect from the first business day immediately following the day of passing of this resolution."

2. "**THAT** subject to the satisfaction of the conditions set out under the heading "Conditions of the Rights Issue" in the Letter from the Board of the Circular:

   (i) to consider and approve the issue by way of rights issue of not more than 1,158,221,124 Rights Shares at the Subscription Price of HK$0.105 per Rights Share on the basis of four (4) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders as at the close of business on the Record Date (the "**Rights Issue**"), other than those Excluded Shareholders, and substantially on the terms and conditions set out in the Circular (a copy of which marked "A" is produced to the meeting and initialed by the chairman of the meeting for the purpose of identification) and such other terms and conditions as may be determined by the Directors, be and is hereby approved;

(ii) the placing agreement dated 14 January 2026 (the "**Placing Agreement**") and entered into between the Company and the Placing Agent (a copy of which has been produced to the EGM marked "B" and signed by the chairman of the EGM for the purpose of identification), in relation to the placing of the Rights Shares not subscribed by the Qualifying Shareholders and/or the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company at the placing price of not less than the Subscription Price on a best effort basis, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(iii) 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 Excluded 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

(iv) the board of Directors or a committee thereof be and is hereby authorised to do all such acts, deeds and things, to sign and execute all such further documents or deeds and to take such steps as they may in their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue, the Placing Agreement and the transactions contemplated thereunder."

3. "**THAT** conditional upon the passing of resolution number 1 and 2 as set out above:

(i) the total subscription price payable by Mr. Lui for the Rights Shares to which he is entitled to and/or is required to subscribe for under the Rights Issue, would be fully set-off (the "**Set-off Arrangement**") on a dollar-to-dollar basis against the equivalent amount of the Shareholder's Loan indebted by the Company to Mr. Lui, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(ii) the Directors be and are hereby authorised to do all such acts, deeds and things, to sign and execute all such further documents or deeds and to take such steps as they may in their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Set-off Arrangement and the transactions contemplated thereunder."

By order of the Board
Anchorstone Holdings Limited
Lui Yue Yun Gary
Chairman and Executive Director

Hong Kong, 16 March 2026

Registered office:
Cricket Square Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Unit 1501–02
15/F., Delta House
No. 3 On Yiu Street, Shatin
New Territories, Hong Kong

Notes:

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

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

3. *In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event by 11:00 a.m. on Monday, 6 April 2026 or not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.*

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

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

6. *In order to determine the entitlement of the Shareholders to attend and vote at the Meeting, the register of members of the Company will be closed from Monday, 30 March 2026 to Wednesday, 8 April 2026 (both dates inclusive), during which period no transfer of Shares can be registered. To qualify for the attendance and voting at the Meeting, Shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 27 March 2026.*

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

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

9. *As at the date of this notice, the Board comprises Mr. Lui Yue Yun Gary and Ms. Lui Natalie Po Wai as executive Directors; Mr. Ko Tsz Kin, Mr. Wong Yue Fai and Proj. Jiang Zhihong as independent non-executive Directors.*