
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

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



新明中国控股

XINMING CHINA

Xinning China Holdings Limited

新明中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2699)

**(1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF
SIX (6) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE
HELD AT THE CLOSE OF BUSINESS ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Placing Agent

ADVENT
宏智證券(香港)

Advent Securities (Hong Kong) Limited

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

 **FIRST**

First Global Corporate Finance Co., Limited

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

A letter from the Board is set out on pages 8 to 39 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder is set out on pages 40 to 41 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder is set out on pages 42 to 75 of this circular.

It should be noted that the Consolidated Shares will be dealt in on an ex-rights basis from Thursday, 4 June 2026. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 17 June 2026 to Thursday, 25 June 2026 (both dates inclusive). If the conditions of the 2026 Rights Issue, including, among other things, the Share Consolidation becoming effective, are not fulfilled, the 2026 Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Wednesday, 17 June 2026 to Thursday, 25 June 2026 (both dates inclusive) will accordingly bear the risk that the 2026 Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Consolidated Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its own professional advisers.

The notice convening the EGM to be held at 3/F, Office Plus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong at 11:00 a.m. on Monday, 1 June 2026 is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for use at the EGM is also enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy (together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority) in accordance with the instructions printed thereon to the Registrar as soon as possible and in any event not less than 48 hours before the time appointed (i.e. by 11:00 a.m. on Saturday, 30 May 2026) for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Subject to the fulfilment of the conditions of the 2026 Rights Issue, including, among other things, the Share Consolidation becoming effective, the 2026 Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. Please refer to the section headed "Letter from the Board – (II) Proposed 2026 Rights Issue" in this circular. In the event of an undersubscription of the 2026 Rights Issue, any Unsubscribed Rights Shares together with the NQS Unsold Rights Shares will be placed on a best-efforts basis by the Placing Agent to independent places under the Placing. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which remain not placed under the Placing will not be issued by the Company and the size of the 2026 Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the 2026 Rights Issue. There are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the 2026 Rights Issue.

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

15 May 2026

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	ii
DEFINITIONS	1
LETTER FROM THE BOARD	8
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	40
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	42
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III – GENERAL INFORMATION	III-1
NOTICE OF EGM	EGM-1

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and the 2026 Rights Issue is set out below which is indicative only and has been prepared on the assumption that all the conditions of the Share Consolidation and the 2026 Rights Issue, respectively, will be fulfilled. The expected timetable is subject to change and further announcement(s) will be made by the Company should there be any changes to the expected timetable.

Event	Date
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Friday, 22 May 2026
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	Tuesday, 26 May 2026 to Monday, 1 June 2026
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Saturday, 30 May 2026
Record date for attendance and voting at the EGM	Monday, 1 June 2026
Date and time of the EGM to approve the Share Consolidation and the 2026 Rights Issue	11:00 a.m. on Monday, 1 June 2026
Announcement of the poll results of the EGM	Monday, 1 June 2026
Register of members of the Company re-opens	Tuesday, 2 June 2026

EXPECTED TIMETABLE

The following events are conditional upon the results of the EGM and the fulfilment of the other conditions relating to the Share Consolidation and the 2026 Rights Issue, respectively, and therefore the dates are tentative only:

Event	Date
Effective date of the Share Consolidation	Wednesday, 3 June 2026
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Wednesday, 3 June 2026
Original counter for trading in Existing Shares in board lot of 2,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 3 June 2026
Temporary counter for trading in the Consolidated Shares in board lot of 80 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 3 June 2026
First day of free exchange of existing share certificates for the Existing Shares for new share certificates for the Consolidated Shares	Wednesday, 3 June 2026
Last day of dealings in the Consolidated Shares on a cum-rights basis relating to the 2026 Rights Issue	Wednesday, 3 June 2026
First day of dealings in the Consolidated Shares on an ex-rights basis relating to the 2026 Rights Issue	Thursday, 4 June 2026
Latest time for the Shareholders to lodge transfer documents of Consolidated Shares in order to be qualified for the 2026 Rights Issue	4:30 p.m. on Friday, 5 June 2026
Closure of register of members to determine the entitlements to the 2026 Rights Issue (both dates inclusive)	Monday, 8 June 2026 to Friday, 12 June 2026
Record Date for the 2026 Rights Issue	Friday, 12 June 2026
Despatch date of the Prospectus Documents to Qualifying Shareholders, and in the case of the Non-Qualifying Shareholders, the Prospectus only	Monday, 15 June 2026

EXPECTED TIMETABLE

Event	Date
Register of members of the Company re-opens	Monday, 15 June 2026
First day of dealings in nil-paid Rights Shares	Wednesday, 17 June 2026
Original counter for trading in the Consolidated Shares in board lot of 2,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 17 June 2026
Parallel trading in the Consolidated Shares (in the form of both existing share certificates in board lots of 80 Consolidated Shares and new share certificates in board lots of 2,000 Consolidated Shares) commences	9:00 a.m. on Wednesday, 17 June 2026
Designated broker starts to stand in the market to provide matching services for odd lot of the Consolidated Shares	9:00 a.m. on Wednesday, 17 June 2026
Latest time for splitting the PAL	4:30 p.m. on Monday, 22 June 2026
Last day of dealings in nil-paid Rights Shares	Thursday, 25 June 2026
Latest Time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Tuesday, 30 June 2026
Announcement of the number of the Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements	Wednesday, 8 July 2026
Commencement of the Placing Period (if there are any Unsubscribed Rights Shares and NQS Unsold Rights Shares available)	Thursday, 9 July 2026
Designated broker ceases to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Thursday, 9 July 2026
Temporary counter for trading in the Consolidated Shares in board lot of 80 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Thursday, 9 July 2026

EXPECTED TIMETABLE

Event	Date
Parallel trading in the Consolidated Shares (in the form of both existing share certificates in board lots of 80 Consolidated Shares and new share certificates in board lots of 2,000 Consolidated Shares) ends	4:10 p.m. on Thursday, 9 July 2026
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Monday, 13 July 2026
Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements	Friday, 24 July 2026
Latest time for the 2026 Rights Issue to become unconditional and the Placing Long Stop Date	4:00 p.m. on Friday, 24 July 2026
Announcement of results of the 2026 Rights Issue (including the results of the Placing and the Net Gain)	Friday, 31 July 2026
2026 Rights Issue settlement and Placing completion date	Monday, 3 August 2026
Despatch of share certificates for fully-paid Rights Shares and/or refund cheques if terminated	Monday, 3 August 2026
Commencement of dealings in fully-paid Rights Shares	Tuesday, 4 August 2026
Designated broker commences to provide matching service for odd lots of Shares	Tuesday, 4 August 2026
Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any)	Monday, 10 August 2026
Designated broker ceases to provide matching service for odd lots of Shares	Tuesday, 18 August 2026

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Share Consolidation and the 2026 Rights Issue set out above and all dates and deadlines specified in this circular are indicative only and may be varied. Any changes to the expected timetable will be announced in separate announcement(s) by the Company as and when appropriate.

EXPECTED TIMETABLE

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

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

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

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

DEFINITIONS

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

“2025 Rights Issue”	the rights issue of the Company on the basis of four (4) rights Shares for every one (1) Share in issue at HK\$1.12 per rights Share, which was completed on 29 July 2025, the details of which are set out in the prospectus of the Company dated 28 November 2024 and the poll results announcement of the Company dated 29 July 2025
“2026 Rights Issue”	the proposed issue by way of rights of six (6) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions to be set out in the Prospectus Documents
“Announcements”	collectively, the First Announcement and the Second Announcement
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Xinming China Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Compensatory Arrangements”	placing of the Placing Shares by the Placing Agent on a best-efforts basis pursuant to the Placing Agreement in accordance with Rule 7.21(b) of the Listing Rules

DEFINITIONS

“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	the ordinary share(s) of par value HK\$0.25 each in the share capital of the Company, immediately upon the Share Consolidation becoming effective
“controlling shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other things, the Share Consolidation, the 2026 Rights Issue, the Placing and the transactions contemplated thereunder
“Existing Share(s)”	the ordinary share(s) of par value HK\$0.01 each in the share capital of the Company, prior to the Share Consolidation becoming effective
“First Announcement”	the announcement of the Company dated 16 February 2026 in relation to, among other matters, the 2026 Rights Issue, the Placing and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, which has been established to advise the Independent Shareholders in respect of the 2026 Rights Issue and the Placing and as to the voting action therefor

DEFINITIONS

“Independent Financial Adviser”	First Global Corporate Finance Co., Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity and the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) excluding (i) any controlling shareholder and their associates; (ii) 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; (iii) those who are involved in or interested in the 2026 Rights Issue and the Placing (as the case may be); and (iv) those that are required under the Listing Rules to abstain from voting at the EGM
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the Listing Rules
“Last Trading Day”	Friday, 13 February 2026, being the last full trading day of the Existing Shares on the Stock Exchange prior to the release of the First Announcement
“Latest Practicable Date”	13 May 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 30 June 2026, or such other time and date as the Company may determine, being the latest time and date for acceptance of and payment for the Rights Shares
“Listing Committee”	the listing committee of the Stock Exchange for considering application for listing and the granting of listing

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chen”	Mr. Chen Chengshou, an executive Director, chairman and chief executive officer of the Company
“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 Placing Shares placed by the Placing Agent under the Placing Agreement
“No Action Shareholder(s)”	Qualifying Shareholder(s) or renouncee(s) or transferee(s) of nil-paid rights under PAL(s) during the 2026 Rights Issue who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any nil-paid rights at the time such nil-paid rights lapse, or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant jurisdiction or the requirements of a relevant regulatory body or stock exchange in such jurisdiction
“NQS Unsold Rights Share(s)”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Original Placing Agreement”	the placing agreement dated 16 February 2026 entered into between the Company and the Placing Agent in relation to the placing of the Placing Shares
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) which is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) in respect of the 2026 Rights Issue proposed to be issued to the Qualifying Shareholders

DEFINITIONS

“Placing”	the placing of the Placing Shares on a best-efforts basis by the Placing Agent and/or its sub-placing agent(s) to independent places on the terms and conditions of the Placing Agreement
“Placing Agent”	Advent Securities (Hong Kong) Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activity
“Placing Agreement”	the Original Placing Agreement (as amended and supplemented by the Supplemental Placing Agreement) in relation to the placing of the Placing Shares
“Placing Long Stop Date”	4:00 p.m. on Friday, 24 July 2026 or such other date as the Company and the Placing Agent may agree in writing
“Placing Period”	the period commencing from Thursday, 9 July 2026 to 4:00 p.m. on Friday, 24 July 2026, or such other dates as the Company may determine, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements
“Placing Share(s)”	the Unsubscribed Rights Share(s) and the NQS Unsold Rights Share(s)
“PRC”	the People’s Republic of China, and for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the 2026 Rights Issue
“Prospectus Documents”	the Prospectus and the PAL to be issued by the Company
“Prospectus Posting Date”	Monday, 15 June 2026, or such other date as the Company may determine, for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) who(se) name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)

DEFINITIONS

“Record Date”	Friday, 12 June 2026, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the 2026 Rights Issue will be determined
“Registrar”	the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Share(s)”	up to 22,543,464 Consolidated Shares to be allotted and issued pursuant to the 2026 Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date other than the Share Consolidation)
“RMB”	Renminbi, the lawful currency of the PRC
“Second Announcement”	the announcement of the Company dated 22 April 2026 in relation to, among other matters, the Share Consolidation and updates on the 2026 Rights Issue, the Placing and the transactions contemplated thereunder
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Existing Share(s) or as the context may require, the Consolidated Share(s)
“Share Consolidation”	the proposed consolidation of every twenty five (25) issued and unissued Existing Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.25 each
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$4.70 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supplemental Placing Agreement”	the supplemental agreement dated 22 April 2026 entered into between the Company and the Placing Agent in relation to the Original Placing Agreement

DEFINITIONS

“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent.

LETTER FROM THE BOARD



Xinming China Holdings Limited

新明中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2699)

Executive Directors:

Mr. Chen Chengshou
(Chairman and Chief Executive Officer)
Mr. Shi Jianwen

Independent Non-executive Directors:

Ms. Chan Wai Yan
Ms. Huang Chunlian
Ms. Lee Yin Man

Registered Office:

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

Headquarters in the PRC:

Block I, 5th Floor
Hengli Building
No. 5 Huang Long Road, Hangzhou
Zhejiang Province, the PRC

Principal place of business in Hong Kong:

Unit D, 7/F, Kee Shing Centre
74-76 Kimberley Road
Tsim Sha Tsui, Kowloon
Hong Kong

15 May 2026

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF
SIX (6) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE
HELD AT THE CLOSE OF BUSINESS ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcements in relation to, among other things, the Share Consolidation, the 2026 Rights Issue, the Placing and the transactions contemplated thereunder. The purpose of this circular is to provide you with, among other things, (i) details of the Share Consolidation; (ii) further information regarding the 2026 Rights Issue, the Placing and the

LETTER FROM THE BOARD

transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder; (v) other information required under the Listing Rules; and (vi) the notice of the EGM.

(I) PROPOSED SHARE CONSOLIDATION

The Company proposes to, as a condition precedent to the 2026 Rights Issue, implement the Share Consolidation on the basis that every twenty five (25) issued and unissued Existing Shares of par value of HK\$0.01 each be consolidated into one (1) Consolidated Share of par value of HK\$0.25 each.

EFFECT OF THE SHARE CONSOLIDATION

As at the Latest Practicable Date, there are 93,931,100 Existing Shares in issue. Upon the Share Consolidation becoming effective and assuming there is no change in the number of Shares in issue from the Latest Practicable Date up to and including the effective date of the Share Consolidation, there will be 3,757,244 Consolidated Shares in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares in issue immediately following the Share Consolidation becoming effective will rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

CONDITIONS OF THE SHARE CONSOLIDATION

The Share Consolidation is conditional upon fulfilling the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the Cayman Islands laws (where applicable) and the Listing Rules to effect the Share Consolidation.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, as none of the Shareholders or their associates have any material interest in the Share Consolidation, no Shareholder is required to abstain from voting on the resolution to approve the Share Consolidation at the EGM.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Wednesday, 3 June 2026, being the second Business Day immediately after the date of passing of the ordinary resolution approving the Share Consolidation at the EGM.

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

LISTING APPLICATION

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

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

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange. Upon the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is currently proposed to be sought.

Shareholders and potential investors of the Company should note that the Share Consolidation is subject to the fulfilment of the conditions as set out above. Therefore, if such conditions are not fulfilled, the Share Consolidation will not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional adviser(s).

LETTER FROM THE BOARD

OTHER ARRANGEMENTS

No Fractional Entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders. All fractions of the Consolidated Shares, if any, will be aggregated (and rounded down to the nearest whole number) and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisor and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, if any, the Company will appoint a securities firm to provide matching services, on a best-efforts basis, to those Shareholders who wish to (i) acquire odd lots of the Consolidated Shares to make up a full board lot, or (ii) to dispose their holding of odd lots of the Consolidated Shares, during the period from 9:00 a.m. on Wednesday, 17 June 2026 to 4:00 p.m. on Thursday, 9 July 2026 (both dates inclusive).

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed, and may or may not be sold at the market price. Shareholders who are in any doubt about the odd lots trading arrangement are recommended to consult their professional adviser(s).

Exchange of share certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be on Wednesday, 3 June 2026, the Shareholders may during business hours on or after Wednesday, 3 June 2026 and until Monday, 13 July 2026 (both dates inclusive) submit their existing share certificates (in the color yellow) for the Existing Shares to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in exchange for new share certificates (in the color red) for the Consolidated Shares, at the expense of the Company.

LETTER FROM THE BOARD

Thereafter, share certificates of the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each existing share certificate for the Existing Shares submitted for cancellation or for each new share certificate issued for the Consolidated Shares, whichever the number of share certificates cancelled and/or issued is higher.

Subject to the Share Consolidation becoming effective, after 4:10 p.m. on Thursday, 9 July 2026, trading will only be in Consolidated Shares. Existing share certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at any time, but will not be accepted for delivery, trading and settlement purposes.

NO CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Existing Shares are currently traded on the Stock Exchange in a board lot size of 2,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain unchanged at 2,000 Consolidated Shares per board lot.

REASONS FOR AND BENEFITS OF THE SHARE CONSOLIDATION

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated in September 2024 states that, among other things, in determining the board lot size, taking into account of the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

As at the Latest Practicable Date, based on the closing price of HK\$0.28 per Existing Share, the value of each board lot of 2,000 Existing Shares is HK\$560. The Existing Shares had been consistently traded at below the level of HK\$2,000 per board lot since 3 October 2025. Upon the Share Consolidation becoming effective, based on the theoretical closing price of HK\$7.00 per Consolidated Share (calculated based on the closing price of HK\$0.28 per Existing Share and taking into account the effect of the Share Consolidation), the expected value of each board lot of 2,000 Consolidated Shares would be HK\$14,000.00.

The Board had considered alternative ratios for the Share Consolidation. After careful consideration, the Board determined that the proposed consolidation ratio of every twenty five (25) Existing Shares to one (1) Consolidated Share is appropriate as it strikes a balance between increasing the trading price per Share and minimising the potential impact of odd lots and fractional Shares on Shareholders. The Board also considers that the Share Consolidation will

LETTER FROM THE BOARD

enable the Company to comply with the trading requirements under the Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares, which would attract more investors to invest in the Shares, which further broadens the shareholder base of the Company.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may otherwise be entitled.

In view of the above, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has no intention to carry out other corporate actions in the twelve (12) months immediately following the completion of the Share Consolidation, which may have an effect of undermining or negating the intended purpose of the Share Consolidation.

(II) PROPOSED 2026 RIGHTS ISSUE

Subject to the Share Consolidation becoming effective, the Company proposes to conduct the 2026 Rights Issue on the basis of six (6) Rights Shares for every one (1) Consolidated Share held on the Record Date. Details of the 2026 Rights Issue are set out below:

DETAILS OF THE 2026 RIGHTS ISSUE

Basis of the 2026 Rights Issue	:	Six (6) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$4.70 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated expenses in relation to the 2026 Rights Issue)	:	Approximately HK\$4.50 per Rights Share (on the basis that all the Rights Shares will be taken up)
Number of Shares in issue as at the Latest Practicable Date	:	93,931,100 Existing Shares, equivalent to 3,757,244 Consolidated Shares (assuming there is no change in the number of Shares in issue up to the effective date of the Share Consolidation)

LETTER FROM THE BOARD

Number of Rights Shares (Shares to be issued pursuant to the 2026 Rights Issue)	:	Up to 22,543,464 Consolidated Shares with an aggregate nominal value of HK\$5,635,866.00 (assuming there is no change in the number of Shares in issue on or before the Record Date, other than the Share Consolidation)
Total number of Shares in issue upon completion of the 2026 Rights Issue	:	Up to 26,300,708 Consolidated Shares (assuming there is no change in the number of Shares in issue on or before the Record Date, other than the Share Consolidation)
Gross proceeds from the 2026 Rights Issue	:	Up to approximately HK\$106.0 million (before expenses)

As at the Latest Practicable Date, the Company has no outstanding warrants, options or convertible securities in issue or other similar rights entitling holders thereof to convert into or exchange into or subscribe for new Shares. Other than the Share Consolidation, the Company has no intention to issue or grant any Shares, warrants, options and/or convertible securities on or before the Record Date.

Assuming there is no change in the number of Shares in issue on or before the Record Date, other than the Share Consolidation, the aggregate 22,543,464 Rights Shares to be issued pursuant to the terms of the 2026 Rights Issue represent 600% of the total number of issued Consolidated Shares and approximately 85.71% of the total number of issued Consolidated Shares as enlarged by the issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

As at the Latest Practicable Date, the Board has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the 2026 Rights Issue.

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

Subscription Price

The Subscription Price of HK\$4.70 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the 2026 Rights Issue, or where a transferee of the nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

LETTER FROM THE BOARD

- (i) a discount of approximately 32.9% to the theoretical closing price of HK\$7.00 per Consolidated Share (calculated based on the closing price of HK\$0.28 per Existing Share and taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 20.0% to the theoretical closing price of HK\$5.875 per Consolidated Share (calculated based on the closing price of HK\$0.235 per Existing Share and taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 20.0% to the average theoretical closing price of HK\$5.875 per Consolidated Share (calculated based on the average closing price of HK\$0.235 after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 19.7% to the average theoretical closing price of HK\$5.850 per Consolidated Share (calculated based on the average closing price of HK\$0.234 after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 17.14%, represented by the theoretical diluted price of approximately HK\$4.87 per Consolidated Share (after taking into account the effect of the Share Consolidation) to the theoretical benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK\$5.875 per Consolidated Share (after taking into account the effect of the Share Consolidation), taking into account the higher of (i) the theoretical closing price of the Consolidated Shares as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average theoretical closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day; and
- (vi) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) in aggregation with the 2025 Rights Issue, which was completed on 29 July 2025, of approximately 19.56%, computed by the cumulative theoretical diluted price of approximately HK\$28.56 per Consolidated Share (after taking into account the effect of the Share Consolidation) to the theoretical benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK\$35.50 per Consolidated Share (after taking into account the effect of the Share Consolidation) in respect of the 2025 Rights Issue as announced on 6 December 2024.

LETTER FROM THE BOARD

The Subscription Price was determined with reference to (i) the market price of the Shares (and its fluctuations) under the prevailing market conditions; (ii) the current business performance and financial position of the Group; and (iii) the reasons for and benefits of the 2026 Rights Issue as discussed in the section headed “(II) Proposed 2026 Rights Issue – Reasons For and Benefits of the 2026 Rights Issue and the Use of Proceeds”, including the amount of funds the Company intends to raise under the 2026 Rights Issue and its intended uses.

In particular:

- (a) the Directors reviewed the daily closing prices of the Shares during the 12 month period up to and including the Last Trading Day. During this period, the Shares recorded (i) an average closing price of approximately HK\$31.25 per Consolidated Share (calculated based on HK\$1.25 after taking into account the effect of the Share Consolidation), (ii) a highest closing price of HK\$103.75 per Consolidated Share (calculated based on HK\$4.15 after taking into account the effect of the Share Consolidation) and (iii) a lowest closing price of HK\$4.95 per Consolidated Share (calculated based on HK\$0.198 after taking into account the effect of the Share Consolidation), and were traded consistently above the Subscription Price. The Directors also noted the fluctuations in the Share price, in particular the decline from HK\$103.75 per Consolidated Share (calculated based on HK\$4.15 after taking into account the effect of the Share Consolidation) on 29 September 2025 to HK\$13.75 per Consolidated Share (calculated based on HK\$0.55 after taking into account the effect of the Share Consolidation) on 2 October 2025. The Board is not aware of any reason for such unusual price movements of the Shares. Despite such fluctuations, given that the closing prices of the Shares stabilised within a range of approximately HK\$4.95 to HK\$6.50 per Consolidated Share (calculated based on HK\$0.198 to HK\$0.26 after taking into account the effect of the Share Consolidation) from the beginning of 2026 up to the Last Trading Day, the Directors considered it appropriate to determine the Subscription Price with reference to this more recent period, which is a reasonable comparison between the prevailing market price and the Subscription Price;

LETTER FROM THE BOARD

- (b) the Directors also took into account the current financial position and business performance of the Group. In particular, as further elaborated in the section headed “(II) Proposed 2026 Rights Issue – Reasons For and Benefits of the 2026 Rights Issue and Use of Proceeds”, the Group has been under liquidity pressures and faces an imminent need for financial resources to settle its liabilities and replenish its working capital. By setting a Subscription Price which is at a discount to the prevailing market price, the Board considers that this would provide sufficient incentive for, and encourage, the Qualifying Shareholders to participate in the 2026 Rights Issue (which allows the Qualifying Shareholders to maintain their proportional shareholdings in the Company and minimises the dilution impact), while providing an opportunity to enable the Company to address its immediate funding needs and improve the financial position of the Group. The Directors also noted that the discount to the Subscription Price is comparable to the discount to the subscription price under the 2025 Rights Issue; and
- (c) the Directors have also considered the aggregate amount of funds to be raised under the 2026 Rights Issue calculated based on the Subscription Price and the number of Rights Shares to be issued, and the intended use of proceeds which include settlement of liabilities of the Group as further elaborated in the section headed “(II) Proposed 2026 Rights Issue – Reasons For and Benefits of the 2026 Rights Issue and Use of Proceeds – Current financial position of the Group” and in the statement of indebtedness set out in the section headed “2. Indebtedness Statement” in Appendix 1 to this circular, acquiring potential projects to diversity the Group’s property portfolio, and for the general working capital of the Group, all of which would strengthen the business performance of the Group as a whole in the future.

Under the 2026 Rights Issue, each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Company considers that the discount of the Subscription Price to the current market price will encourage them to participate in the 2026 Rights Issue, minimising dilution impact.

The Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and are in the best interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Non-underwritten basis

Subject to the fulfilment of the conditions of the 2026 Rights Issue (including, among other things, the Share Consolidation becoming effective), the 2026 Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the 2026 Rights Issue, any Unsubscribed Rights Shares together with the NQS Unsold Rights Shares will be placed on a best-efforts basis by the Placing Agent to independent places under the Placing. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which remain not placed under the Placing will not be issued by the Company and the size of the 2026 Rights Issue will be reduced accordingly.

There is no minimum amount to be raised under the 2026 Rights Issue. There are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the 2026 Rights Issue.

As the 2026 Rights Issue will proceed on a non-underwritten basis, a Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the 2026 Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the 2026 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 to the note to Rule 7.19(5)(b) of the Listing Rules and does not result in any non-compliance with the public float requirements under Rule 8.08(1) of the Listing Rules.

The Company had explored both potential underwriting and non-underwriting arrangements for the 2026 Rights Issue. As the Company was unable to identify any securities firms willing to act as underwriter on terms that were commercially beneficial to the Company and its Shareholders, particularly given that the underwriting fee is expected to be substantial, which would also reduce the net proceeds from the 2026 Rights Issue available to the Company. In light of the above, the Board had determined that proceeding with the 2026 Rights Issue on a non-underwritten basis, combined with the Placing and the Compensatory Arrangements as disclosed in the sections headed “(II) Proposed 2026 Rights Issue – Details of the 2026 Rights Issue – Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” and “(II) Proposed 2026 Rights Issue – Details of the 2026 Rights Issue – Placing Agreement”, where the Placing Agent will place Unsubscribed Rights Shares and NQS Unsold Shares on a best-efforts basis at a price that is not less than the Subscription Price, represents the most viable and efficient approach to meet the Company’s funding objectives, and is consistent with the arrangements adopted for the 2025 Rights Issue, and provides adequate compensation mechanisms and safeguards to protect the interests of the Shareholders. Therefore, the Directors consider that conducting the 2026 Rights Issue on a non-underwritten basis with the Placing is in the interest of the Company and Shareholders as a whole.

LETTER FROM THE BOARD

Conditions of the 2026 Rights Issue

The 2026 Rights Issue is conditional upon the following conditions being fulfilled:

- (i) the Share Consolidation having become effective;
- (ii) the passing by more than 50% of the votes cast by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the EGM for the transactions contemplated under the 2026 Rights Issue to be effective in compliance with the Listing Rules, including but not limited to approving, confirming and/or ratifying the 2026 Rights Issue, including the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms;
- (iii) the delivery of the Prospectus Documents to the Stock Exchange and the issue by the Stock Exchange on or before the Posting Date of a certificate authorising registration of the Prospectus Documents with the Registrar of Companies in Hong Kong;
- (iv) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;
- (v) the posting of the Prospectus Documents to the Qualifying Shareholders and the publication of the Prospectus on the website of the Stock Exchange on or before the Prospectus Posting Date;
- (vi) the grant of listing of the Rights Shares (in both nil-paid and fully paid forms) by the Stock Exchange (either unconditionally or subject only to the allotment and despatch of the share certificates in respect thereof) and the grant of permission to deal in the nil-paid Rights Shares and the fully-paid Rights Shares by the Stock Exchange (and such permission and listing not subsequently having been withdrawn or revoked); and
- (vii) all other necessary waivers, consent and approvals (if required) from the relevant governmental or regulatory authorities for the 2026 Rights Issue, the Placing and the transactions contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent is capable of being waived. If any of the above conditions are not satisfied at or before 4:00 p.m. on Friday, 24 July 2026 (or such other date as the Company may determine), the 2026 Rights Issue will not proceed and no party will have any claim against any other party for costs, damages, compensations or otherwise. As at the Latest Practicable Date, none of the conditions have been fulfilled.

Shareholders and potential investors of the Company should note that the 2026 Rights Issue is subject to the fulfilment of the conditions as set out above. Therefore, if such conditions are not fulfilled, the 2026 Rights Issue will not proceed.

LETTER FROM THE BOARD

Undertakings

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any substantial shareholder of the Company of their intention to take up any Shares provisionally (or to be provisionally) allotted or offered to that Shareholder under the 2026 Rights Issue.

Status of the Rights Shares

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

Qualifying Shareholders

The 2026 Rights Issue is only available to the Qualifying Shareholders. To qualify for the 2026 Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company prior to the closing of business on the Record Date, all transfers of Consolidated Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 p.m. on Friday, 5 June 2026.

It is expected that the last day of dealings in the Consolidated Shares on a cum-rights basis is Wednesday, 3 June 2026, and the Consolidated Shares will be dealt with on an ex-rights basis from Thursday, 4 June 2026.

LETTER FROM THE BOARD

Subject to the Share Consolidation becoming effective and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL) to the Non-Qualifying Shareholders for their information only.

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

Rights of the Overseas Shareholders

Based on the register of members of the Company as at the Latest Practicable Date, there were two (2) Overseas Shareholders, details of which are as follows:

Jurisdiction	Number of Shareholder(s)	Number of Share(s) held	Approximate percentage of share capital of the issued the Company
PRC	<u>2</u>	<u>518,420</u>	<u>0.55%</u>
Total	<u>2</u>	<u>518,420</u>	<u>0.55%</u>

Save for the two (2) Overseas Shareholders with registered addresses located in the PRC, there were no other Overseas Shareholders based on the register of members of the Company as at the Latest Practicable Date.

In accordance with Rule 13.36(2)(a) of the Listing Rules, the Directors have made inquiries with the legal adviser in the PRC on the feasibility of extending the offer of the 2026 Rights Issue to such Overseas Shareholders. On the basis of the results of such enquiries obtained, the Directors are of view that there are no legal restrictions under the laws of or the requirements of the relevant regulatory bodies or stock exchange in the PRC with respect to the offer of the Rights Shares to the Overseas Shareholders with registered addresses in the PRC as at the Latest Practicable Date. Accordingly, the Directors have decided to extend the 2026 Rights Issue to the Overseas Shareholders having registered addresses in the PRC and such Overseas Shareholders are considered as Qualifying Shareholders.

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

LETTER FROM THE BOARD

In the event that additional Overseas Shareholder(s) (other than the Overseas Shareholders having registered addresses in the PRC as mentioned above) is/are identified on the Record Date, the Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the 2026 Rights Issue to such Overseas Shareholder(s), if any, under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on the legal advice to be provided by the legal advisor of the Company, the Board considers that it would be necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account of either the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in such relevant jurisdiction, the 2026 Rights Issue will not be extended to such Overseas Shareholder(s). In such circumstances, the 2026 Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the 2026 Rights Issue will be set out in the Prospectus to be issued.

The Company reserves the right to treat as invalid any acceptance of or application 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.

The 2026 Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

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

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, and subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will despatch the Prospectus only to the Non-Qualifying Shareholders on the Prospectus Posting Date for their information, but will not send any PAL to them.

Overseas Shareholders should note that they may or may not be entitled to the 2026 Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

LETTER FROM THE BOARD

Closure of register of members for 2026 Rights Issue

The register of members of the Company will be closed from Monday, 8 June 2026 to Friday, 12 June 2026 (both dates inclusive) for determining the identity of Shareholders entitled to the 2026 Rights Issue. No transfer of Shares will be registered during the above book closure period.

Basis of provisional allotments

The basis of the provisional allotment shall be six (6) Rights Shares (in nil-paid form) for every one (1) Consolidated Share held by the Qualifying Shareholders as at close of business on the Record Date. There will be no excess application arrangements in relation to the 2026 Rights Issue.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by lodging a duly completed PAL with a remittance for the Rights Shares being accepted with the Registrar by the Latest Time for Acceptance.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Consolidated Shares as a result of the 2026 Rights Issue, if any, the Company will appoint a securities firm to provide matching services, on a best-efforts basis, to those Shareholders who wish to (i) acquire odd lots of the Consolidated Shares to make up a full board lot, or (ii) to dispose their holding of odd lots of the Consolidated Shares during the period from 9:00 a.m. on Tuesday, 4 August 2026 to 4:00 p.m. on Tuesday, 18 August 2026 (both dates inclusive). Further details in respect of the arrangement of odd lot trading will be set out in the Prospectus.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed, and may or may not be sold at the market price. Shareholders who are in any doubt about the odd lots trading arrangement are recommended to consult their professional adviser(s).

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

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering such Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the 2026 Rights Issue. There will be no excess application arrangements in relation to the 2026 Rights Issue. The Company and the Placing Agent entered into the Placing Agreement in relation to the placing of the Placing Shares (being the Unsubscribed Rights Shares and the NQS Unsold Rights Shares) to independent placees on a best-efforts basis (please refer to the section headed "(II) Proposed 2026 Rights Issue – Details of the 2026 Rights Issue – Placing Agreement").

LETTER FROM THE BOARD

Pursuant to the Placing Agreement, the Company appointed the Placing Agent to place the Placing Shares during the Placing Period to independent placees on a best-efforts basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares remain which not placed after completion of the Placing will not be issued by the Company and the size of the 2026 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 a pro rata basis (but rounded down to the nearest cent):

- (i) 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
- (ii) the relevant Non-Qualifying 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 or Non-Qualifying 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 Shareholders and Non-Qualifying Shareholders in Hong Kong dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

Placing Agreement

On 16 February 2026 (after trading hours), the Company and the Placing Agent entered into the Original Placing Agreement (which was amended and supplemented by the Supplemental Placing Agreement entered into between the Company and the Placing Agent on Wednesday, 22 April 2026 (after trading hours) to take into account of the effect of the Share Consolidation, the 2026 Rights Issue and the revised expected timetable for the Share Consolidation and 2026 Rights Issue, and corresponding incidental changes), pursuant to which the Placing Agent has agreed to procure independent placee(s), on a best-efforts basis, to subscribe for the Placing Shares (being the Unsubscribed Rights Shares and the NQS Unsold Rights Shares). Details of the Placing Agreement are summarised below:

Issuer : The Company

LETTER FROM THE BOARD

- Placing Agent : Advent Securities (Hong Kong) Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activity, was appointed as the Placing Agent to procure, on a best-efforts basis, independent placees to subscribe for the Placing Shares during the Placing Period.
- The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholders; and (ii) are Independent Third Parties.
- Placing Period : The period commencing from Thursday, 9 July 2026 to 4:00 p.m. Friday, 24 July 2026, or such other dates as the Company may determine, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements.
- Commission and expenses : The Placing Agent shall be entitled to a commission fee equal to 2% of the amount which is equal to the placing price multiplied by the Placing Shares that have been successfully placed by the Placing Agent.
- Placing price : The placing price of each Placing Share shall be not less than the Subscription Price of HK\$4.70. The final price determination will be dependent on the demand and market conditions of the Placing Shares during the process of Placing.
- Placees : The Placing Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).
- Ranking of the Placing Shares : The Placing Shares (when placed, allotted, issued and fully paid), shall rank *pari passu* in all respects among themselves and with the existing Consolidated Shares in issue at the date of completion of the Placing.
- Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled or being waived by the Placing Agent in writing, if applicable):

LETTER FROM THE BOARD

- (i) the Share Consolidation having become effective;
- (ii) the Listing Committee having granted the listing of, and the permission to deal in, the Rights Shares;
- (iii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iv) the obligations of the Placing Agent under the Placing Agreement not having been terminated in accordance with the provisions thereof.

Termination : The Placing Agreement can only be terminated by mutual written agreement between the Placing Agent and the Company, except that the engagement of the Placing Agent may also be terminated by the Placing Agent (i) in case of force majeure resulting in the Company and the Placing Agent being unable to fulfil its duties and responsibilities under the engagement; or (ii) if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement.

Placing Completion : Completion is expected to take place within six (6) Business Days after publication of an announcement by the Company of the number of the Unsubscribed Rights Shares and NQS Unsold Rights Shares under the Compensatory Arrangements and upon fulfilment or waiver (as the case may be) of the conditions precedent to the Placing Agreement, or such other date as the Company and the Placing Agent may agree in writing.

LETTER FROM THE BOARD

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

The engagement between the Company and the Placing Agent in respect of the Placing Shares (including the commission and expenses payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the 2026 Rights Issue, and the current and expected market conditions. The Board considers that the terms of Placing Agreement in respect of the Placing Shares (including the commission and expenses payable) are on normal commercial terms and are in the best interests of the Company and the Shareholders as a whole.

As explained above, the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed by the Placing Agent to Independent Third Parties on a best-efforts basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Company will ensure that it will continue to comply at all times with the public float requirements under Rule 8.08 of the Listing Rules after the 2026 Rights Issue and the Placing. After the Placing Period, it is expected that none of the placees will become a substantial shareholder of the Company. If any of the placees will become a substantial shareholder of the Company after completion of the 2026 Rights Issue and the Placing, further announcement(s) will be made by the Company.

LETTER FROM THE BOARD

The Board considered that the Compensatory Arrangements, which have taken into account the effect of Share Consolidation, are fair and reasonable and provide adequate safeguard to protect the best interests of the Company's minority Shareholders since:

- (i) the Compensatory Arrangements are in compliance with the requirements under Rule 7.21(1)(b) of the Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the Compensatory Arrangements, the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agents and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by the Placing Agent which is licensed and subject to the stringent code of conduct over, among others, pricing and allocation of the Placing Shares. The terms and the conditions of the Placing Agreement (including the placing commission) are normal commercial terms and are in the best interests of the Company and the Shareholders as a whole; and
- (iii) the Compensatory Arrangements would provide (a) a distribution channel of the Placing Shares to the Company; (b) an additional channel of participation in the 2026 Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders; and (c) a compensatory mechanism for the No Action Shareholders and the Non-Qualifying Shareholders. Besides, the 2026 Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company. As such, the Board considered that the absence of excess application arrangement is acceptable.

No Fractional Entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number) and sold by the Company in the open market if a premium (net of expense) can be obtained. Any of these Rights Shares remain not sold in the market will not be issued by the Company and the size of the 2026 Rights Issue will be reduced accordingly.

LETTER FROM THE BOARD

Share certificates and refund cheques for the 2026 Rights Issue

Subject to fulfilment of the conditions of the 2026 Rights Issue, share certificates for the fully paid Rights Shares are expected to be posted on or before Monday, 3 August 2026 to those entitled thereto at their registered addresses by ordinary post at their own risk. If the 2026 Rights Issue does not become unconditional, refund cheques without interest are expected to be posted on or before Monday, 3 August 2026 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the 2026 Rights Issue. No part of the securities (including debt securities) of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchange.

The nil-paid and fully-paid Rights Shares will be traded in board lots of 2,000 Consolidated Shares.

Rights Shares will be eligible for admission into CCASS

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

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

REASONS FOR AND BENEFITS OF THE 2026 RIGHTS ISSUE AND THE USE OF PROCEEDS

Current financial position of the Group

The Group is principally engaged in the property development, property investment and property leasing in the PRC.

LETTER FROM THE BOARD

As disclosed in the annual report of the Company for the year ended 31 December 2025 (the “**2025 Annual Report**”), cash and cash equivalents amounted to approximately RMB7.0 million, whereas interest-bearing bank and other borrowings amounted to approximately RMB1,222.6 million, convertible bonds outstanding amounted to approximately RMB270.0 million and other payables and accruals of approximately RMB2,927.1 million as at 31 December 2025.

Further, for the year ended 31 December 2025, while the revenue of the Group amounted to approximately RMB109.5 million, representing an increase of approximately 26.0% as compared to the same period of the previous year, the gross profit of the Group amounted to approximately RMB4.9 million, representing a decrease of approximately 76.1% as compared to the previous year.

As disclosed in (i) the 2025 Annual Report; (ii) the announcement of the Company dated 16 January 2026 (the “**2026 First Update Announcement**”); and (iii) the announcement of the Company dated 31 March 2026 (the “**2026 Second Update Announcement**”), the management of the Company has been undertaking a number of measures to mitigate the liquidity pressure and to improve the financial position of the Group, including but not limited to continuously negotiating with various financial institutions on the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests. The Company has partially repaid approximately HK\$70 million of the debt and interests of the Group utilising the net proceeds raised under the 2025 Rights Issue, and has negotiated a waiver of approximately HK\$14 million of interests. Further, the Company understands that the Group’s existing lenders do not have the intention to demand immediate repayment at the moment, and the holder of the convertible bonds has agreed not to demand repayment until 1 January 2027.

Although the Company completed the 2025 Rights Issue on 29 July 2025, as disclosed in the 2025 Annual Report, the net proceeds raised under the 2025 Rights Issue of approximately HK\$78.3 million has been entirely utilised as follows:

- (i) approximately HK\$72.0 million was utilised for the settlement of convertible bonds, repayment of interest-bearing bank loans and other borrowings, and other payables and accruals of the Group (as set out above); and
- (ii) approximately HK\$6.3 million was utilised as general working capital of the Group (including but not limited to the Group’s daily operational expenses for the six months following the completion of the 2025 Rights Issue).

LETTER FROM THE BOARD

The Company is also proactively progressing with (i) the acceleration of the pre-sale and sale of properties under development and completed properties, (ii) the procurement and formulation of the terms with as with large property developer to sell individual property development project or whole commercial property at an appropriate price and the identification and negotiations with new investors to participate in renovation works in order to increase the underlying value and to accelerate the sale of commercial properties more rapidly and effectively, and (iii) the acceleration of de-stocking of its properties, as disclosed in the 2025 Annual Report, the 2026 First Update Announcement and the 2026 Second Update Announcement.

That being said, the above measures will take time to negotiate and implement, and the Group still faces an imminent need for financial resources to settle the overdue liabilities and replenish its working capital. While proactively progressing with the above measures, the Board considers that the 2026 Rights Issue will assist in reducing the immediate financial burden of the Group significantly and have a positive impact on the financial position of the Group.

Consideration of other fund-raising alternatives and benefits of the 2026 Rights Issue

The Directors had considered other fund-raising alternatives available to the Group, including debt financing such as bank borrowings, and other equity financing such as placing or subscription of new Shares. The Directors are of the view that debt financing will result in additional interest burden and the interest rate is expected to be sustained at a relatively high level in prevailing borrowing market. Besides, the debt financing will further increase the gearing ratio of the Group which is not beneficial to the Group.

As disclosed in 2025 Annual Report, the current portion of the existing interest-bearing bank and other borrowings amounting to approximately RMB1,222.6 million were overdue, and were subject to heavy penalties due to such default. Further, such borrowings were secured by pledges over the major assets of the Group, including properties in the PRC, and guarantees by Mr. Chen and other subsidiaries of the Company, The overall effective interest rate of such borrowings as at 31 December 2025 was approximately 3.0% to 36.00% per annum. Further, under the prevailing market conditions and considering the net liabilities position of the Group, it is likely that financial institutions would require additional security and/or guarantee to be provided by the Group or other stringent conditions such as increasing interest rates, which may be difficult for the Group to satisfy given the pledges and guarantees by the Group have already been provided to the existing borrowings and are not readily available and the deficit financial position of the Group. Given the above constraints and the high cost of debt financing, it may be difficult for the Group to obtain new debt financing with favourable commercial terms.

LETTER FROM THE BOARD

Further, the Directors have also considered recent market observations indicating that lending institutions in Hong Kong and the PRC have generally adopted a more conservative stance given the existing macroeconomic and political factors and current credit market conditions, such as the impact of elevated interest rates in the US and also political unrest in the Middle East. Financial institutions in Hong Kong and the PRC appear to have maintained a cautious approach towards credit underwriting, which may result in higher pricing and more stringent terms for corporate borrowings generally.

Accordingly, the Directors consider it prudent and in the best interests of the Company to assume that the cost of debt financing may remain high or may increase further in light of the above.

The Directors consider that financing the funding needs of the Group in the form of equity is a better alternative. Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate the subscription of new Shares. Instead of the placing or subscription of new Shares, the 2026 Rights Issue enables the Group to improve its financial position without increasing its debt or finance costs.

Since the 2026 Rights Issue will allow the Qualifying Shareholders to maintain their proportional shareholdings in the Company and allow the Group fulfil its aforementioned needs for financial resources to partially settle the overdue liabilities and replenish its working capital, the Directors consider that raising capital through the 2026 Rights Issue is in the best interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders (if any) should note that their shareholdings in the Company will be diluted.

Intended use of proceeds from the 2026 Rights Issue

Assuming full subscription under the 2026 Rights Issue, the maximum gross and net proceeds (after deducting related expenses) from the 2026 Rights Issue are estimated to be approximately up to HK\$106.0 million and HK\$101.4 million, respectively. The Company intends to apply the net proceeds from the 2026 Rights Issue in the following manner:

- (i) approximately 96.0% (being approximately HK\$97.4 million) for the settlement of convertible bonds, repayment of interest-bearing bank loans and other borrowings, and other payables and accruals of the Group;
- (ii) approximately 1.80% (being approximately HK\$1.8 million) for the acquisition of property development projects located in the PRC which possess strong growth and value potential with a view to diversifying the Group's property portfolio and strengthening the overall revenue and profitability of the Group in the future; and

LETTER FROM THE BOARD

- (iii) approximately 2.20% (being approximately HK\$2.2 million) as general working capital of the Group, including but not limited to its daily operational expenses of the Group for the forthcoming twelve months upon completion of the 2026 Rights Issue.

In the event that there is an undersubscription of the 2026 Rights Issue, the net proceeds will be utilised on a pro rata basis as set out above.

In view of the above, the Board considers that it is fair and reasonable and in the best interests of the Company and the Shareholders as a whole to proceed with the 2026 Rights Issue to provide existing Shareholders the opportunity to participate in the enlarged capital base of the Company.

As at the Latest Practicable Date, and assuming that all the Rights Shares have been fully subscribed and/or placed, the Company has no intention to carry out other equity fundraising activities in the twelve (12) months immediately following the completion of the 2026 Rights Issue. However, after such period, the Board cannot rule out the possibility that the Company may conduct further debt and/or equity fundraising activities in the future when suitable opportunities arise in order to repay outstanding loans and other borrowings of the Group to further mitigate the liquidity pressure and improve the financial position, and to support the operational needs and future development of the Group. The Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fundraising activities in the past twelve months immediately preceding the Latest Practicable Date, other than the 2025 Rights Issue the details of which are set out below:

Date of initial announcement	Fundraising activity	Net proceeds	Intended use of proceeds	Actual use of proceeds
6 December 2024 (completed on 29 July 2025)	Rights issue on the basis of four (4) rights Shares for every one (1) Share at HK\$1.12 per rights Share	Approximately HK\$78.3 million	(i) approximately 92% (being approximately HK\$72.0 million) for settlement of convertible bonds, repayment of interest-bearing bank loans and other borrowings and other payables and accruals of the Group; and (ii) approximately 8% (being approximately HK\$6.3 million) as general working capital of the Group	Fully utilised as intended (details as set out in the 2025 Annual Report)

LETTER FROM THE BOARD

EFFECTS ON SHAREHOLDING STRUCTURE

To the best knowledge of the Directors, assuming there is no change in the issued share capital of the Company, other than as a result of the Share Consolidation, from the Latest Practicable Date up to and including the Record Date, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Share Consolidation; (iii) immediately after the Share Consolidation and the completion of the 2026 Rights Issue (assuming full acceptance by all Qualifying Shareholders under the 2026 Rights Issue); and (iv) immediately after the Share Consolidation and completion of the 2026 Rights Issue (assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing):

Shareholders	As at the Latest Practicable Date		Immediately after the Share Consolidation		Immediately after the Share Consolidation and the completion of the 2026 Rights Issue (assuming full acceptance by the Qualifying Shareholders)		Immediately after the Share Consolidation and the completion of the 2026 Rights Issue (assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing)	
	Number of Shares	Approx %	Number of Shares	Approx %	Number of Shares	Approx %	Number of Shares	Approx %
	Xinxing Company Limited (Note 1)	243,300	0.26	9,732	0.26	68,124	0.26	9,732
Placees	-	-	-	-	-	-	22,543,464	85.71
Other public Shareholders	93,687,800	99.74	3,747,512	99.74	26,232,584	99.74	3,747,512	14.25
Total	93,931,100	100.00	3,757,244	100.00	26,300,708	100.00	26,300,708	100.00

Notes:

- Xinxing Company Limited is a company wholly-owned by Mr. Chen. Accordingly, Mr. Chen is deemed to be interested in the same number of Shares in which Xinxing Company Limited is interested by virtue of the SFO.
- If any of the placees subscribes for 10% or more of the Shares under the Placing, he/she/it will become a substantial shareholder of the Company after completion of the Placing. The Company will continue to comply at all times with the public float requirements under Rule 8.08 of the Listing Rules before and after completion of the 2026 Rights Issue and the Placing.
- Shareholders and public investors should note that the above shareholding scenarios are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the 2026 Rights Issue are subject to various factors, including the results of acceptance of the 2026 Rights Issue and the results of the Placing.

If a Qualifying Shareholder does not accept the Rights Shares provisionally allotted to him/her/it in full under the 2026 Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

LETTER FROM THE BOARD

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

It is emphasised that none of the Company, the Directors or any other parties involved in the 2026 Rights Issue accepts responsibility for any tax effects or liabilities of, any person resulting from subscribing for, purchasing, holding, exercising, disposing of or dealings in any rights in relation to the Rights Shares in both their nil-paid and fully-paid form.

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

Shareholders and potential investors of the Company should note that the Share Consolidation is subject to the fulfilment of the conditions as set out in the section headed “(I) Proposed Share Consolidation – Conditions of the Share Consolidation”. Therefore, if such conditions are not fulfilled, the Share Consolidation will not proceed.

Shareholders and potential investors of the Company should note that the 2026 Rights Issue is subject to the fulfilment of the conditions as set out in the section headed “(II) Proposed 2026 Rights Issue – Details of the 2026 Rights Issue – Conditions of the 2026 Rights Issue”. Therefore, if such conditions are not fulfilled, the 2026 Rights Issue will not proceed.

Shareholders and potential investors of the Company should note that the Placing is subject to the fulfilment of the conditions as set out in the section headed “(II) Proposed 2026 Rights Issue – Details of the 2026 Rights Issue – Placing Agreement – Conditions Precedent”. Therefore, if such conditions are not fulfilled, the Placing will not proceed.

The 2026 Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

Subject to the Share Consolidation becoming effective, any Shareholder or other person dealing in the Shares, the Consolidated Shares and/or the nil-paid Rights Shares up to the date when all the conditions of the 2026 Rights Issue are fulfilled or the Placing Long Stop Date, which is expected to be Friday, 24 July 2026, will accordingly bear the risk that the 2026 Rights Issue and/or the Placing may not proceed.

LETTER FROM THE BOARD

Any Shareholder or other person contemplating transferring, selling, or purchasing Shares is advised to exercise caution when dealing in the Shares, the Consolidated Shares and/or the nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

INFORMATION ON THE PARTIES

Information on the Group

The Company is an exempted company incorporated under the laws of the Cayman Islands with limited liability whose shares are listed on the Stock Exchange. The Group is principally engaged in the property development, property investment and property leasing in the PRC.

Information on the Placing Agent

Advent Securities (Hong Kong) Limited is a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activity.

LISTING RULES IMPLICATIONS

Share Consolidation

The Share Consolidation is conditional upon, among other things, Shareholders' approval at the EGM. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, as none of the Shareholders or their associates have any material interest in the Share Consolidation, no Shareholder is required to abstain from voting on the resolution to approve the Share Consolidation at the EGM.

2026 Rights Issue

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the 2026 Rights Issue will increase the total number of issued Shares of the Company by more than 50% within twelve (12) month period immediately preceding the date of the First Announcement, the 2026 Rights Issue is conditional upon the Shareholders' approval at the EGM, and any controlling shareholder(s) of the Company and their associates, or where there are no controlling shareholder(s), the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates, shall abstain from voting in favour of the resolution(s) in relation to the 2026 Rights Issue and the Placing at the EGM.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company does not have any controlling shareholders. Mr. Chen, an executive Director, chairman and the chief executive officer of the Company, is interested in the 243,300 Existing Shares beneficially owned by Xinxing Company Limited, a company wholly-owned by Mr. Chen, representing approximately 0.26% of the total issued Existing Shares. Therefore, Mr. Chen and his associates shall abstain from voting in favour of the resolution(s) approving the 2026 Rights Issue, the Placing and the transactions contemplated thereunder at the EGM in accordance with Rule 7.27A(1) of the Listing Rules. As at the Latest Practicable Date, save for Mr. Chen, none of the Directors or chief executive of the Company had any interest in the Shares.

The 2026 Rights Issue, together with the 2025 Rights Issue, does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the 2026 Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Chan Wai Yan, Ms. Huang Chunlian and Ms. Lee Yin Man, to advise the Independent Shareholders in respect of the 2026 Rights Issue and the Placing and as to the voting action therefor.

APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

First Global Corporate Finance Co., Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and whether it is in the best interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

EGM

The register of members of the Company will be closed from Tuesday, 26 May 2026 to Monday, 1 June 2026 (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

The EGM will be convened and held at 11:00 a.m. on Monday, 1 June 2026 to consider and, if thought fit, approve, the Share Consolidation, the 2026 Rights Issue, the Placing and the transactions contemplated thereunder. Shareholders who are involved in or interested in the 2026 Rights Issue (including Mr. Chen and his associates as disclosed above) will be required to abstain from voting in respect of the resolution(s) to approve the 2026 Rights Issue at the EGM.

LETTER FROM THE BOARD

The notice convening the EGM to be held at 3/F, Office Plus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong at 11:00 a.m. on Monday, 1 June 2026 is set out on pages EGM-1 to EGM-4 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same (together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority) to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed (i.e. by 11:00 a.m. on Saturday, 30 May 2026) for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

In compliance with the Listing Rules, all the resolutions to be proposed at the EGM will be voted on by way of poll at the EGM.

Saved as disclosed in this circular, no other Shareholder is required to abstain from voting on the resolution(s) to approve the Share Consolidation, the 2026 Rights Issue, the Placing and the transactions contemplated thereunder at the EGM.

DESPATCH OF PROSPECTUS DOCUMENTS

Subject to the approval of the 2026 Rights Issue by the Independent Shareholders at the EGM and the Share Consolidation becoming effective, the Prospectus containing further information in relation to the 2026 Rights Issue and financial and other information relating to the Group is expected to be despatched by the Company together with the PAL on or before Monday, 15 June 2026. A copy of the Prospectus will also be made available on the websites of the Company (www.xinm.net.cn) and the Stock Exchange (www.hkexnews.hk). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send the PAL to them.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 40 to 41 of this circular which contains its recommendation to the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser set out on pages 42 to 75 of this circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The Directors consider that the terms of the Share Consolidation are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Share Consolidation. Further, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the 2026 Rights Issue, the Placing and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
Xinming China Holdings Limited
Shi Jianwen
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder.



Xinming China Holdings Limited

新明中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2699)

15 May 2026

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
SIX (6) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE
HELD AT THE CLOSE OF BUSINESS ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS**

We refer to the circular of the Company dated 15 May 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 whether the terms of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and whether it is in the interests of the Company and the Shareholders as a whole. First Global Corporate Finance Co., Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to (i) the letter from the Independent Financial Adviser set out on pages 42 to 75 of the Circular; (ii) the letter from the Board set out on pages 8 to 39 of the Circular; and (iii) the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the 2026 Rights Issue, the Placing, the transactions contemplated thereunder and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolution(s) to be proposed at the EGM to approve the 2026 Rights Issue, the Placing and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the
Independent Board Committee
of Xinming China Holdings Limited

Ms. Chan Wai Yan
Independent Non-executive
Director

Ms. Huang Chunlian
Independent Non-executive
Director

Ms. Lee Yin Man
Independent Non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from First Global Corporate Finance Co., Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder, which has been prepared for the purpose of incorporation in this circular.



Room 1706-07, 17/F
China Insurance Group Building
No. 141 Des Voeux Road Central
Central, Hong Kong

15 May 2026

To: The Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
SIX (6) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE
HELD AT THE CLOSE OF BUSINESS ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 15 May 2026 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 16 February 2026 (after trading hours), the Company announced its proposal to implement the 2026 Rights Issue. On 22 April 2026 (after trading hours), the Company announced its amendment to the terms of the 2026 Rights Issue to take into account of the effect of the completion of the Share Consolidation. In this regard, the Company proposes to conduct the 2026 Rights Issue at the Subscription Price of HK\$4.70 per Rights Share on the basis of six (6) Rights Shares for every one (1) Consolidated Share held on the Record Date, to raise gross proceeds of up to approximately HK\$106.0 million by issuing up to 22,543,464 Rights Shares to the Qualifying Shareholders. The 2026 Rights Issue will proceed on a non-underwritten basis.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the 2026 Rights Issue will increase the total number of issued Shares of the Company by more than 50% within twelve (12) month period immediately preceding the date of the First Announcement, the 2026 Rights Issue is conditional upon the Shareholders' approval at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the 2026 Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholder(s) of the Company and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the 2026 Rights Issue.

As at the Latest Practicable Date, the Company does not have any controlling shareholders. Mr. Chen Chengshou ("**Mr. Chen**"), an executive Director, chairman and the chief executive officer of the Company, is interested in the 243,300 Existing Shares beneficially owned by Xinxing Company Limited, a company wholly-owned by Mr. Chen, representing approximately 0.26% of the total issued Existing Shares. Therefore, Mr. Chen and his associates shall abstain from voting in favour of the resolution(s) approving the 2026 Rights Issue, the Placing and the transactions contemplated thereunder at the EGM in accordance with Rule 7.27A(1) of the Listing Rules.

The 2026 Rights Issue, together with the 2025 Rights Issue, does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the 2026 Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Chan Wai Yan, Ms. Huang Chunlian and Ms. Lee Yin Man, has been established to advise the Independent Shareholders in respect of the 2026 Rights Issue, the Placing, and the transactions contemplated thereunder, on whether the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

We, First Global Corporate Finance Co., Limited ("**First Global**"), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. First Global is a licensed corporation licensed under the Securities and Futures Ordinance ("**SFO**") to carry out Type 6 (advising on corporate finance) regulated activity. Ms. Wendy Liu ("**Ms. Liu**") is the person signing off the opinion letter from First Global contained in the Circular. Ms. Liu has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2014. Ms. Liu has participated in and completed various independent financial advisory transactions in Hong Kong.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, save for this engagement of us as the Independent Financial Adviser, no other relationship has been formed and no direct engagement has been performed between the Group, the other party(ies) to the 2026 Rights Issue, or a close associate or core connected person of any of them and us. As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, the other party(ies) to the 2026 Rights Issue, or a close associate or core connected person of any of them, or other parties that could reasonably be regarded as relevant to our independence. Apart from the normal advisory fee payable to us in connection with our engagement as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company and its subsidiaries or their respective substantial shareholders or any party acting in concert, or presumed to be acting in concert, with any of them. Accordingly, we considered that we are independent to act as the Independent Financial Adviser in respect of the 2026 Rights Issue pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Circular). We have reviewed the documents including but not limited to: (i) the Circular and the Letter from the Board contained therein; (ii) the Placing Agreement; (iii) the annual report of the Company for the years ended 31 December 2025 (the “**2025 Annual Report**”) and 31 December 2024 (the “**2024 Annual Report**”); and (iv) the relevant supporting documents in respect of the 2026 Rights Issue provided by the Company, including but not limited to historical documents and records, to formulate our opinion and recommendation. We have assumed that the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. The Shareholders will be informed should there be any material change of information in the Circular up to the date of the EGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. Where applicable, we have also conducted independent desktop search and confirmed that there was no material difference between our search result and the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have collectively and individually accepted full responsibility of the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in the 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 the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the 2026 Rights Issue. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the 2026 Rights Issue, we have considered the following principal factors and reasons:

I. Background of the Group

(i) Background information of the Group

The Company is an investment holding company primarily engaged in the property development, property investment and property leasing in the PRC. The Company mainly operates its business through three segments. The Property Development segment engages in the development and sale of properties. The Property Leasing segment engages in leasing out properties. The Others segment engages in investment holding.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Historical financial performance and position of the Group

The following table sets out key consolidated financial information of the Group for year ended 31 December 2025 (the “FY2025”), 2024 (the “FY2024”) and 2023 (the “FY2023”) as extracted from the 2025 Annual Report and the 2024 Annual Report of the Company:

	For		
	FY2025	FY2024	FY2023
	(audited)	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	109,462	86,843	422,580
Gross Profit	4,947	20,667	53,440
Net Loss	(239,340)	(589,691)	(592,631)

Discussion on the Group’s financial performance for FY2025 as compared with that for FY2024

The Group generated revenue of approximately RMB109.5 million during FY2025, as compared to approximately RMB86.8 million for FY2024, representing a increase of approximately 26.0%, which was mainly due to the sale of newly developed properties in the Shanghai project. The Group generated gross profit of approximately RMB4.9 million for FY2025, representing a gross profit margin of approximately 4.5%, which had deteriorated compared to FY2024 due to the higher development costs. The Group recorded a net loss of approximately RMB239.3 million during FY2025, representing a decrease of approximately 40.6% as compared to FY2024 net loss of approximately RMB589.7 million, mainly attributable to the decrease in in other expenses and increase in fair value of investment properties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Discussion on the Group's financial performance for FY2024 as compared with that for FY2023

The Group generated revenue of approximately RMB86.8 million during FY2024, as compared to approximately RMB422.6 million for FY2023, representing a decrease of approximately 79.4%, which was mainly due to the overall downturn in China's real estate market. Despite stabilization policies implemented by Chinese policymakers in 2024 and early 2025, the market environment has yet to recover sufficiently to reflect the effects of these measures. The Group generated gross profit of approximately RMB20.7 million for FY2024, representing a gross profit margin of approximately 23.8%, which had improved compared to FY2023 due to cost control measures. The Group recorded a net loss of approximately RMB589.7 million during FY2024, representing a decrease of approximately 0.5% as compared to FY2023 net loss of approximately RMB592.6 million, mainly attributable to the decrease in revenue and increase in other expenses and finance costs.

Set out below is a summary of the consolidated statement of financial position of the Group:

	As at		
	31 December 2025	31 December 2024	31 December 2023
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)
Total Assets	2,195,846	2,144,711	2,215,677
Total Liabilities	5,912,207	5,693,975	5,175,793
Net Liabilities	3,716,361	3,549,264	2,959,516

Discussion on the Group's financial position as at 31 December 2025 as compared with that as at 31 December 2024

The total assets of the Group were approximately RMB2.20 billion and RMB2.14 billion as at 31 December 2025 and 31 December 2024, respectively, representing an approximately 2.4% increase, which is mainly attributable to the increase in trade receivables and investment properties. The total liabilities of the Group were approximately RMB5.9 billion and RMB5.7 billion as at 31 December 2025 and 31 December 2024, respectively, representing an approximately 3.8% increase, which is mainly attributable to the increase in other payable and accruals. The consolidated net liabilities increased slightly by approximately 4.7%, from approximately RMB3.5 billion as at 31 December 2024 to approximately RMB3.7 billion as at 31 December 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Discussion on the Group's financial position as at 31 December 2024 as compared with that as at 31 December 2023

The total assets of the Group were approximately RMB2.14 billion and RMB2.22 billion as at 31 December 2024 and 2023 respectively, representing an approximately 3.2% decrease, which is mainly attributable to the impairment of the investments properties and decrease in completed properties held for sale. The total liabilities of the Group were approximately RMB5.7 billion and RMB5.2 billion as at 31 December 2024 and 2023, respectively, representing an approximately 10.0% increase, which is mainly attributable to the increase in other payables and accruals. The consolidated net liabilities increased by approximately 19.9%, from approximately RMB2.9 billion as at 31 December 2023 to approximately RMB3.5 billion as at 31 December 2024.

II. Reasons for the 2026 Rights Issue and use of proceeds

As disclosed in the Circular, the Group has been facing significant liquidity pressure. Despite the completion of the 2025 Rights Issue on 29 July 2025, the net proceeds raised thereunder (approximately HK\$78.3 million) have been entirely utilised, of which approximately HK\$72.0 million was utilised for the settlement of convertible bonds, repayment of interest-bearing bank loans and other borrowings, and other payables and accruals; and approximately HK\$6.3 million was utilised as general working capital.

As disclosed in the 2025 Annual Report, cash and cash equivalents amounted to approximately RMB7.0 million, whereas interest-bearing bank and other borrowings amounted to approximately RMB1,222.6 million, convertible bonds outstanding amounted to approximately RMB270.0 million and other payables and accruals of approximately RMB2,927.1 million as at 31 December 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the 2025 Annual Report, the 2025 Update Announcement, the 2026 First Update Announcement and the 2026 Second Update Announcement, the management of the Company has been undertaking a number of measures to mitigate the liquidity pressure and to improve the financial position of the Group, including but not limited to continuously negotiating with various financial institutions on the renewal of or extension for repayment of outstanding borrowings. The Company has partially repaid approximately HK\$70.0 million of the debt and interests of the Group utilising the net proceeds raised under the 2025 Rights Issue, and has negotiated a waiver of approximately HK\$14 million of interests. The Company understands that the Group's existing lenders do not have the intention to demand immediate repayment at the moment, and the holder of the Convertible Bonds has agreed not to demand repayment until 1 January 2027.

Although the Company completed the 2025 Rights Issue on 29 July 2025, as disclosed in the 2025 Annual Report, the net proceeds raised under the 2025 Rights Issue of approximately HK\$78.36 million has been entirely utilised as follows:

- (i) approximately HK\$72.0 million was utilised for the settlement of convertible bonds, repayment of interest-bearing bank loans and other borrowings, and other payables and accruals of the Group (as set out above); and
- (ii) approximately HK\$6.3 million was utilised as general working capital of the Group (including but not limited to the Group's daily operational expenses for the six months following the completion of the 2025 Rights Issue).

The Company is also proactively progressing with (i) the acceleration of the pre-sale and sale of properties under development and completed properties; (ii) the procurement and formulation of terms with large property developers to sell individual property development projects or whole commercial properties at appropriate prices and the identification and negotiations with new investors to participate in renovation in order to increase the underlying value and to accelerate the sale of commercial properties more rapidly and effectively, and (iii) the acceleration of de-stocking of its properties, as disclosed in the 2025 Annual Report, the 2026 First Update Announcement and the 2026 Second Update Announcement.

That being said, the above measures will take time to negotiate and implement, and the Group still faces an imminent need for financial resources to settle the overdue liabilities and replenish its working capital. While proactively progressing with the above measures, the Board considers that the 2026 Rights Issue will assist in reducing the immediate financial burden of the Group significantly and have a positive impact on the financial position of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The gross proceeds from the 2026 Rights Issue are expected to be up to approximately HK\$106.0 million. The net proceeds from the 2026 Rights Issue after deducting related expenses are estimated to be approximately HK\$101.4 million (assuming full subscription). The Company intends to apply the net proceeds from the 2026 Rights Issue as follows:

Use of proceeds	Approximate %	Approximate amount (HK\$ million)
Settlement of convertible bonds, repayment of interest-bearing bank loans and other borrowings, and other payables and accruals	96.0%	97.4
Acquisition of property development projects in the PRC	1.8%	1.8
General working capital of the Group	<u>2.2%</u>	<u>2.2</u>
Total	<u>100.0%</u>	<u>101.4</u>

In the event that there is an undersubscription of the 2026 Rights Issue, the net proceeds will be utilised on a pro rata basis as set out above.

In view of the above, the Board considers that it is fair and reasonable and in the best interests of the Company and the Shareholders as a whole to proceed with the 2026 Rights Issue to provide existing Shareholders the opportunity to participate in the enlarged capital base of the Company.

As at the Latest Practicable Date, and assuming that all the Rights Shares have been fully subscribed and/or placed, the Company has no intention to carry out other equity fundraising activities in the twelve (12) months immediately following the completion of the 2026 Rights Issue. However, after such period, the Board cannot rule out the possibility that the Company may conduct further debt and/or equity fundraising activities in the future when suitable opportunities arise in order to repay outstanding loans and other borrowings of the Group to further mitigate the liquidity pressure and improve the financial position, and to support the operational needs and future development of the Group. The Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Fundraising alternatives

The Directors had considered various fundraising alternatives before resolving to the 2026 Rights Issue, including debt financing such as bank borrowings, and other equity financing such as placing or subscription of new Shares. The Directors are of the view that debt financing will result in additional interest burden and the interest rate is expected to be sustained at a relatively high level in the prevailing borrowing market. Besides, the debt financing will further increase the gearing ratio of the Group which is not beneficial given its already highly geared financial position.

As disclosed in 2025 Annual Report, the current portion of the existing interest-bearing bank and other borrowings amounting to approximately RMB1,222.6 million were overdue, and were subject to heavy penalties due to such default. Further, such borrowings were secured by pledges over the major assets of the Group, including properties in the PRC, and guarantees by Mr. Chen and other subsidiaries of the Company. The overall effective interest rate of such borrowings as at 31 December 2025 was approximately 3.0% to 36.00% per annum. Further, under the prevailing market conditions and considering the net liabilities position of the Group, it is likely that financial institutions would require additional security and/or guarantee to be provided by the Group or other stringent conditions such as increasing interest rates, which may be difficult for the Group to satisfy given the pledges and guarantees by the Group have already been provided to the existing borrowings and are not readily available and the deficit financial position of the Group. Given the above constraints and the high cost of debt financing, it may be difficult for the Group to obtain new debt financing with favourable commercial terms.

Further, the Directors have also considered recent market observations indicating that lending institutions in Hong Kong and the PRC have generally adopted a more conservative stance given the existing macroeconomic and political factors and current credit market conditions, such as the impact of elevated interest rates in the US and also political unrest in the Middle East. Financial institutions in Hong Kong and the PRC appear to have maintained a cautious approach towards credit underwriting, which may result in higher pricing and more stringent terms for corporate borrowings generally.

Accordingly, the Directors consider and we concur that it prudent and in the best interests of the Company to assume that the cost of debt financing may remain high or may increase further in light of the above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors consider that financing the funding needs of the Group in the form of equity is a better alternative. Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate in the subscription of new Shares. As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market. The Directors are of the view that the 2026 Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing the overall working capital to fulfil the development plan of the Group without further increasing the interest burden to the Group. The 2026 Rights Issue also offers 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 entitlement under the 2026 Rights Issue in full.

In view of the above, the Board considers that it is fair and reasonable and in the best interests of the Company and the Shareholders as a whole to proceed with the 2026 Rights Issue to provide existing Shareholders the opportunity to participate in the enlarged capital base of the Company.

Our View

As part of our assessment of the terms of the 2026 Rights Issue, we have performed desktop research on the recent developments and outlook of the PRC property market, in which the Group principally operates, in order to provide context for our evaluation of the Group's business prospects and the reasonableness of the 2026 Rights Issue.

According to the “2026 China Real Estate Market Outlook” published by CBRE, Inc. (“CBRE”), a leading global commercial real estate services and investment firm, the CPC Central Committee has set the tone for the 15th Five-Year Plan period by prioritising “effective qualitative improvement alongside reasonable quantitative growth”, signalling a strategic shift in China's economic trajectory from scale-driven growth toward high-quality development. CBRE forecasts that China's GDP growth rate will settle at approximately 4.5% in 2026.

In the retail sector, it was expected that the gradual recovery of consumption to persist over the course of 2026, supported by government policy incentives. Emerging consumption themes such as the health economy, beauty economy and emotional economy have become more prominent in recent years, leading to a rapid increase in the number of enterprises and generating new demand for retail space. The “silver generation” along with the post-00s and post-10s generations are expected to become the primary sources of incremental consumption in 2026 and beyond.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In respect of commercial real estate investment, it was noted that despite macroeconomic and geopolitical headwinds, a combination of attractive valuations and an improved financing environment will catalyse investment activity. CBRE forecasted commercial real estate investment volume to grow by 5% to 10% year-on-year in 2026.

Based on our desktop research, we noted that while the PRC real estate market is showing signs of gradual stabilisation with pockets of growth in certain sub-sectors (such as office and retail), the overall market continues to face structural challenges including abundant supply in the office market, declining logistics absorption and ongoing macroeconomic and geopolitical uncertainties. The shift in China's economic policy toward high-quality development over scale-driven growth suggests a more measured pace of recovery, with GDP growth expected to moderate at approximately 4.5% in 2026. In the current market environment, the Group may continue to encounter operational headwinds and face challenges in generating adequate internal cash flows to support business development initiatives and fulfil its financial obligations. Having considered the foregoing, we are of the view that the 2026 Rights Issue, as a means of equity fundraising, represents a reasonable approach for the Company to strengthen its capital base and enhance its financial flexibility to navigate the current market conditions.

We have discussed with the Directors to understand the proposed use of proceeds. We have also obtained and reviewed the breakdown regarding the proposed use of proceeds from the 2026 Rights Issue. We note that the vast majority of the net proceeds (approximately 96.0%) would be applied for the settlement of the Group's overdue liabilities, which is consistent with the Group's disclosed financial difficulties including significant overdue borrowings and accrued liquidated damages. Given the Group's pressing liquidity position, with only approximately RMB7.0 million in cash and cash equivalents as at 31 December 2025 against total current liabilities of approximately RMB5.7 billion, we consider the proposed use of proceeds to be reasonable and necessary to support the Group's operations and debt restructuring efforts.

We also noted that the Company has considered other fundraising alternatives before resolving to the 2026 Rights Issue, including but not limited to debt financing, placing of new Shares, and open offer. As per our discussion with the Directors, it was noted that debt financing or bank loans would result in additional interest burdens and a higher gearing ratio for the Group, which is not feasible given its current net liability position. Placing of new Shares, on the other hand, would only be available to certain placees who were not necessarily existing shareholders, thereby diluting the shareholding interests of existing shareholders. With respect to an open offer, while it is similar to a rights issue in offering qualifying shareholders an opportunity to participate, it does not allow the trading of rights entitlements in the open market. Accordingly, shareholders must either participate in the offer or lose the benefit of any discount at which the new shares are offered.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The 2026 Rights Issue, however, allows Qualifying Shareholders to participate in the future development of the Company while offering flexibility to either maintain their pro-rata shareholding interests or trade their nil-paid rights entitlements in the market. This reduces the impact of shareholding dilution for those who choose to take up their entitlements.

Based on the above analysis, we are of the view that the proposed 2026 Rights Issue provides certainty and flexibility for shareholders in deciding whether to get their proportionate entitlements relative to their shareholding, which is fair and reasonable.

III. Principal terms of the 2026 Rights Issue and the Placing Agreement

The 2026 Rights Issue

Set out below are the principal terms of the 2026 Rights Issue as extracted from the Letter from the Board:

Basis of the 2026 Rights Issue:	Six (6) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$4.7 per Rights Share
Net price per Rights Share:	Approximately HK\$4.5 per Rights Share (on the basis that all the Rights Shares will be taken up)
Number of Shares in issue as at the Latest Practicable Date:	93,931,100 Existing Shares, equivalent to 3,757,244 Consolidated Shares (assuming there is no change in the number of Shares in issue up to the effective date of the Share Consolidation)
Number of Rights Shares to be issued:	Up to 22,543,464 Consolidated Shares
Aggregate nominal value of Rights Shares:	Up to HK\$5,635,866.00 (assuming there is no change in the number of Shares in issue on or before the Record Date, other than the Share Consolidation)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Total number of Shares upon completion:	Up to 26,300,708 Consolidated Shares (assuming there is no change in the number of Shares in issue on or before the Record Date, other than the Share Consolidation)
Gross proceeds:	Up to approximately HK\$106.0 million (before expenses)

As at the Latest Practicable Date, the Company has no outstanding warrants, options or convertible securities in issue or other similar rights entitling holders thereof to convert into or exchange into or subscribe for new Shares. Assuming no change in the number of Shares in issue on or before the Record Date other than the Share Consolidation, the 22,543,464 Right Shares to be issued pursuant to the terms of the 2026 Rights Issue represent (i) 600% of the total number of issued Consolidated Shares; and (ii) approximately 85.71% of the total number of issued Consolidated Shares as enlarged by the issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

Further details of the 2026 Rights Issue are outlined in the Letter from the Board.

The Placing Agreement

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

Placing Agent:	Advent Securities (Hong Kong) Limited
	The Placing Agent is a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activity.
Placing commission:	The Placing Agent shall be entitled to a commission fee equal to 2% of the amount which is equal to the placing price multiplied by the Placing Shares that have been successfully placed by the Placing Agent.
Placing Price:	The placing price of each Placing Share shall be not less than the Subscription Price. The final price determination will be dependent on the demand and market conditions of the Placing Shares during the process of Placing.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Placing Period:** The period commencing from Thursday, 9 July 2026 up to 4:00 p.m. Friday, 24 July 2026, or such other dates as the Company may announce.
- Placees:** The Placing Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).
- Ranking of the Placing Shares:** The Placing Shares (when placed, allotted, issued and fully paid), shall rank *pari passu* in all respects among themselves and with the existing Consolidated Shares in issue at the date of completion of the Placing.
- Conditions Precedent:** The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled or being waived by the Placing Agent in writing, if applicable:
- (i) the Share Consolidation having become effective
 - (ii) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;
 - (iii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
 - (iv) the obligations of the Placing Agent under the Placing Agreement not having been terminated in accordance with the provisions thereof.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Termination:

The Placing Agreement can only be terminated by mutual written agreement between the Placing Agent and the Company, except that the engagement of the Placing Agent may also be terminated by the Placing Agent (i) in case of force majeure resulting in the Company and the Placing Agent being unable to fulfil its duties and responsibilities under the engagement, or (ii) if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement.

Placing Completion:

Completion is expected to take place within six (6) Business Days after publication of an announcement by the Company of the number of the Unsubscribed Rights Shares and NQS Unsold Rights Shares under the Compensatory Arrangements and upon fulfilment or waiver (as the case may be) of the conditions precedent to the Placing Agreement, or such other date as the Company and the Placing Agent may agree in writing.

Further details of the terms and conditions of the Placing Agreement are outlined in the Letter from the Board. As disclosed in the Letter from the Board, the terms of the Placing Agreement (including the placing commission) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the market comparables, the existing financial position of the Group, the size of the 2026 Rights Issue, and the current and expected market conditions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our Assessment on the principal terms of the 2026 Rights Issue and the Placing Agreement

As disclosed in the Letter from the Board, the Subscription Price of HK\$4.7 per Rights Share represents:

- (i) a discount of approximately 32.9% to the theoretical closing price of HK\$7.00 per Consolidated Share (calculated based on the closing price of HK\$0.28 per Existing Share and taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 20.0% to the theoretical closing price of HK\$5.875 per Consolidated Share (calculated based on the closing price of HK\$0.235 per Existing Share and taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 20.0% to the average theoretical closing price of HK\$5.875 per Consolidated Share (calculated based on the average closing price of HK\$0.235 after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 19.7% to the average theoretical closing price of HK\$5.850 per Consolidated Share (calculated based on the average closing price of HK\$0.234 after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 17.14%, represented by the theoretical diluted price of approximately HK\$4.87 per Consolidated Share (after taking into account the effect of the Share Consolidation) to the theoretical benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK\$5.875 per Consolidated Share (after taking into account the effect of the Share Consolidation), taking into account the higher of (i) the theoretical closing price of the Consolidated Shares as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average theoretical closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vi) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) in aggregation with the 2025 Rights Issue, which was completed on 29 July 2025, of approximately 19.56%, computed by the cumulative theoretical diluted price of approximately HK\$28.56 per Consolidated Share (after taking into account the effect of the Share Consolidation) to the theoretical benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK\$35.50 per Consolidated Share (after taking into account the effect of the Share Consolidation) in respect of the 2025 Rights Issue as announced on 6 December 2024.

The Subscription Price was determined with reference to (i) the market price of the Shares (and its fluctuation) under the prevailing market conditions; (ii) the current business performance and financial position of the Group; and (iii) the reasons for and benefits of the 2026 Rights Issue as discussed in the section headed “(II) Proposed 2026 Rights Issue – Reasons For and Benefits of the 2026 Rights Issue and the Use of Proceeds”, including the amount of funds the Company intends to raise under the 2026 Rights Issue and its intended uses.

In particular:

- (a) the Directors reviewed the daily closing prices of the Shares during the 12 month period up to and including the Last Trading Day. During this period, the Shares recorded (i) an average closing price of approximately HK\$31.25 per Consolidated Share (calculated based on HK\$1.25 after taking into account the effect of the Share Consolidation), (ii) a highest closing price of HK\$103.75 per Consolidated Share (calculated based on HK\$4.15 after taking into account the effect of the Share Consolidation) and (iii) a lowest closing price of HK\$4.95 per Consolidated Share (calculated based on HK\$0.198 after taking into account the effect of the Share Consolidation), and were traded consistently above the Subscription Price. The Directors also noted the fluctuations in the Share price, in particular the decline from HK\$103.75 per Consolidated Share (calculated based on HK\$4.15 after taking into account the effect of the Share Consolidation) on 29 September 2025 to HK\$13.75 per Consolidated Share (calculated based on HK\$0.55 after taking into account the effect of the Share Consolidation) on 2 October 2025. The Board is not aware of any reason for such unusual price movements of the Shares. Despite such fluctuations, given that the closing prices of the Shares stabilised within a range of approximately HK\$4.95 to HK\$6.50 per Consolidated Share (calculated based on HK\$0.198 to HK\$0.26 after taking into account the effect of the Share Consolidation) from the beginning of 2026 up to the Last Trading Day, the Directors considered it appropriate to determine the Subscription Price with reference to this more recent period, which is a reasonable comparison between the prevailing market price and the Subscription Price;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (b) the Directors also took into account the current financial position and business performance of the Group. In particular, as further elaborated in the section headed “(II) Proposed 2026 Rights Issue – Reasons For and Benefits of the 2026 Rights Issue and Use of Proceeds”, the Group has been under liquidity pressures and faces an imminent need for financial resources to settle its liabilities and replenish its working capital. By setting a Subscription Price which is at a discount to the prevailing market price, the Board considers that this would provide sufficient incentive for, and encourage, the Qualifying Shareholders to participate in the 2026 Rights Issue (which allows the Qualifying Shareholders to maintain their proportional shareholdings in the Company and minimises the dilution impact), while providing an opportunity to enable the Company to address its immediate funding needs and improve the financial position of the Group. The Directors also noted that the discount to the Subscription Price is comparable to the discount to the subscription price under the 2025 Rights Issue; and
- (c) the Directors have also considered the aggregate amount of funds to be raised under the 2026 Rights Issue calculated based on the Subscription Price and the number of Rights Shares to be issued, and the intended use of proceeds which include settlement of liabilities of the Group as, acquiring potential projects to diversify the Group’s property portfolio, and for the general working capital of the Group, all of which would strengthen the business performance of the Group as a whole in the future.

Non-underwritten basis

Subject to the fulfilment of the conditions of the 2026 Rights Issue (including, among other things, the Share Consolidation becoming effective), the 2026 Rights Issue will proceed on a non- underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the 2026 Rights Issue, any Unsubscribed Rights Shares together with the NQS Unsold Rights Shares will be placed on a best-efforts basis by the Placing Agent to independent placees under the Placing. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which remain not placed under the Placing will not be issued by the Company and the size of the 2026 Rights Issue will be reduced accordingly.

There is no minimum amount to be raised under the 2026 Rights Issue. There are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the 2026 Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the 2026 Rights Issue will proceed on a non-underwritten basis, a Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the 2026 Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the 2026 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 to the note to Rule 7.19(5)(b) of the Listing Rules and does not result in any non-compliance with the public float requirements under Rule 8.08(1) of the Listing Rules.

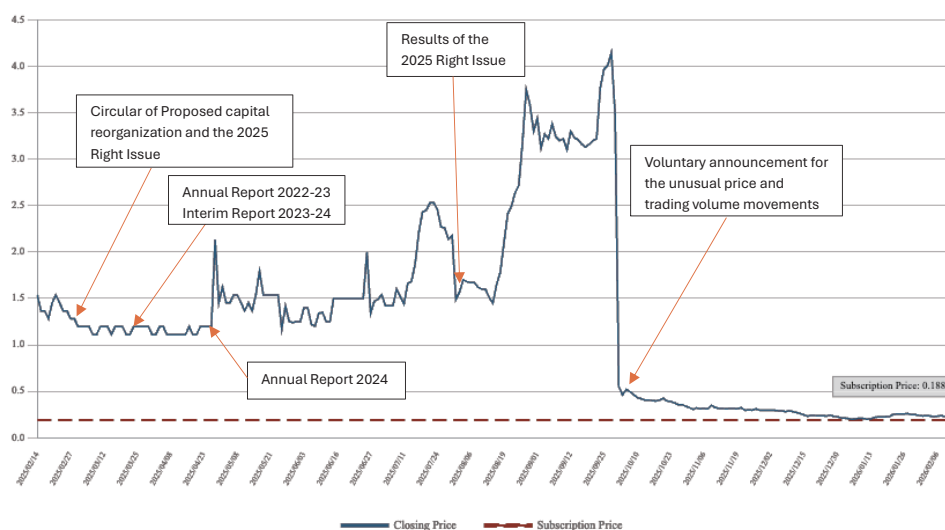
The Company had explored both potential underwriting and non-underwriting arrangements for the 2026 Rights Issue. As the Company was unable to identify any securities firms willing to act as underwriter on terms that were commercially beneficial to the Company and its Shareholders, particularly given that the underwriting fee is expected to be substantial, which would also reduce the net proceeds from the 2026 Rights Issue available to the Company. In light of the above, the Board had determined that proceeding with the 2026 Rights Issue on a non- underwritten basis, combined with the Placing and the Compensatory Arrangements as disclosed in the sections headed “(II) Proposed 2026 Rights Issue – Details of the 2026 Rights Issue – Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” and “(II) Proposed 2026 Rights Issue – Details of the 2026 Rights Issue – Placing Agreement”, where the Placing Agent will place Unsubscribed Rights Shares and NQS Unsold Shares on a best-efforts basis at a price that is not less than the Subscription Price, represents the most viable and efficient approach to meet the Company’s funding objectives, and is consistent with the arrangements adopted for the 2025 Rights Issue, and provides adequate compensation mechanisms and safeguards to protect the interests of the Shareholders. Therefore, the Directors consider that conducting the 2026 Rights Issue on a non- underwritten basis with the Placing is in the interest of the Company and Shareholders as a whole.

As illustrated in the table stated in “Comparable Analysis”, We noted that among the 34 Comparables, only 2 were conducted on a fully underwritten basis, while the remaining 32 were conducted on a non-fully underwritten basis (including those conducted on a partially underwritten basis or a non-underwritten basis). This indicates that it is common market practice for listed issuers to conduct rights issues without full underwriting arrangements. Therefore, we concur with the Directors’ view that conducting the 2026 Rights Issue on a non-underwritten basis with the Placing arrangement is consistent with prevailing market practice and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Share price performance

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the daily closing prices and trading volume of the Shares from 14 February 2025 up to and including the Last Trading Day (the “**Review Period**”) (being a period of approximately 12 months prior to and including the Last Trading Day) and compared with the Subscription Price. We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices prior to the Last Trading Day and such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price, as the share price before the Last Trading Day represents a fair market value of the Company the Shareholders expected, while that after the Last Trading Day, the value may have taken into account the potential upside of the 2026 Rights Issue which may distort the analysis.



As illustrated in the chart above, during the Review Period, the average closing price was approximately HK\$1.250 per Share (the “**Average Closing Price**”). The daily closing price ranged from HK\$0.198 per Share (the “**Lowest Closing Price**”) recorded on 6 January 2026 to HK\$4.15 per Share (the “**Highest Closing Price**”) recorded on 29 September 2025. We note that the Shares were traded above the Subscription Price throughout the entire Review Period. The Subscription Price of HK\$4.70 per Consolidated Share (equivalent to approximately HK\$0.188 per Share before the Share Consolidation) represents (i) a discount of approximately 5.05% to the Lowest Closing Price; (ii) a discount of approximately 95.47% to the Highest Closing Price; and (iii) a discount of approximately 84.96% to the Average Closing Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The closing price of the Shares commenced at HK\$1.537 on 14 February 2025 before declining to a range of approximately HK\$1.110 to HK\$1.196 from March to mid-April 2025, with no significant fluctuations observed during this period. A brief spike to HK\$2.135 was recorded on 28 April 2025 before reverting to HK\$1.452 the following trading day. From May to June 2025, the price fluctuated between approximately HK\$1.170 and HK\$2.000, generally stabilising around HK\$1.250 to HK\$1.500. An upward trend commenced from mid-July 2025, with the price rising from approximately HK\$1.420 to a peak of HK\$2.530 on 22 July 2025, before declining to HK\$1.490 by month-end. A significant rally was observed from mid-August 2025, with the price surging from HK\$1.650 on 15 August 2025 to HK\$3.750 on 27 August 2025, eventually reaching its highest closing price of HK\$4.150 on 29 September 2025. On 2 October 2025, the share price experienced a sharp decline to HK\$0.550 and continued to decline gradually through October, reaching HK\$0.325 by 31 October 2025. Regarding to the significant decrease in the closing price of the Shares, we have discussed with the Directors and they are not aware of any reason for such significant decline in closing price of the Shares during the aforesaid period.

The closing price further decreased through November and December 2025, reaching approximately HK\$0.295 to HK\$0.310 in November and HK\$0.213 to HK\$0.295 in December 2025. The price stabilised in January and February 2026, trading within a narrow range of approximately HK\$0.198 to HK\$0.260, with the closing price on the Last Trading Day being HK\$0.235, showing a flat trend through the end of the Review Period.

The general downward trend in the Share price during the latter part of the Review Period, together with the stabilisation at lower price levels in the most recent months, is broadly consistent with the challenging operating environment facing the PRC real estate sector as discussed above.

In view of the above, we consider that it is fair and reasonable for the Company to determine the Subscription Price with reference to (i) the general downward trend of the market price of the Shares during the latter part of the Review Period and the recent stabilisation of the Share price in the range of approximately HK\$0.198 to HK\$0.260 from January 2026 to the Last Trading Day; and (ii) the generally thin trading liquidity of the Shares during the Review Period, which supports the rationale for setting the Subscription Price at a discount to the prevailing market price in order to encourage Qualifying Shareholders' participation in the 2026 Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Trading liquidity of the Shares

We have also reviewed the trading liquidity of the Shares during the Review Period. Set out below is the summary of the average daily trading volume of the Shares during the Review Period:

Month/Period	Number of trading days	Total trading volume (Shares)	Average daily trading volume (Shares)	Average daily trading volume as a % of total issued Shares (approx.) ^(Note 2)
2025				
February (from 14 February)	11	277,279	25,207	0.13%
March	21	765,512	36,453	0.19%
April	19	1,929,712	101,564	0.54%
May	20	6,817,308	340,865	1.81%
June	21	3,685,680	175,509	0.93%
July	22	4,600,932	209,133	0.22% ^(Note 3)
August	21	10,147,676	483,223	0.51%
September	22	55,710,566	2,532,298	2.70%
October	20	188,508,380	9,425,419	10.03%
November	20	19,926,050	996,303	1.06%
December	21	5,538,200	263,724	0.28%
2026				
January	21	17,065,000	812,619	0.87%
February (up to and including the Last Trading Day)	10	2,126,000	212,600	0.23%
	Max	188,508,380	9,425,419	10.03%
	Min	277,279	25,207	0.13%
	Average	24,392,177	1,201,147	1.5%

Source: website of the Stock Exchange

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

- (1) The share consolidation on the basis of every one hundred (100) existing Shares being consolidated into one (1) consolidated share became effective on 26 May 2025, pursuant to which the total number of issued Shares decreased from 1,878,622,000 Shares to 18,786,220 Shares.
- (2) For February to June 2025, the percentages are calculated based on the total number of issued Shares of 18,786,220 Shares (being the total number of issued Shares on a post-Share Consolidation basis). For July 2025 to February 2026, the percentages are calculated based on the total number of issued Shares of 93,931,100 Shares (being the total number of issued Shares following the completion of the 2025 Rights Issue).
- (3) The 2025 Rights Issue was completed on 30 July 2025, pursuant to which the total number of issued Shares increased from 18,786,220 Shares to 93,931,100 Shares.

As shown in the table above, the trading liquidity of the Shares was generally thin throughout the Review Period. During the entire Review Period, there were 14 trading days on which no Shares were traded at all, all of which occurred during the period from April to August 2025, demonstrating the limited marketability of the Shares.

For the period from February to June 2025 (being the period prior to the completion of the 2025 Rights Issue), the average daily trading volume as a percentage of the total number of issued Shares ranged from approximately 0.13% in February 2025 to approximately 1.81% in May 2025, while June 2025 saw a moderation to approximately 0.93%. For July 2025, the average daily trading volume represented approximately 0.22% of the total number of issued Shares.

Following the completion of the 2025 Rights Issue, trading activity picked up from August to September 2025, with average daily trading volumes representing approximately 0.51% and 2.70% of the total number of issued Shares respectively, coinciding with the sustained upward trend in the Share price during this period. In October 2025, trading volume surged significantly, with the average daily trading volume of approximately 10.03% of the total number of issued Shares.

From November 2025 onwards, trading volumes normalised as the Share price stabilised at lower levels. The average daily trading volume to the total number of issued Shares ranged from approximately 0.23% in February 2026 (up to and including the Last Trading Day) to approximately 1.06% in November 2025.

Regarding to the significant high trading volume in September, October and November 2025, we have discussed with the Directors and they are not aware of any reason for such unusual high trading volume of the Shares during the aforesaid period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Out of the 13 months during the Review Period, only four months recorded average daily trading volume exceeding 1% of the total number of issued Shares. The remaining nine months recorded average daily trading volume of below 1%, ranging from approximately 0.13% to 0.87%. The temporary and unexplained nature of the volume surge suggests that it is not reflective of the normal trading pattern of the Shares. Furthermore, following the spike in September to November 2025, the average daily trading volume declined significantly and remained consistently below 1% from December 2025 onwards, ranging from approximately 0.23% to 0.87%. In addition, there were 14 trading days on which no Shares were traded at all during the Review Period. Taking the above into account, we consider that the trading liquidity of the Shares was generally thin throughout the Review Period.

The generally thin trading liquidity of the Shares during the Review Period suggests that it would be difficult for Shareholders to dispose of or acquire a substantial block of Shares in the open market without exerting a significant impact on the Share price. Furthermore, the thin trading liquidity may also present challenges for the Company in raising equity funds from third parties through other means (such as placing of new Shares) without offering a substantial discount to the prevailing Share price, as potential investors would typically require a greater price incentive to subscribe for shares with limited secondary market liquidity.

In view of the above, we consider that it is fair and reasonable for the Company to determine the Subscription Price with reference to (i) the general downward trend of the market price of the Shares during the latter part of the Review Period and the recent stabilisation of the Share price in the range of approximately HK\$0.198 to HK\$0.260 from January 2026 to the Last Trading Day; and (ii) the generally thin trading liquidity of the Shares during the Review Period, which supports the rationale for setting the Subscription Price at a discount to the prevailing market price in order to encourage Qualifying Shareholders' participation in the 2026 Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comparable Analysis

In order to further assess the fairness and reasonableness of the terms of the 2026 Rights Issue, we have identified an exhaustive list of 34 rights issue transactions announced by other companies listed on the Stock Exchange (the “**Comparables**”) with relevant listing documents issued within the six months immediately prior to the Last Trading Day (the “**Comparable Review Period**”) and up to the Last Trading Day. We believe that those rights issue transactions with listing documents issued implies that they have been approved by relevant shareholders or exempt from shareholders’ approval and thus the terms and structure of these rights issue transactions are more meaningful for comparison. Shareholders should note that the subject companies in the Comparables may have different principal business activities, market capitalisations, profitability and financial positions as compared to those of the Company. Although the circumstances surrounding the Comparables may be different from those relating to the Company, we consider that the Comparable Review Period is adequate and fair and reasonable to capture the prevailing market conditions in relation to rights issue transactions which the Comparables, for illustrative purpose only, serve as a general reference for prevailing market practices in relation to rights issue transactions conducted by the companies listed on the Stock Exchange.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Announcement date	Listing document date	Company name	Stock code	Basis of entitlement	Premium/(Discount) of the subscription price over the last trading day (%)	Premium/(Discount) of the subscription price over the average closing share price for the five previous consecutive trading days up to and including the last trading day (%)	Underwriting/placing as the case may be commission, Excess may be application (%) Yes/No	Fully underwritten Yes/No	Maximum dilution effect (%)	Theoretical dilution impact
									(Note 1)	(Note 2)
30 July 2025	18 August 2025	Da Yu Financial Holdings Limited	1073	1 for 2	(16.67)	(18.92)	N/A Y	N	33.33	6.63
4 August 2025	1 September 2025	TOMO Holdings Limited	6928	1 for 2	(62.10)	(63.20)	1.00 N	N	33.33	21.30
6 August 2025	24 September 2025	Value Convergence Holdings Limited	821	2 for 1	(4.26)	(5.86)	2.50 Y	N	66.67	3.11
13 August 2025	11 September 2025	China Information Technology Development Limited	8178	3 for 8	(55.05)	(55.43)	7.07 Y	Y	27.27	15.12
19 September 2025	14 October 2025	Immunotech Biopharm Ltd	6978	1 for 5	(47.70)	(47.79)	1.45 Y	N	16.67	8.05
2 October 2025	20 October 2025	China New Economy Fund Limited	80	1 for 2	(29.29)	(27.23)	N/A Y	N	33.33	9.70
22 September 2025	24 October 2025	Gameone Holdings Limited	8282	1 for 2	1.69	(0.99)	0.50 Y	N	33.33	0.55
26 September 2025	14 November 2025	Perfectech International Holdings Limited	765	1 for 2	(18.06)	(20.70)	N/A Y	N	33.33	6.99
9 October 2025	17 November 2025	CCIAM Future Energy Limited	145	1 for 2	(18.62)	(19.05)	0.54 N	N	33.33	6.63
5 October 2025	20 November 2025	Fire Rock Holdings Limited	1909	1 for 2	(20.20)	(27.85)	0.07 N	N	33.33	9.13
							(Note 3)			
4 September 2025	21 November 2025	Aeso Holding Limited	8341	2 for 1	(25.70)	(23.10)	2.50 N	N	66.67	17.12
22 October 2025	21 November 2025	Crocodile Garments Limited	122	1 for 2	(22.68)	(22.44)	N/A Y	N	33.33	7.56
10 September 2025	27 November 2025	China Automotive Interior Decoration Holdings Limited	48	3 for 2	(29.73)	(29.27)	1.50 N	N	60.00	17.84
14 August 2025	2 December 2025	China Energy Development Holdings Limited	228	1 for 2	(19.90)	(19.90)	N/A Y	N	33.33	6.63
15 September 2025	3 December 2025	Zhong Jia Guo Xin Holdings Company Limited	899	2 for 1	(33.64)	(35.23)	5.00 N	N	66.67	24.78
4 September 2025	5 December 2025	Many Idea Cloud Holdings Limited	6696	6 for 1	(22.08)	(24.56)	0.20 N	N	85.71	20.63
23 May 2025	15 December 2025	Zhong Ying International Group Ltd	8516	5 for 2	(33.00)	(33.00)	3.00 N	N	71.43	23.57
15 October 2025	22 December 2025	Winshine Science Co Ltd	209	7 for 1	(23.50)	(24.30)	2.50 Y	N	87.50	21.10
12 November 2025	29 December 2025	Domaine Power Holdings Ltd	442	1 for 2	(17.44)	(15.88)	N/A Y	N	33.33	5.81
15 October 2025	30 December 2025	Synerstone Communication Corporation	1613	2 for 1	(35.71)	(35.71)	1.00 N	N	66.67	23.81
24 October 2025	31 December 2025	IRC Ltd	1029	1 for 2	(16.39)	(17.21)	1.25 N	N	33.33	9.76
3 October 2025	31 December 2025	Macau Legend Development Ltd	1680	1 for 2	(45.45)	(44.44)	3.00 Y	Y	33.33	15.79
9 October 2025	2 January 2026	Hao Bai International (Cayman) Ltd	8431	4 for 1	(19.23)	(27.08)	1.50 N	N	80.00	23.24
4 November 2025	5 January 2026	Zhongshi Minaan Holdings Limited	8283	5 for 1	(23.91)	(25.69)	2.50 N	N	83.33	21.67
12 December 2025	9 January 2026	Shun Wo Group Holdings Ltd	1591	1 for 3	(6.70)	(3.40)	N/A Y	N	25.00	1.70
2 November 2025	15 January 2026	KNT Holdings Ltd	1025	1 for 1	(10.71)	(10.71)	3.00 N	N	50.00	9.39
17 October 2025	21 January 2026	World Super Holdings Ltd	8612	3 for 1	23.46	19.05	2.50 N	N	75.00	12.94
26 November 2025	26 January 2026	Capital VC Ltd	2324	1 for 1	(27.30)	(24.80)	3.00 N	N	50.00	13.60

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Announcement date	Listing document date	Company name	Stock code	Basis of entitlement	Premium/ (Discount) of the subscription price over/ to the closing share price for the five previous consecutive trading days up to and including the last trading day (%)	Premium/ (Discount) of the subscription price over/ to the closing share price on the last trading day (%)	Underwriting/ placing commission, as the case may be application (%) Yes/No	Fully underwritten Yes/No	Maximum dilution effect (%) (Note 1)	Theoretical dilution impact (Note 2)
7 November 2025	28 January 2026	Winto Group (Holdings) Ltd	8238	3 for 1	(6.98)	(6.10)	3.00 N	N	75.00	5.12
21 November 2025	28 January 2026	Crown International Corp Ltd	727	3 for 1	(19.75)	(26.14)	N/A Y	N	75.00	20.97
19 November 2025	3 February 2026	Silkwave Inc	471	3 for 1	(31.06)	(32.29)	N/A Y	N	75.00	24.51
14 January 2026	6 February 2026	Jual Offshore Oil Services Ltd	3303	1 for 6	(69.23)	(69.35)	1.00 N	N	14.29	9.92
15 January 2026	12 February 2026	Shanghai International Shanghai Growth Investment Ltd	770	3 for 8	(60.00)	(60.00)	1.00 N	N	27.27	16.33
26 January 2026	13 February 2026	Kwan On Holdings Ltd	1559	1 for 2	(17.65)	(15.05)	N/A Y	N	33.33	5.88
				Min	(69.23)	(69.35)	0.07		14.29	0.55
				Max	23.46	19.05	7.07		87.50	24.78
				Median	(22.38)	(24.68)	2.00		33.33	11.43
				Mean	(25.38)	(26.28)	2.11		49.37	13.14
				The Company	(20.00)	(20.00)	2.00 N	N	85.71	17.14

Source: The Stock Exchange

Notes:

- The potential maximum dilution effect of each rights issue is calculated as number of rights shares issued or to be issued under the basis of entitlement divided by the total number of shares as enlarged by the rights issue according to their respective basis of entitlements and assuming all rights shares have been/will be allotted and issued times 100%.
- The theoretical dilution effect is calculated in according to Rule 10.44A of the Rules Governing of the Listing of Securities on GEM or Rule 7.27B of the Listing Rules.
- The placing commission is calculated at a rate of 0.07%, based on a fixed placing commission of HK\$100,000. This is determined in relation to the gross proceeds of the rights issue, which are approximately up to HK\$151.68 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We noted from the above table that the majority of the Comparables had set the subscription price of their rights issue at a discount to the prevailing market price of the relevant shares before the relevant announcements in respect of the rights issue were made, except for two Comparables, being Gameone Holdings Limited (stock code: 8282) and World Super Holdings Ltd (stock code: 8612). The discount as represented by the Subscription Price to the closing price of the Shares on the Last Trading Day of approximately 20.00% is within the range of Comparables of approximately 69.23% discount to approximately 23.46% premium, and is narrower than the average discount of approximately 25.38% and the median discount of approximately 22.38%. The discount as represented by the Subscription Price to the average closing prices of the Shares for the five previous consecutive trading days up to and including the Last Trading Day of approximately 20.00% is within the range of Comparables of approximately 69.35% discount to approximately 19.05% premium, and is narrower than the average discount of approximately 26.28% and the median discount of approximately 24.68%. The theoretical dilution impact of the Rights Issue of approximately 17.14% is within the range of Comparables of approximately 0.55% to approximately 24.78%, and is higher than the average of approximately 13.14% and the median of approximately 11.43%. In addition, pursuant to Rule 7.27B of the Listing Rules, we have considered the cumulative theoretical dilution effect of the Rights Issue in aggregation with the 2025 Rights Issue, which was completed on 29 July 2025. We note that the cumulative theoretical dilution effect of approximately 19.56% is (i) **below the 25% threshold** stipulated under Rule 7.27B of the Listing Rules, beyond which the Stock Exchange would not normally consider the terms of a rights issue to be fair and reasonable; (ii) within the range of the Comparables of approximately 0.55% to approximately 24.78%; and (iii) higher than the average and median of the Comparables of approximately 13.14% and 11.43% respectively, but only marginally higher than the standalone theoretical dilution impact of the Rights Issue of approximately 17.14%. This suggests that the incremental dilutive impact of the Rights Issue, when assessed in aggregation with the 2025 Rights Issue under the Rule 7.27B framework, is limited. In light of the above, and in particular that the cumulative theoretical dilution effect remains below the 25% threshold under Rule 7.27B of the Listing Rules, we are of the view that the cumulative dilutive impact of the Rights Issue in aggregation with the 2025 Rights Issue is acceptable. The maximum dilution effect of approximately 85.71% is within the range of Comparables of approximately 14.29% to approximately 87.50%, and is higher than the average of approximately 49.37% and the median of approximately 33.33%, which is primarily attributable to the highly dilutive basis of entitlement of six (6) Rights Shares for every one (1) Consolidated Share under the Rights Issue. In light of the above, while we noted that the maximum dilution effect of approximately 85.71% is higher than the median and mean of the Comparables, we consider that the maximum dilution effect is justifiable given the Company's pressing funding needs, the limited alternative fundraising options, and the thin trading liquidity of the Shares which necessitates a meaningful discount to incentivise participation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders should note that the above analysis is for reference only and may not be directly comparable given the differences in the financial condition, market capitalisation and business operations of the Company and each of the Comparables.

Pursuant to the Placing Agreement, the Company shall pay the Placing Agent a commission (the “**Placing Commission**”) of 2.0% of the amount which is equal to the placing price (i.e. at least equal to the Subscription Price) multiplied by the Shares that are successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the Placing, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion. As illustrated in the table above, the underwriting/placing commission rate of the Comparables ranged from 0.07% to 7.07%. The Placing Commission of 2.0% falls within the range of the underwriting/placing commission rate of the Comparables, and is close to the average of approximately 2.11% and equal to the median of approximately 2.00% of the Comparables. Accordingly, we consider that the Placing Commission is fair and reasonable. As the Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Shares (including NQS Unsold Rights Shares) by offering the Shares to independent Placees for the benefit of the Shareholders to whom they are offered by way of the Rights Issue. There will be no excess application arrangement in relation to the Rights Issue. Given that the Compensatory Arrangements would provide (i) a distribution channel of the Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Overseas Shareholders, we concur with the view of the Board that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company’s minority shareholders. We have also reviewed other major terms of the Placing Agreement, including but not limited to the conditions and termination clause of the Placing Agreement (details of which are set out in the Letter from the Board) and we are not aware of any term which is unusual. As such, we are of the view that the terms of the Placing Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Having considered (i) the discount of the Subscription Price of approximately 20.00% to both the closing price of the Shares on the Last Trading Day and the average closing prices of the Shares for the five previous consecutive trading days up to and including the Last Trading Day, which is within the range of the Comparables and narrower than the average and median discounts of the Comparables; (ii) the Group’s severely constrained financial position, with the Group being in a net tangible liability position; (iii) the loss-making position of the Group in the latest interim report of the Company and the prior years; (iv) the critical need for additional capital to address the Group’s overdue liabilities and sustain its operations; and (v) the amount of funds the Company intends to raise under the Rights Issue for the purposes described in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds”, we are of the view that the Subscription Price is fair and reasonable to the Company and the Shareholders as a whole

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

IV. Effects on the shareholding structure of the Company

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Share Consolidation; (iii) immediately after the Share Consolidation and the completion of the 2026 Rights Issue (assuming full acceptance by all Qualifying Shareholders under the 2026 Rights Issue); and (iv) immediately after the Share Consolidation and the completion of the 2026 Rights Issue (assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing):

Shareholders	As at		Immediately after the Share		Immediately after the Share		Immediately after the Share	
	the Latest Practicable Date		Consolidation		Consolidation and the		Consolidation and the	
	Shares	Approx %	Shares	Approx %	completion of the 2026 Rights Issue (assuming full acceptance by the Qualifying Shareholders)	Approx %	completion of the 2026 Rights Issue (assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing)	Approx %
Xinxing Company Limited (Note 1)	243,300	0.26	9,732	0.26	68,124	0.26	9,732	0.04
Placees	-	-	-	-	-	-	22,543,464	85.71
Other public Shareholders	<u>93,687,800</u>	<u>99.74</u>	<u>3,747,512</u>	<u>99.74</u>	<u>26,232,584</u>	<u>99.74</u>	<u>3,747,512</u>	<u>14.25</u>
Total	<u>93,931,100</u>	<u>100.00</u>	<u>3,757,244</u>	<u>100.00</u>	<u>26,300,708</u>	<u>100.00</u>	<u>26,300,708</u>	<u>100.00</u>

Notes:

- Xinxing Company Limited is a company wholly-owned by Mr. Chen. Accordingly, Mr. Chen is deemed to be interested in the same number of Shares in which Xinxing Company Limited is interested by virtue of the SFO.
- If any of the placees subscribes for 10% or more of the Shares under the Placing, he/she/it will become a substantial shareholder of the Company after completion of the Placing. The Company will at all time and continue to comply with the public float requirements under Rule 8.08 of the Listing Rules before and after completion of the 2026 Rights Issue.
- Shareholders and public investors should note that the above shareholding scenarios are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the 2026 Rights Issue are subject to various factors, including the results of acceptance of the 2026 Rights Issue and the results of the Placing.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

V. Possible dilution effect to the existing public Shareholders

The 2026 Rights Issue provides Qualifying Shareholders with the opportunity to maintain their proportional interests in the Company and to participate in its future development, should they choose to do so. However, those Qualifying Shareholders who opt not to subscribe to the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the 2026 Rights Issue, with their aggregate interests potentially reduced by a maximum of approximately 85.71%.

As illustrated in the comparable table above, the theoretical dilution effect of the Comparables ranged from approximately 0.55% to 24.78%, with an average of 13.14% and a median of 11.43%. The theoretical dilution effect of the 2026 Rights Issue of approximately 17.14% falls within the range of the Comparables and does not exceed the 25% threshold under Rule 7.27B of the Listing Rules.

Having considered:

- i. the theoretical dilution effect of the 2026 Rights Issue falls within the range of the Comparables and complies with the dilution limit under the Listing Rules;
- ii. the proceeds from the 2026 Rights Issue will be applied primarily toward the settlement of the Group's overdue liabilities, which is critical to the Group's continued operations;
- iii. the 2026 Rights Issue will strengthen the Group's financial position;
- iv. all Qualifying Shareholders are given an equal opportunity to maintain their shareholding interests and participate in the Company's development;
- v. the inherent dilutive nature of rights issues in general if existing shareholders do not fully take up their entitlements; and
- vi. the flexibility provided to Qualifying Shareholders who choose not to subscribe, as they may dispose of their nil-paid Rights Shares in the open market,

we consider that the potential dilution effect of the 2026 Rights Issue is justifiable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

VI. Possible Financial Effects of the 2026 Rights Issue

In terms of the net tangible liabilities per Consolidated Share, as set out in Appendix II to the Circular, upon completion of the 2026 Rights Issue, the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company per Consolidated Share immediately after the completion of the 2026 Rights Issue would be approximately HK\$0.14 (assuming all Rights Shares will be taken up at the Subscription Price of HK\$4.7 per Consolidated Share), as compared to the audited consolidated net tangible liabilities of the Group attributable to equity holders of the Company of approximately HK\$3,744,436,000 (or approximately HK\$0.99 per Consolidated Share based on 26,300,708 Consolidated Shares in issue upon completion of the Rights Issue, which comprises 3,757,244 Consolidated Shares in issue before the Rights Issue and 22,543,464 shares to be issued under the Rights Issue) as at 31 December 2025. Despite the Group being in a net tangible liability position, the 2026 Rights Issue would reduce the net tangible liabilities per Consolidated Share from approximately HK\$0.99 to approximately HK\$0.14, primarily due to the infusion of new equity capital.

We have carefully considered (i) the reasons for the 2026 Rights Issue as outlined in the Letter from the Board, and (ii) the rights of the Qualifying Shareholders to take up their respective entitlements, which allows them to maintain their shareholdings in the Company and participate in the Group's potential recovery. In our view, the overall impact on the consolidated net tangible liabilities of the Group attributable to owners of the Company per ordinary share is fair and reasonable, and it serves the best interests of the Company and its Shareholders as a whole.

In terms of liquidity position, as disclosed in the 2025 Annual Report, the Group had cash and cash equivalents of approximately RMB7.0 million and the Group had current assets of approximately RMB1.1 billion and current liabilities of approximately RMB5.7 billion as at 31 December 2025, with current ratio (being current assets divided by current liabilities) of approximately 0.18, reflecting a severely constrained liquidity position. Immediately upon completion of the 2026 Rights Issue, the cash and cash equivalents of the Group may increase by up to the maximum amount of net proceeds from the 2026 Rights Issue; that is up to approximately HK\$101.4 million (equivalent to approximately RMB91.8 million). In such case, the current ratio of the Group will potentially increase from approximately 0.18 to approximately 0.2. Additionally, the total deficit of the Group, which amounted to approximately HK\$4,103.4 million (equivalent to approximately RMB3,716.4 million) as at 31 December 2025, will be reduced by the additional equity capital from the 2026 Rights Issue, thereby improving its overall financial position, although the Group is expected to remain in a net liability position after the 2026 Rights Issue. As such, the current ratio and the Group's liquidity position will improve following the 2026 Rights Issue.

After taking into consideration the above, particularly the improvement in liquidity position of the Group, we are of the view that the 2026 Rights Issue is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Taking into consideration the above principal factors and reasons, we are of the view that the terms of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the 2026 Rights Issue, the Placing and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
First Global Corporate Finance Co., Limited
Wendy Liu
Managing Director

Ms. Liu is a licensed person registered with SFC and regarded as a responsible officer of Type 6 (advising on corporate finance) of First Global Corporate Finance Co., Limited. Ms. Liu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under SFO since 2014.

1. SUMMARY OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the year ended 31 December 2023 (“FY2023”) have been set out on pages 130 to 228 in the annual report 2023 of the Company which was published on 21 March 2025 on the Stock Exchange’s website (<http://www.hkexnews.hk>) and the Company’s website (<http://www.xinm.net.cn>). Please also see below the link to the annual report 2023 of the Company:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0321/2025032100029.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2024 (“FY2024”) have been set out on pages 133 to 224 in the annual report 2024 of the Company which was published on 30 April 2025 on the Stock Exchange’s website (<http://www.hkexnews.hk>) and the Company’s website (<http://www.xinm.net.cn>). Please also see below the link to the annual report 2024 of the Company:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0430/2025043004215.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2025 (“FY2025”) have been set out on pages 119 to 206 in the annual report 2025 of the Company which was published on 30 April 2026 on the Stock Exchange’s website (<http://www.hkexnews.hk>) and the Company’s website (<http://www.xinm.net.cn>). Please also see below the link to the annual report 2025 of the Company:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0430/2026043003262.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2026, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Prospectus, the details of the Group’s indebtedness are as follows:

Other borrowings

	<i>Note</i>	As at 31 March 2026 RMB’000
Other borrowings – unsecured and guaranteed	(a)	1,222,359

Note:

- (a) As at 31 March 2026, other borrowings of approximately RMB1,209,000,000 were guaranteed by the director of the Company and certain assets of the Group.

Convertible bonds

As at
31 March 2026
RMB'000

Convertible bonds – secured and guaranteed 202,935

As at the close of business on 31 March 2026, save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any other borrowings or indebtedness in the nature of borrowings of the Group issued and outstanding or agreed to be issued, including debt securities, term loans, other borrowings or indebtedness, bank overdrafts, liabilities under acceptances or acceptance credits, hire purchase commitments, mortgages, charges, guarantees or other contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, taking into consideration the Group's present financial resources and the estimated net proceeds from the 2026 Rights Issue, the working capital available for the Group is sufficient for its present requirements for at least the twelve (12) months from the Latest Practicable Date in the absence of any unforeseen circumstances.

4. NO MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the property development, property investment and property leasing in the PRC.

The Group generated revenue of approximately RMB422.6 million during FY2023, despite the market sentiments in the property sector remaining unchanged, the increase in revenue is due to completion of the second and third phases of the residential development of Shandong Tengzhou Xingmeng International Commercial City (山東滕州興盟國際商城)(the “**Shandong Project**”) and delivery of the properties to the customers during the year. The Group generated revenue of approximately RMB86.8 million during FY2024, which was mainly attributable to the completion of sale of commercial properties in the second and third phases of the Shandong Project, which had been affected by the overall downturn in the PRC property market. The Group generated revenue of approximately RMB109.5 million during FY2025. Total gross floor area of property sales delivered was approximately 14,397.7 sq.m., representing an increase of approximately 6,946.4 sq.m. as compared with FY2024 due to the increase in sales activity of the

Shandong Project and the property development project Shanghai Xinming • Children’s World (the “**Shanghai Project**”) but at lower selling prices and the sluggish market sentiment resulting in prolonged sales cycles and intensified market competition as real estate developers aggressively pursued sales by lowering prices and offering promotions.

As at the Latest Practicable Date, the details of the Company’s key property development projects are as follows:

Project name	Existing use	Phase	Development stage	Remaining saleable GFA (m ²) (approx.)	Sales/leasing progress
Shandong Project	Residential and commercial	Block nos. 1, 2, 3, 4, 5, 6, 7, 13, 15 of the residential properties	Construction completed in June 2023, currently in the process of applying for title certificates for each unit	Pending issue of title certificates	Pending issue of title certificates
		Block nos. 9 and 16 of the residential properties	Construction completed in September 2025, title certificates expected to be obtained by June 2026	Residential properties: 8,200 m ²	In progress, expected to complete the sale of approximately 55% of the residential units by the end of 2026
		Block nos. 12, 19 and 20 of the residential properties	Under development, expected to begin construction in May 2026 and obtain pre-sale permit by October 2026. Construction expected to be completed in October 2028.	Residential properties: 33,400 m ²	Expected to begin pre-sales by October 2026, and expected to complete the sale of approximately 35% of the residential units by the end of 2026
		Zone A of the commercial properties	Construction completed	46,500 m ²	Commercial leasing expected to begin in June 2026
		Zone B4 of the commercial properties	Construction completed	10,500 m ²	Commercial leasing expected to begin in June 2026
		Ground floor commercial shops	Construction completed	3,900 m ²	In progress, approximately 15% of shops were sold in 2026
Shanghai Project	Commercial	N/A	Construction completed	92,400 m ² , of which: 43,700 m ² are saleable; and 48,700 m ² are held for investment	In progress, expected to be completed by July 2026

The Group generated gross profit of approximately RMB53.4 million during FY2023, representing a gross profit margin of approximately 12.6%. The Group generated gross profit of approximately RMB20.7 million for FY2024, representing a gross profit margin of approximately 23.8%. The decrease in gross profit for FY2023 and FY2024 was mainly attributable to the sale of Shandong residential properties held for sale at a lower price due to the negative market sentiments, which had stabilised and improved slightly in FY2024 due to cost control measures implemented by the Group for the Shandong residential properties held for sale. The Group generated gross profit of approximately RMB4.9 million for FY2025, representing a gross profit margin of approximately 4.5%. The decrease in gross profit margin for FY2024 and FY2025 was mainly attributable to an increase in the sales contribution of the Shanghai Project, which has a higher construction costs as compared to the Shandong Project and the lower average selling price of properties sold amid increased competitive pricing amongst property developers.

The Group recorded loss of approximately RMB592.6 million during FY2023, mainly attributable to other expenses of approximately RMB444.1 million, which is mainly liquidated damages on borrowings. The Group recorded loss of approximately RMB589.7 million during FY2024, mainly attributable to a decrease in revenue and the increase in liquidated damages on borrowings. The Group recorded loss of approximately RMB239.3 million during FY2025, mainly attributable to a decrease in other expenses during FY2025.

In 2026, China's economy is expected to continue to have a stable growth. The PRC government has set a GDP growth target of 4.5%–5% for 2026 under the “15th Five-Year Plan”. The PRC government has shown efforts to implement mid- to long-term policy measures focused on promoting and facilitating the construction of high-quality property developments and advancing urban renewal projects in the PRC, indicating that the real estate sector is a fundamental industry to the country. Various cities in the PRC are expected to implement new policies and approaches to manage the new housing supply and reduce existing housing inventory. It is expected that with the easing of restrictions on and lowering the barriers and costs of home purchases in major cities, the transaction volume and prices in the PRC real estate sector will stabilise and improve overall market confidence as a result. Looking ahead to 2026, the Group expects a gradual and steady recovery as the effect of PRC government's supportive policies filters through to the broader market, transitioning into a return to normal business operations.

The Group sees both challenges and opportunities during this pivoting transition period. The Group will remain cautious yet proactive, by leveraging the Group's established presence in Shandong and the Yangtze River Delta to capture emerging demand. With proper positioning and strategic marketing of the completed and soon-to-be completed residential property development projects, the Group will be able to locate potential customers and buyers who target quality properties with investment potential. By focusing on the restoration of the Group's credit profile and the successful property sales of the Shanghai Project, the Group aims to transition from a period of financial survival to a stage of sustainable revitalization in 2026.

The Group will continue to proactively progress with (i) the acceleration of the pre-sale and sale of properties under development and completed properties, (ii) the procurement and formulation of the terms with large property developer(s) to sell property development project(s) and/or commercial properties at an appropriate price and the identification and negotiations with new investors to participate in renovation works in order to increase the underlying value and to accelerate the sale of properties more rapidly and effectively, and (iii) the acceleration of de-stocking of its properties while also exploring the feasibility of assets revitalisation (including but not limited to changing of property use and sale of properties in its entirety). Furthermore, the Group will negotiate with different financial institutions in respect of its outstanding borrowings, with a view to improving its liability and financial gearing conditions.

For illustrative purposes only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the 2026 Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE LIABILITIES

The following is the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company (the “**Unaudited Pro forma Financial Information**”) which has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the 2026 Rights Issue on the consolidated net tangible liabilities of the Group attributable to equity holders of the Company as if the 2026 Rights Issue had been completed on 31 December 2025. As it is prepared for illustrative purposes only, and because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible liabilities of the Group attributable to equity holders of the Company had of the 2026 Rights Issue been completed as at 31 December 2025 or at any future date.

The Unaudited Pro Forma Information is prepared based on the unaudited consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2025 as derived from the annual report 2025 of the Company and is adjusted for the effect of the 2026 Rights Issue as if the 2026 Rights Issue had been completed as at 31 December 2025.

APPENDIX II

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2025	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2025	Estimated net proceeds from the 2026 Rights Issue (Note 2)	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2025 immediately after completion of the 2026 Rights Issue	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2025 per Consolidated Share immediately after completion of the 2026 Rights Issue (Note 3)
	Audited consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2025 (Note 1)	per Consolidated Share before completion of the 2026 Rights Issue (assuming that the Share Consolidation has become effective)	(Note 2)	immediately after completion of the 2026 Rights Issue	per Consolidated Share immediately after completion of the 2026 Rights Issue (Note 3)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Based on 22,543,464 Rights Shares to be issued at the Subscription Price of HK\$4.70 per Consolidated Share	(3,744,436)	(0.99)	101,354	(3,643,082)	(0.14)

Notes:

1. The audited consolidated net tangible liabilities of the Group attributable to equity holders of the Company of HK\$3,744,436,000 as at 31 December 2025 is extracted from the annual report 2025 of the Company. The amount is based on deducting non-controlling interests of approximately HK\$358,970,000 from the total deficit of approximately HK\$4,103,407,000. Based on an exchange rate of RMB1 to HK\$1.104 as at 31 December 2025.
2. The estimated net proceeds from the 2026 Rights Issue are based on 22,543,464 Rights Shares (calculated on the basis of six (6) Rights Shares for every one (1) Consolidated Share held on the Record Date, details as disclosed in note 3) to be issued at the subscription price of HK\$4.70 per Consolidated Share, after deducting the estimated related expenses of HK\$4,600,000 to be incurred by the Group.
3. The unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2025 per Consolidated Share immediately after completion of the 2026 Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2025 of HK\$3,643,082,000 divided by 26,300,708 Consolidated Shares in issue upon completion of the 2026 Rights Issue, which comprises 3,757,244 Consolidated Shares in issue before the 2026 Rights Issue and 22,543,464 Rights Shares to be issued under the 2026 Rights Issue.
4. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2025.

**(B) REPORTING ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL
INFORMATION**

The following is the text of the independent reporting accountants' assurance report received from Global Link CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's Unaudited Pro Forma Financial Information prepared for the purpose of incorporation in this circular.



Room 1604, 16/F, Shun Tak Centre West Tower,
No. 168-200 Connaught Road Central,
Sheung Wan, Hong Kong
General Line: (852) 3580 0885
Fax: (852) 3563 5208
Email: info@globallinkcpa.com
Website: www.globallinkcpa.com

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****The Board of Directors of Xinming China Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Xinming China 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 statement of adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2025 and related notes as set out on in appendix II of the circular issued by the Company dated 15 May 2026 (the “**Circular**”) issued in connection with the proposed rights issue of the Company. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in appendix II of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue of the Company on the basis of six rights shares for every one share held on the record date on a non-underwritten basis (the “**Rights Issue**”) on the Group's financial position as at 31 December 2025 as if the Rights Issue had taken place at 31 December 2025. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's audited consolidated financial statements for the year ended 31 December 2025, on which an audit report with a disclaimer of opinion 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 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical 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 29(7) of Chapter 4 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 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in the Circular is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 December 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 29(1) of Chapter 4 of the Listing Rules.

Global Link CPA Limited

Certified Public Accountants

Hong Kong

15 May 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 upon the Share Consolidation becoming effective; and (iii) immediately after completion of the 2026 Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to and including the Record Date, other than the Share Consolidation) will be as follows:

(a) As at the Latest Practicable Date

	Number of Shares	Nominal value of Shares HK\$
Authorised	10,000,000,000	100,000,000
Issued and fully paid	<u>93,931,100</u>	<u>939,311</u>

(b) Immediately upon the Share Consolidation becoming effective

	Number of Shares	Nominal value of Shares HK\$
Authorised	400,000,000	100,000,000
Issued and fully paid	<u>3,757,244</u>	<u>939,311</u>

(c) Immediately after completion of the 2026 Rights Issue

	Number of Shares	Nominal value of Shares HK\$
Authorised	400,000,000	100,000,000
Issued and fully paid	3,757,244	939,311
Rights Shares to be issued	<u>22,543,464</u>	<u>5,635,866</u>
Shares in issue immediately after the 2026 Rights Issue	<u>26,300,708</u>	<u>6,575,177</u>

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

As at the Latest Practicable Date, the Company has no outstanding warrants, options or convertible securities in issue or other similar rights entitling holders thereof to convert into or exchange into or subscribe for new Shares. Other than the Share Consolidation, the Company has no intention to issue or grant any Shares, warrants, options and/or convertible securities on or before the Record Date.

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the 2026 Rights Issue. No part of the securities (including debt securities) of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures

As at the Latest Practicable Date, the interests or short positions of each Director and the chief executive of the Company in the Existing Shares, underlying Existing Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or

(b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or
(c) pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Name of Director/ Chief Executive	Capacity	Number of Existing Shares held – long position	Approximate percentage of the issued share capital of the Company
Mr. Chen	Interest of controlled corporation (Note 1)	243,300	0.26%

Note 1: 243,300 Existing Shares are registered in the name of Xinxing Company Limited, a company wholly-owned by Mr. Chen.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company and their associates had any interests or short positions in any Existing Shares, underlying Existing Shares or debentures of the Company or any associated corporation which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders' and other persons' interests and short positions in Shares and underlying Shares

Save as disclosed in paragraph (a) above in relation to the interests of Mr. Chen, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company was aware of any persons (other than the Directors and the chief executive of the Company), companies, or director or proposed director who was a director or employee of a company which, as at the Latest Practicable Date, had interests or short positions in the Existing Shares or underlying Existing Shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

4. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claims of material importance, and none of the Directors was aware of any litigation, arbitration or claims of material importance pending or threatened against any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2025, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date, 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.

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

7. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) were entered into by the members of the Group within two (2) years immediately preceding the date of this circular and up to the Latest Practicable Date:

- (a) the placing agreement dated 6 December 2024 entered into between the Company and the Placing Agent in relation to the placing of Shares in the 2025 Rights Issue;
- (b) the placing agreement dated 16 June 2025 entered into between the Company and Asia Pacific Securities Limited (as placing agent) in relation to the placing of Shares in the 2025 Rights Issue;
- (c) the Original Placing Agreement; and
- (d) the Supplemental Placing Agreement.

8. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors was interested in any business which competed or was likely to compete directly or indirectly with the businesses of the Group.

9. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following experts have given statement, opinion and/or advice which are contained or referred to in this circular:

Name	Qualification
Global Link CPA Limited	Certified Public Accountants
First Global Corporate Finance Co., Limited	a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity and the Independent Financial Adviser

As at the Latest Practicable Date, each of the experts above had given and had not withdrawn its written consent to the issue of this circular with such expert's name and statement, opinion and/or advice included in the form and context in which it is included.

As at the Latest Practicable Date, each of the experts above (i) did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares or securities in any member of the Group; and (ii) did not have any direct or indirect interest in any assets which had been, since 31 December 2025, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date, 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.

10. CORPORATE INFORMATION

Executive Directors	Mr. Chen Chengshou <i>(Chairman and Chief Executive Officer)</i> Mr. Shi Jianwen
Independent Non-executive Directors	Ms. Chan Wai Yan Ms. Huang Chunlian Ms. Lee Yin Man
Authorised representatives	Mr. Shi Jianwen Mr. Law Hok Yu

Company Secretary	Mr. Law Hok Yu <i>(Certified public accountant of the Hong Kong Institute of Certified Public Accountants)</i>
Business address of all the Directors and senior management	Unit D, 7/F, Kee Shing Centre 74-76 Kimberley Road Tsim Sha Tsui, Kowloon Hong Kong
Registered office	Windward 3, Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Headquarters in the PRC	Block I, 5th Floor Hengli Building No. 5 Huang Long Road, Hangzhou Zhejiang Province, PRC
Principal place of business in Hong Kong	Unit D, 7/F, Kee Shing Centre 74-76 Kimberley Road Tsim Sha Tsui, Kowloon Hong Kong
Branch share registrar and transfer office in Hong Kong	Tricor Investor Services Limited 17th Floor, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal bankers	Industrial and Commercial Bank of China, Tengzhou Branch 1/F, Zhongwan International Jinghe Middle Road Tengzhou City, Shandong Province, PRC Agricultural Bank of China, Branch of Datong Road, Tengzhou 1/F, Minzu Building Tengzhou Railway Station Square Tengzhou City, Shandong Province, PRC

China Construction Bank, Branch of Datong Road,
Tengzhou

1 Datong Road

Tengzhou City, Shandong Province, PRC

Agricultural Bank of China, Taizhou Jiazhi Branch

No. 101-108, Building 1

No. 8 North Section of Taizhou Avenue Jiazhi Street

Taizhou City, Zhejiang Province, PRC

Taizhou Bank, Hongjia Branch

No. 399 Hongzhou Avenue

Hongjia Street, Jiaojiang District

Taizhou City, PRC

Auditor

Global Link CPA Limited

Certified Public Accountants

Suite 1604, 16/F

Shun Tak Centre West Tower,

No. 168-200 Connaught Road Central

Sheung Wan, Hong Kong

11. PARTIES INVOLVED IN THE 2026 RIGHTS ISSUE

Company

Xinming China Holdings Limited

Unit D, 7/F, Kee Shing Centre

74-76 Kimberley Road

Tsim Sha Tsui, Kowloon

Hong Kong

**Reporting accountant of the
Company**

Global Link CPA Limited

Certified Public Accountants

Suite 1604, 16/F

Shun Tak Centre West Tower,

No. 168-200 Connaught Road Central

Sheung Wan, Hong Kong

Independent Financial Adviser

First Global Corporate Finance Co., Limited

Room 1706-07, 17/F

China Insurance Group Building

141 Des Voeux Road Central

Central, Hong Kong

Placing Agent	Advent Securities (Hong Kong) Limited Unit A–C, 11/F, Kee Shing Centre 74-76 Kimberley Road Kowloon, Hong Kong
----------------------	---

12. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Executive Directors

Mr. Chen Chengshou, aged 60, was appointed as an executive Director, the chairman, chief executive officer, chairman of the Nomination Committee and an authorized representative of the Company on 16 January 2014. Mr. Chen ceased to be an authorized representative of the Company as a result of his intention to concentrate on his other role on the Board on 5 February 2020. He is the founder of the Group and primarily responsible for corporate strategic planning and overall business development of the Group. Mr. Chen had over 30 years of experience in the real estate industry. He has been the chairman of the board of Taizhou City Xinming Real Estate Development Company Limited* (台州市新明房地產開發有限公司) since February 2007 and a director of certain subsidiaries of the Group. Mr. Chen has been first participated in the management of the property development business in the PRC since June 2001 when he was appointed as the chairman of Hangzhou Taoyuan Shanzhuang Property Development Limited* (杭州桃源山莊房地產開發有限公司) (“**Taoyuan Property**”).

Mr. Chen is the chairman of Hangzhou City Chamber of Commerce for Enterprises Invested in Hangzhou* (杭州市來杭投資企業(商會)聯合會), a member of the standing committee of Federation of Industry & Commerce of Zhejiang Province* (浙江省工商聯), the vice-chairman of Hangzhou Public Diplomacy Association* (杭州公共外交協會), a member of the Eleventh Hangzhou City Committee of the Chinese People’s Political Consultative Conference* (中國人民政治協商會議第十一屆杭州市委員會), the honorary chairman of the Hangzhou City Wenzhou Chamber of Commerce* (杭州市溫州商會), the chairman of the Nationwide Taishun Entrepreneurs Fellowship Association* (全國泰順企業家聯誼會) and the vice chairman of Hangzhou City Chamber of Commerce* (杭州市總商會). He was appointed as the deputy director of the market committee of Chinese General Chamber of Commerce* (中國商業聯合會) in March 2013. He has also been a director of Wenzhou Bank since November 2012 and a part-time tutor of master degree in international business of Zhejiang University (浙江大學) since February 2014.

Mr. Chen was awarded “Excellent Entrepreneur of Hangzhou* (傑出杭商)” in October 2016, “Outstanding Contribution of Entrepreneurs of Wenzhou for years 2013 to 2015* (2013-2015年度溫商回歸突出貢獻人物)” in September 2016, “Top ten in Zhejiang Real Estate Industry in the “12th Five-Year Plan”* (「十二五」浙江房地產十大風雲人物)” in June 2016, “2016 Worldwide Outstanding 30 People of Entrepreneur of Wenzhou (External)* (二零一六年世界溫商百名風雲人物—在外傑出溫商三十人)” in February 2016; “Wenzhou People of the Year* (世界溫州人年度人物)” and “One Hundred Excellent Entrepreneur of Wenzhou* (世界溫商百名風雲人物)” in December 2014; “Entrepreneur with Good Character of Hangzhou* (品質杭商)” jointly by Hangzhou Municipal Committee of the Communist Party of China* (中共杭州市委) and The People’s Government of Hangzhou* (杭州市人民政府) in October 2013, “Outstanding Representative of Credible Entrepreneurs of Wenzhou* (誠信溫商傑出代表)” jointly by Promotion Department of Wenzhou Municipal Committee of the Communist Party of China* (溫州市委宣傳部) and Wenzhou Credibility Office* (溫州市信用辦公室) in August 2011, “Outstanding Builder of Socialist Undertaking* (優秀社會主義事業建設者)” jointly by Hangzhou Municipal Committee of the Communist Party of China* (中共杭州市委) and The People’s Government of Hangzhou* (杭州市人民政府) in September 2010 and “Staff Caring Excellent Entrepreneur* (關愛員工優秀企業家)” jointly by Federation of Trade Union of Hangzhou* (杭州市總工會) and Hangzhou Federation of Industry and Commerce (杭州市工商聯合會) in December 2009.

Mr. Chen obtained a graduation certificate in administrative management (through online courses) from Huazhong University of Science and Technology (華中科技大學) in the PRC in July 2013. Mr. Chen obtained an executive master’s degree in business administration from Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2015. Mr. Chen obtained a master’s degree in business administration from Tsinghua University in April 2018.

Mr. Shi Jianwen, aged 32, was appointed as an executive director on 22 August 2025. Mr. Shi has over 8 years of experience in finance and corporate management. Since 2020, he has worked in Shenzhen Zhongzhu Kaixuan Supply Chain Management Co., Ltd. and is currently the general manager. Prior to 2020, he also worked in Shenzhen BYD International Financial Leasing Co., Ltd. and Hengtai International Financial Leasing Co., Ltd., as a project manager and account manager respectively. Since 20 May 2024, Mr. Shi served as a member of the Audit Committee, the Nomination Committee and the Remuneration Committee and as an independent non-executive director of Hang Yick Holdings Company Limited (stock code: 1894).

Mr. Shi obtained a bachelor’s degree in Economics from Zhuhai College of Beijing Institute of Technology in 2017.

Independent Non-executive Directors

Ms. Lee Yin Man, aged 42, was appointed as an independent non-executive Director on 9 August 2024. She has 15 years of experience in human resources management, administration, company secretarial services and corporate communications of various companies listed on the Stock Exchange. From August 2016 to January 2018, Ms. Lee served as the human resources director of China Innovation Investment Limited (stock code: 1217). From February 2018 to December 2019, Ms. Lee served as the administration and human resources manager of Hope Life International Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 1683). From January 2020 to March 2023, Ms. Lee served as the administration and human resources director of Greater Bay Convergence Services Limited. Ms. Lee holds a Bachelor of Arts Degree from the City University of Hong Kong and a Master Degree in Human Resources Management from Hong Kong Baptist University.

Ms. Huang Chunlian, aged 30, was appointed as an independent non-executive Director on 9 August 2024. She has over 7 years of experience in finance and corporate management. Ms. Huang has served as the financial director of Shenzhen Guangyi Xiangtong Trading Company Limited.* (深圳市廣翔通貿易有限公司) since 2020. Ms. Huang obtained a Bachelor's Degree in Accounting from South China Normal University (華南師範大學) in China in 2020.

Ms. Chan Wai Yan, aged 30, was appointed as an independent non-executive Director on 11 April 2025. She obtained a bachelor's degree in Accounting from University of Hull in England. Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants. Ms. Chan has over 8 years of financial and accounting experiences. Ms. Chan is currently an independent non-executive director of Hope Life International Holdings Limited (stock code: 1683), since October 2023, an independent non-executive director of Royal Century Resources Holdings Limited (stock code: 8125), since May 2024 and an independent non-executive director of OneConstruction Group Limited (Nasdaq stock code: ONEG) since the listing in December 2024.

13. EXPENSES

The expenses in connection with the 2026 Rights Issue, including financial advisory fees, placing commission (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and the placing of all Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent), printing, registration and translation fees, legal fees and accountancy charges are estimated to be approximately HK\$4.6 million, which are payable by the Company.

14. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.xinm.net.cn>) for not less than 14 days from the date of this circular:

- (a) the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder, the text of which is set out on pages 40 to 41 of this circular;
- (b) the letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder, the text of which is set out on pages 42 to 75 of this circular;
- (c) the independent reporting accountants' assurance report in respect of the Group's unaudited pro forma financial information as set out in Appendix II to this circular;
- (d) the written consents of each of the experts as referred to in the section headed "9. Qualifications and Consents of Experts" in this Appendix;
- (e) the material contracts referred in the section headed "7. Material Contracts" in this Appendix; and
- (f) the annual reports of the Company for each of the three years ended 31 December 2023, 2024 and 2025.

15. MISCELLANEOUS

- (a) 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.
- (b) In the event of any inconsistency, the English text of this circular, the notice of EGM and the accompanying form of proxy shall prevail over their respective Chinese text.

NOTICE OF EGM



Xinming China Holdings Limited

新明中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2699)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Xinming China Holdings Limited (the “**Company**”) will be held at 3/F, Office Plus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong at 11:00 a.m. on Monday, 1 June 2026 for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions. Unless the context specifies otherwise, capitalised terms used herein have the same meaning as defined in the circular of the Company dated 15 May 2026 (the “**Circular**”):

ORDINARY RESOLUTIONS

1. “**THAT** subject to the fulfilment of the conditions set out the section headed “(I) Proposed Share Consolidation – Conditions of the Share Consolidation” under the letter from the board of directors of the Company (the “**Board**”) in the circular of the Company dated 15 May 2026 (the “**Circular**”) (including The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting, and not having withdrawn or revoked the listing of, and permission to deal, in the Consolidated Shares (as defined below)), with effect from the second business day immediately following the day of passing of this resolution, being a day on which the shares of the Company are traded on the Stock Exchange or on the business day the aforesaid conditions are fulfilled (whichever is later):
 - (a) every twenty five (25) issued and unissued ordinary shares of par value HK\$0.01 each in the share capital of the Company (the “**Share(s)**”) be consolidated into one (1) ordinary share of par value HK\$0.25 each (the “**Consolidated Shares**” and each a “**Consolidated Share**”) in the share capital of the Company (the “**Share Consolidation**”); so that the authorised share capital of the Company shall be changed from HK\$100,000,000 divided into 10,000,000,000 Shares to HK\$100,000,000 divided into 400,000,000 Consolidated Shares immediately follow the Share Consolidation;

NOTICE OF EGM

- (b) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to shareholders entitled thereto but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the Board may think fit;
 - (c) each of the Consolidated Shares arising from the Share Consolidation shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions as contained in the memorandum and articles of association of the Company; and
 - (d) any one of the directors of the Company (each a “**Director**”), the registered office provider and/or the Cayman Islands legal counsel of the Company be and are hereby authorised to do all such acts and things (including without limitation arranging for the requisite filings and applications with the Registrar of Companies in the Cayman Islands (where applicable)) and execute and deliver all such documents, which are ancillary to the Share Consolidation, on behalf of the Company (including under seal by a Director, where applicable), as they may consider necessary or expedient to give effect to, implement and complete the Share Consolidation.”
2. “**THAT** subject to (i) the passing of ordinary resolution number 1 above; and (ii) the fulfilment of the conditions set out the section headed “(II) Proposed 2026 Rights Issue – Details of the 2026 Rights Issue – Conditions of the 2026 Rights Issue” under the letter from the Board in the Circular (including the Stock Exchange granting, and not having withdrawn or revoked the listing of, and permission to deal, in the Rights Shares (as defined below)):
- (a) the allotment and issue by the Company by way of rights (the “**2026 Rights Issue**”) of up to 22,543,464 ordinary shares of par value HK\$0.25 each of the Company (the “**Rights Shares**” and each a “**Rights Share**”) at a subscription price of HK\$4.70 per Rights Share (the “**Subscription Price**”) to the qualifying shareholders of the Company (the “**Qualifying Shareholders**”) whose names appear on the register of members of the Company on Friday, 12 June 2026 or such other date as the Company may determine, being the date by reference to which entitlements of such shareholders to participate in the 2026 Rights Issue will be determined (the “**Record Date**”) (other than those shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong to whom the Board, after making reasonable enquiries, considers it necessary or expedient not to offer the Rights Shares on account either of legal restrictions or prohibitions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in such jurisdiction (the “**Non-Qualifying Shareholders**”)) on the

NOTICE OF EGM

basis of six (6) Rights Shares for every one (1) Consolidated Share then held on the Record Date and pursuant to the terms and conditions as set out in the Circular (a copy of which marked “A” is produced to the EGM and initialed by the chairperson of the EGM for the purpose of identification) of which this notice convening the EGM forms part, be and is hereby approved;

- (b) the terms of, and the Company’s entry into and performance of the placing agreement dated 16 February 2026 entered into between the Company and Advent Securities (Hong Kong) Limited (as placing agent) (the “**Placing Agent**”) (a copy of which marked “B” is produced to the EGM and initialed by the chairperson of the EGM for the purpose of identification), as amended and supplemented by the supplemental placing agreement dated 22 April 2026 entered into between the Company and the Placing Agent (a copy of which marked “C” is produced to the EGM and initialed by the chairperson of the EGM for the purpose of identification) in relation to the placing of (i) the Rights Shares that are not subscribed by the Qualifying Shareholders and/or (ii) the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company, at the placing price of not less than the Subscription Price on a best-efforts basis, and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (c) any one of the Directors be and is hereby authorised to allot and issue the Rights Shares (in their nil-paid form and fully-paid form) pursuant to and in connection with the 2026 Rights Issue notwithstanding the Rights Shares may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, any one of the Directors be and is hereby authorised to make such exclusions or other arrangements in relation to fractional entitlements and/or the Non-Qualifying Shareholders as he/she deems necessary, desirable or expedient having regard to any restrictions or obligations under the memorandum and articles of association of the Company, all applicable laws and/or any rules and regulations of any recognised regulatory body or stock exchange in any jurisdiction outside Hong Kong; and
- (d) any one of the Directors be and is hereby authorised to do all such acts and things as he/she may in his/her discretion consider necessary, desirable or expedient for the purposes of, in connection with, to implement and/or to otherwise give effect to the 2026 Rights Issue, the Placing and the transactions contemplated thereunder, including but not limited to executing and delivering, and (where required) to affix the common seal of the Company to, all such documents as he/she may in his/her discretion consider necessary, desirable or expedient for the purposes of, in connection with, to implement and/or to otherwise give effect to the 2026 Rights Issue, the Placing and the transactions contemplated thereunder, and including but not limited to the allotment and

NOTICE OF EGM

issues of the Rights Shares and to agree with such variation, amendment or waiver, to the extent permitted by law, in relation to the 2026 Rights Issue, the Placing and the transactions contemplated thereunder as he/she may in his/her discretion consider appropriate and in the best interests of the Company and its shareholders as a whole.”

By order of the Board
Xinming China Holdings Limited
Shi Jianwen
Executive Director

Hong Kong, 15 May 2026

Notes:

1. Any Shareholder entitled to attend, speak and vote at the EGM will be entitled to appoint a proxy or, if such Shareholder is a holder of two or more shares, proxies to attend, speak and vote in such Shareholder's stead. A proxy need not be a Shareholder but must attend the EGM in person to represent the appointing Shareholder.
2. To be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited (together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority) at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed (i.e. by 11:00 a.m. on Saturday, 30 May 2026) for holding of the EGM or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof (as the case may be) and in such event the instrument appointing the proxy shall be deemed to be revoked.
4. Where there are joint holders of any share, any one of such joint holders may vote at the EGM, either in person 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 EGM, whether in person or by proxy, the one of the said joint holders 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.
5. The register of members of the Company will be closed from Tuesday, 26 May 2026 to Monday, 1 June 2026 (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period. In order to be registered as members of the Company prior to the book closure period, all transfers of Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 p.m. on Friday, 22 May 2026.
6. In compliance with the Listing Rules, all the resolutions to be proposed at the EGM will be voted on by way of poll at the EGM.
7. References to times and dates in this notice are to Hong Kong local times and dates.
8. As at the date hereof, the Board comprises two executive Directors, namely Mr. Chen Chengshou and Mr. Shi Jianwen; and three independent non-executive Directors, namely Ms. Chan Wai Yan, Ms. Huang Chunlian and Ms. Lee Yin Man.