THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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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.

TAYANG 大洋

TA YANG GROUP HOLDINGS LIMITED
大洋集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1991)

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

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

FRONTPAGE富比

Capitalised terms used on this cover page shall have the same meaning as defined in this circular, unless the context requires otherwise.

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

A letter from the Board is set out on pages 11 to 42 of this circular.

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

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 43 to 44 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 45 to 74 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 11:00 a.m. on Friday, 6 November 2026, at 22/F, H Code, 45 Pottinger Street, Central, Hong Kong (the "**EGM**"), is set out on pages EGM-1 to EGM-4 of this circular.

A form of proxy for use at the EGM or any adjournment thereof is enclosed with this circular. If you are a Shareholder and are not able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of attorney or other authority, to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM, or any adjournment thereof, should they so wish and in such event the form of proxy shall be deemed to be revoked.

16 October 2026

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

"Announcements"	the announcements of the Company dated 4 February 2026, 20 February 2026, 13 March 2026, 24 April 2026, 30 June 2026, 17 July 2026, 20 July 2026, 7 August 2026, 13 August 2026, 21 August 2026, 31 August 2026, 1 September 2026, 11 September 2026, 14 September 2026, 25 September 2026, 29 September 2026 and 9 October 2026 in relation to, among other matters, the Capital Reorganisation and the Rights Issue
"Articles"	the articles of association of the Company
"associate(s)"	has the same meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day (other than a Saturday, Sunday and public holidays or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which banks are open for business in Hong Kong
"Capital Reduction"	the proposed reduction of the issued share capital of the Company whereby the nominal or par value of each issued Existing Share will be reduced from HK$1.00 to HK$0.10 by cancelling the paid-up share capital to the extent of HK$0.90 on each issued Existing Share
"Capital Reorganisation"	collectively, the Capital Reduction and the Share Subdivision
"CCASS"	the Central Clearing and Settlement System established and operated by the HKSCC
"Companies Act"	the Companies Act (as revised) of the Cayman Islands, as amended, modified and supplemented from time to time
"Company"	Ta Yang Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 1991)

"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules
"Convertible Bonds"	the 10% per annum, 3-year convertible bonds in the principal amount of HK$40,000,000 issued by the Company and subscribed by Rising Jiarui Investment Management Co., Ltd (北京日信嘉銳投資管理有限公司), a company established in the PRC with limited liability on 21 July 2023 which are convertible into 15,564,202 Shares at the initial conversion price of HK$2.57 per Share, with conversion period commencing 3 months after the date of issue of the convertible bonds up to the Maturity Date
"Director(s)"	the director(s) of the Company from time to time
"EAF(s)"	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess of their entitlements under the Rights Issue
"EGM"	an extraordinary general meeting of the Company to be convened for the purpose of considering, and, if thought fit, approving the Capital Reorganisation and the Rights Issue
"Excluded Shareholder(s)"	Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue
"Existing Share(s)"	the ordinary share(s) of a nominal or par value of HK$1.00 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
"Extreme Conditions"	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited

"HKSCC Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising all the Independent non-executive Directors, namely Mr. Zhang Li and Dr. Xie Jun, established to advise the Independent Shareholders in respect of the Rights Issue
"Independent Financial Adviser"	Frontpage Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser has been appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the voting at the EGM
"Independent Shareholder(s)"	Shareholders other than Lyton Maison Limited and Ms. Shi Chi and their respective associates
"Last Trading Day"	4 February 2026, being the last trading day of the Shares on the Stock Exchange immediately prior to the release of the announcement dated 4 February 2026
"Latest Practicable Date"	13 October 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
"Latest Time for Acceptance"	4:00 p.m. on Thursday, 10 December 2026 (or such later time or date as may be determined by the Company), being the last day for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares
"Listing Committee"	has the same meaning ascribed to it under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Maturity Date"	the date upon expiry of 3 years from the date of issuance of the Convertible Bonds
"New Share(s)"	the ordinary share(s) of a nominal or par value of HK$0.10 each in the share capital of the Company immediately following the Capital Reorganisation becoming effective
"Overseas Shareholder(s)"	Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
"PAL(s)"	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus (including any supplementary prospectus, if any) to be despatched to the Qualifying Shareholders (and the Excluded Shareholder(s) for information only) in connection with the Rights Issue
"Prospectus Documents"	the Prospectus, the PAL and the EAF
"Prospectus Posting Date"	Thursday, 26 November 2026 or such other date as may be determined by the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders (or in case of Excluded Shareholder(s), the Prospectus only)
"Public Float Requirement"	the public float requirement under Rule 8.08 of the Listing Rules
"Qualifying Shareholder(s)"	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholder(s)
"Record Date"	Wednesday, 25 November 2026 (or on such other date as the Company may determine), being the date by reference to which entitlements to the Rights Issue will be determined

"Registrar"	Union Registrars Limited, the Hong Kong branch share registrar and transfer office of the Company
"Rights Issue"	the proposed issue of two (2) Rights Shares for every one (1) New Share held by the Qualifying Shareholders on the Record Date at the Subscription Price
"Rights Shares"	the New Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue
"Scale-Down EAF Shares"	such number of Rights Shares applied for as excess application under the EAF(s) which would, if allotted by the Company, result in the incurring of an obligation to make a mandatory general offer under the Takeovers Code on the part of the applicant
"Scale-Down PAL Shares"	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in the incurring of an obligation to make a mandatory general offer under the Takeovers Code on the part of the applicant
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the Existing Share(s) and/or New Share(s) as the case may be
"Share Subdivision"	the proposed subdivision of each authorised but unissued Existing Share of a nominal or par value of HK$1.00 each into ten (10) New Shares of a nominal or par value of HK$0.10 each
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	HK$0.80 per Rights Share
"substantial shareholder(s)"	has the same meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers

"treasury shares"	has the same meaning ascribed thereto under the Listing Rules
"%"	per cent

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

Event(s)	**Time and Date**
Latest time for lodging transfer of Existing Shares in order to qualify for attendance and voting at the EGM	4:00 p.m. on Monday, 2 November 2026
Register of members of the Company closes for attending and voting at the EGM (both days inclusive)	Tuesday, 3 November 2026 to Friday, 6 November 2026
Latest time for lodging forms of proxy for the purpose of the EGM	11:00 a.m. on Wednesday, 4 November 2026
Record date for determining attendance and voting at the EGM	Friday, 6 November 2026
Expected date and time of the EGM	11:00 a.m. on Friday, 6 November 2026
Announcement of poll results of the EGM	Friday, 6 November 2026
Register of members of the Company re-opens	Monday, 9 November 2026

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

Event(s)	**Time and Date**
Effective date of the Capital Reorganisation	Before 9:00 a.m. on Monday, 16 November 2026
First day of free exchange of existing share certificates of the Existing Shares for the New Shares	Monday, 16 November 2026
Last day for free exchanges of existing share certificates of the Existing Shares for the New Shares	Monday, 21 December 2026

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

Event(s)	Time and Date
Last day of dealings in the New Shares on a cum-rights basis of the Rights Issue	Monday, 16 November 2026
First day of dealings in the New Shares on an ex-rights basis of the Rights Issue	Tuesday, 17 November 2026
Latest time for lodging transfer of New Shares in order to qualify for the Rights Issue	4:00 p.m. on Wednesday, 18 November 2026
Register of members of the Company closes for determining entitlements to the Rights Issue (both days inclusive)	Thursday, 19 November 2026 to Wednesday, 25 November 2026
Record Date for determining entitlements to the Rights Issue	Wednesday, 25 November 2026
Register of members of the Company re-opens	Thursday, 26 November 2026
Despatch of the Prospectus Documents	Thursday, 26 November 2026
First day of dealings in nil-paid Rights Shares	Monday, 30 November 2026
Latest time for splitting of PALs	4:00 p.m. on Wednesday, 2 December 2026
Last day of dealings in nil-paid Rights Shares	Monday, 7 December 2026
Latest Time for Acceptance of and payment for the Rights Shares and application for and payment for excess Rights Shares	4:00 p.m. on Thursday, 10 December 2026
Latest time for the Rights Issue to become unconditional (if applicable)	4:00 p.m. on Thursday, 17 December 2026

Event(s)	Time and Date
Announcement of results of the Rights Issue	Wednesday, 23 December 2026
Despatch of refund cheques for wholly or partially unsuccessful excess applications, if any	Thursday, 24 December 2026
Despatch of share certificates for fully-paid Rights Shares	Thursday, 24 December 2026
Commencement of dealings in the fully-paid Rights Shares	9:00 a.m. on Monday, 28 December 2026

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

Dates or deadlines specified in the expected timetable above or in other parts of this circular are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange by the Company as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The Latest Time for Acceptance will not take place if there is a tropical cyclone warning signal no. 8 or above, Extreme Conditions, or a "black" rainstorm warning signal:

(a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the 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

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

If the Latest time for Acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares does not take place on the currently scheduled date, the dates mentioned in the section headed "Expected timetable" in this circular may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 3 November 2026 to Friday, 6 November 2026 (both days inclusive) for the purpose of determining entitlements to attend and vote at the EGM. The register of members of the Company will be closed from Thursday, 19 November 2026 to Wednesday, 25 November 2026 (both days inclusive) for the purpose of determining entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure periods.

TA YANG GROUP HOLDINGS LIMITED
大洋集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1991)

Executive Directors:
Ms. Shi Qi
Mr. Li Jiuhua

Non-executive Directors:
Mr. Law Wai Ip Vincent
Mr. Gu Shixiang
Mr. Han Lei
Mr. Wang Dongzhu

Independent non-executive Directors:
Mr. Zhang Li
Dr. Xie Jun

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
22/F, H Code
45 Pottinger Street
Central
Hong Kong

16 October 2026

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED CAPITAL REORGANISATION; (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) NEW SHARE HELD 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 the Capital Reorganisation and the Rights Issue. The purpose of this circular is to provide you with information, among other things, (i) further details of the Capital Reorganisation; (ii) further information regarding the Rights Issue; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent

Shareholders in respect of the Rights Issue; (v) other information required under the Listing Rules; and (vi) the notice of the EGM.

PROPOSED CAPITAL REORGANISATION

The Company proposes to implement the Capital Reorganisation involving:

(i) the Capital Reduction whereby the nominal or par value of each issued Existing Share will be reduced from HK$1.00 to HK$0.10 by cancelling the paid-up capital to the extent of HK$0.90 on each issued Existing Share;

(ii) the Share Subdivision whereby immediately following the Capital Reduction becoming effective, each authorised but unissued Existing Share of a nominal or par value of HK$1.00 each will be sub-divided into ten (10) New Shares of a nominal or par value of HK$0.10 each; and

(iii) the credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of the credit (if any) will be transferred to a distributable reserve account of the Company, which may be applied by the Company in any manner permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate.

Effects of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is HK$2,000,000,000 divided into 2,000,000,000 Existing Shares of a nominal or par value of HK$1.00 each, of which 172,006,700 Existing Shares are in issue and are fully paid or credited as fully paid.

Assuming that there will be no change in the number of issued Existing Shares from the Latest Practicable Date up to and including the date on which the Capital Reorganisation becomes effective, the authorised share capital of the Company will become HK$2,000,000,000 divided into 20,000,000,000 New Shares, of which 172,006,700 New Shares will be in issue. The aggregate nominal value of the issued share capital of the Company will become HK$17,200,670, and the amount deemed to be paid up on each New Share will be HK$0.10.

The table below summarises the effect of the Capital Reorganisation (assuming that there will be no change in the number of Existing Shares from the Latest Practicable Date up to and including the date on which the Capital Reorganisation becomes effective):

	As at the Latest Practicable Date	**Immediately upon the Capital Reorganisation becoming effective**
Par value	HK$1.00 per Existing Share	HK$0.10 per New Share
Number of authorised Shares	2,000,000,000 Existing Shares	20,000,000,000 New Shares
Amount of authorised share capital of the Company	HK$2,000,000,000	HK$2,000,000,000
Number of issued Shares	172,006,700 Existing Shares	172,006,700 New Shares
Amount of the issued share capital of the Company	HK$172,006,700	HK$17,200,670

Upon the Capital Reorganisation becoming effective, the New Shares will be identical in all respects and rank *pari passu* in all respects with each other and will have the rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

As at the Latest Practicable Date, as the Capital Reorganisation will involve no subdivision of issued Shares, the Directors have reviewed and consider that the Capital Reorganisation shall not lead to adjustments to conversion price and/or number of Shares to be issued upon exercise of the conversion rights under the Convertible Bonds.

As at the Latest Practicable Date, the Company has no other outstanding derivatives, options, warrants, conversion securities or other similar securities which are convertible or exchangeable for Shares and are subject to adjustments.

Other than the relevant expenses incurred and to be incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company. The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

(i) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reorganisation and the transactions contemplated thereunder;

(ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares upon the Capital Reorganisation becoming effective;

(iii) registration by the Registrar of Companies in the Cayman Islands of a copy of the solvency statement to be made by the Directors of the Company in the prescribed form under the Companies Act, confirming that the Company will be able to pay its debts as they fall due in the ordinary course of business, and the minute containing the particulars required under the Companies Act with respect to the Capital Reduction;

(iv) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Capital Reorganisation; and

(v) the obtaining of all necessary approvals from the relevant regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

None of the above conditions is capable of being waived. Subject to the fulfilment of the conditions of the Capital Reorganisation, the effective date of the Capital Reorganisation is expected to be on or before Monday, 16 November 2026.

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

Listing and Dealings

Application will be made to the Listing Committee for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation, and all necessary arrangements will be made for the New Shares to be admitted into CCASS.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New 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 New 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 trading day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

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

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may, on or after Monday, 16 November 2026 and up to Monday, 21 December 2026 (both days inclusive), submit their share certificates for the Existing Shares (in blue colour) to the Registrar in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the New Shares (in yellow colour). Thereafter, certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of certificates cancelled or issued is higher. All existing share certificates for the Existing Shares will continue to be evidence of title to such Shares and be valid for delivery, trading and settlement purposes.

Reasons for the Capital Reorganisation

The proposed Capital Reorganisation will reduce the nominal or par value of the Existing Shares from HK$1.00 to HK$0.10 each. The credit arising from the Capital Reduction of approximately HK$154.81 million will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. Further, under the Companies Act, the Company is restricted in its ability to issue Shares at a price lower than their nominal or par value. The Capital Reduction will reduce the par value of the Shares, which will allow the Company to conduct the Rights Issue at the Subscription Price of HK$0.80 per Rights Share, and will also provide the Company with greater flexibility to accommodate the issue of further new Shares in the future when necessary.

The Board believes that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole and will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders.

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

PROPOSED RIGHTS ISSUE

The Company proposes, subject to the Capital Reorganisation becoming effective, to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) New Share held on the Record Date at the Subscription Price of HK$0.80 per Rights Share, to raise up to (i) approximately HK$275.21 million (before deducting professional fees and other related expenses) by issuing up to 344,013,400 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date); or (ii) approximately HK$300.11 million (before deducting professional fees and other related expenses) by issuing up to 375,141,804 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds) to the Qualifying Shareholders.

The Rights Issue will not be extended to the Excluded Shareholder(s). The terms of the Rights Issue are set out below:

Rights Issue statistics

Basis of the Rights Issue	:	Two (2) Rights Shares for every one (1) New Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$0.80 per Rights Share
Number of Existing Shares in issue as at the Latest Practicable Date	:	172,006,700 Existing Shares As at the Latest Practicable Date, the Company does not hold any treasury shares.
Number of New Shares in issue upon the Capital Reorganisation becoming effective	:	172,006,700 New Shares
Maximum number of Rights Shares to be issued under the Rights Issue	:	Up to 344,013,400 Rights Shares (assuming no change in the number of New Shares in issue on or before the Record Date) Up to 375,141,804 Rights Shares (assuming no change in the number of New Shares in issue on or before the Record Date other than the conversion in full of the Convertible Bonds)
Aggregate nominal value of the Rights Shares	:	Up to HK$34,401,340 (assuming no change in the number of Shares in issue on or before the Record Date) Up to HK$37,514,180 (assuming no change in the number of Shares in issue on or before the Record Date other than the conversion in full of the Convertible Bonds)
Total number of New Shares in issue upon completion of the Rights Issue	:	Up to 516,020,100 New Shares (assuming no change in the number of Shares in issue on or before the Record Date) Up to 562,712,706 New Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the conversion in full of the Convertible Bonds)

Gross proceeds from the proposed Rights Issue	:	Up to approximately HK$275.21 million (assuming no changes in the share capital of the Company on or before the Record Date and all the Rights Shares are taken up) Up to approximately HK$300.11 million (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds and all the Rights Shares are taken up)
Net price per Rights Share	:	Approximately HK$0.80 per Rights Share (assuming no changes in the share capital of the Company on or before the Record Date) Approximately HK$0.80 per Rights Share (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds)

As at the Latest Practicable Date, there are outstanding Convertible Bonds in the aggregate principal amount of HK$40,000,000, which are convertible into 15,564,202 New Shares at a conversion price of HK$2.57 per Share. The Convertible Bonds are held by Rising Jiarui Investment Management Co., Ltd (北京日信嘉銳投資管理有限公司) which is a company established in the PRC with limited liability, which is ultimately beneficially owned by Mr. Li Bing (李冰) and Mr. Zhang Baohui (張寶輝). As at the Latest Practicable Date, the Company has not received any indication from the holder of the Convertible Bonds regarding its intention to exercise the conversion rights on or before the Record Date. Assuming full conversion of the Convertible Bonds, the maximum number of New Shares that would fall to be allotted and issued under the terms and conditions of the Convertible Bonds on or before the Record Date would be 15,564,202 New Shares, which would result in the issue and allotment of 31,128,404 additional Rights Shares.

As at the Latest Practicable Date, save as disclosed above, the Company (a) has no other outstanding derivatives, options, warrants, conversion securities or other similar securities which are convertible or exchangeable into Shares; and (b) has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no change in the number of issued Shares on or before the Record Date, the Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 200.0% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 66.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

The Subscription Price

The Subscription Price of HK$0.80 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or, where applicable, applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents (assuming the Capital Reorganisation has become effective as at the Latest Practicable Date and there is no change in the number of Shares in issue from the Latest Practicable Date up to and including the Record Date other than the Capital Reorganisation):

(i) a discount of approximately 2.44% to the closing price of HK$0.82 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 4.53% to the average closing price of approximately HK$0.84 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 7.83% to the average closing price of approximately HK$0.87 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 0.83% to the theoretical ex-rights price of approximately HK$0.81 per Share based on the closing price of HK$0.82 per Share as quoted on the Stock Exchange on the Last Trading Day;

(v) a premium of approximately 23.08% to the closing price of HK$0.65 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(vi) a premium of approximately 17,778.47% to the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2025 of approximately HK$0.0045 per Share, which is calculated by dividing the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK$774,000 as at 31 December 2025 as set out in the annual report of the Company for the year ended 31 December 2025 by the number of Shares as at the Latest Practicable Date;

(vii) a premium of approximately 1,975.95% to the unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2026 of approximately HK$0.0405 per Share, which is calculated by dividing the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK$6,964,000 as at 30 June 2026 as set out in the interim report of the Company for the six months ended 30 June 2026 by the number of Shares as at the Latest Practicable Date; and

(viii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 3.62%, represented by the theoretical diluted price of approximately HK$0.82 per Share to the benchmarked price of approximately HK$0.85 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares of HK$0.82 as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average of the closing prices of approximately HK$0.85 per Share as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Last Trading Day).

The Subscription Price was determined by the Board with reference to the factors below:

(i) the recent market price of the Shares – the market prices of the Shares as traded on the Stock Exchange in the past twelve months prior to and including the Last Trading Day (the "**Relevant Period**"), as a benchmark to reflect the prevailing market conditions and recent market sentiment. During the Relevant Period, the Shares were traded on the Stock Exchange with an average closing price of approximately HK$0.96 per New Share. The Subscription Price represents a discount of approximately 16.99% to the average closing price for the Relevant Period;

(ii) the low trading volume of the Shares during the Relevant Period – trading liquidity of the Shares was generally thin during a substantial part of the Relevant Period, with an average trading volume amounting to approximately 0.27% of the total issued Shares;

(iii) the latest business performance and financial position of the Group – the Group remained loss-making and its financial position weakened during the two years ended 31 December 2025, with loss attributable to owners of the Company increasing from approximately HK$63.6 million for the year ended 31 December 2024 to approximately HK$73.3 million for the year ended 31 December 2025, net current liabilities increasing from approximately HK$135.0 million to approximately HK$210.6 million and equity attributable to owners of the Company decreasing significantly from approximately HK$31.3 million to approximately HK$0.8 million; and

(iv) the reasons for and benefits of the Rights Issue as discussed in the section headed "Reasons for the Rights Issue and the Use of Proceeds" in this circular – which mentioned the proceeds will be strategically deployed to drive the Group's development in its digital marketing business, which has become one of the key revenue generators for the Group, and supporting long-term growth and creating value for the Company and its Shareholders as a whole.

Under the 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 Rights Issue provides all Qualifying Shareholders with an equal opportunity to participate in the future development of the Company and to maintain their

respective proportional interests in the Company should they elect to take up their assured entitlements.

In view of the above, the Directors consider that (i) all Qualifying Shareholders are provided with an equal opportunity to subscribe for their assured entitlements under the Rights Issue at the same Subscription Price and maintain their respective interests in the Company; (ii) while the Subscription Price represents a discount to the recent closing prices of the Shares, having considered the relatively low trading liquidity and limited trading volume of the Shares during the relevant period, the Directors are of the view that the prevailing market price may not fully reflect the underlying value and prospects of the Company and should not be regarded as the sole factor in determining the Subscription Price, and the Rights Issue accordingly provides Shareholders with an opportunity to participate in the future growth and development of the Company while avoiding dilution of their existing shareholdings; and (iii) the Subscription Price represents a premium over the unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2026. The Directors (including the independent non-executive Directors whose views are set out in this Circular after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Rights Issue on a non-underwritten basis

Subject to the fulfilment and/or waiver (where applicable) for the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. If there is an under-subscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder(s) who apply to take up all or part of its entitlement under PAL or applies for excess Rights Shares under EAF may unwittingly incur an obligation to make a general offer under the Takeovers Code or cause the Company to be unable to satisfy the Public Float Requirement. Accordingly, the Rights Issue will be made on terms that the Company will, pursuant to Rule 7.19(5) of the Listing Rules, provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder (except for HKSCC Nominees Limited) for his/her/its entitlement under the PAL or for excess Rights Shares under the EAF will be scaled down to a level as may be necessary to ensure that (i) no obligation to make a general offer under the Takeovers Code will arise as a result of such application; and (ii) the Company will be able to maintain compliance with the Public Float Requirements. The scaled down applications will be refunded the applicants.

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any Shareholder of the Company of any intention to take up his/her/its entitlements under the Rights Issue (or otherwise).

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment, non-occurrence or waiver (as appropriate) of each of the following conditions:

(i) the Capital Reorganisation becoming effective;

(ii) the meeting(s) of the Board properly and validly convened to approve and implement the Rights Issue;

(iii) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) to approve the Rights Issue by no later than the Prospectus Posting Date;

(iv) the delivery of the Prospectus Documents to the Stock Exchange for authorisation and registration with the Registrar of Companies in Hong Kong in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;

(v) to the extent permitted under all applicable laws and regulations and the Company's constitutional documents, the Prospectus being made available on the Company's website and the Stock Exchange's website and the sending of PAL and EAF to the Qualifying Shareholders on the Prospectus Posting Date;

(vi) the Listing Committee granting and not having revoked, listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Prospectus Posting Date and such listings and permission to deal not having been withdrawn or revoked; and

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

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

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

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration by no later than 4:00 p.m. on Wednesday, 18 November 2026.

The last day of dealings in the Shares on a cum-rights basis is Monday, 16 November 2026. The Shares will be dealt with on an ex-rights basis from Tuesday, 17 November 2026.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 3 November 2026 to Friday, 6 November 2026 (both days inclusive) for the purpose of determining entitlements to attend and vote at the EGM.

The register of members of the Company will be closed from Thursday, 19 November 2026 to Wednesday, 25 November 2026 (both days inclusive) for the purpose of determining entitlements to the Rights Issue.

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

Basis of provisional allotment

The basis of the provisional allotment shall be two (2) Rights Shares for every one (1) New Share held by a Qualifying Shareholder as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before 4:00 p.m. on the Latest Time for Acceptance.

Status of the Rights Shares

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

Excluded Shareholder(s) (if any)

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

Overseas Shareholders (if any)

As at the Latest Practicable Date, there were two Shareholders whose addresses were situated in the PRC, interested in 2,740,000 Shares and 3,650,000 Shares, representing approximately 1.59% and 2.12%, respectively, of the total issued share capital of the Company, and one Shareholder whose address was situated in Australia, interested in 200 Shares, representing approximately 0.00012% of the total issued share capital of the Company. The Shares held by the Overseas Shareholders in aggregate represent 3.72% of the total issued share capital of the Company.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company has made enquiries regarding the feasibility of extending the Rights Issue to such Overseas Shareholders.

Taking into account the legal opinions as at the Latest Practicable Date provided by the legal advisers where such Overseas Shareholders are based, the Directors are of the view that it is necessary or expedient to extend the Rights Issue to the Overseas Shareholders with registered addresses in PRC and Australia and regard them as Qualifying Shareholders as based on the legal opinions, (i) there are no specific legal restrictions and/or regulatory requirements in such overseas jurisdictions applicable to the Company with respect to the offering of Rights Shares to the Overseas Shareholders with addresses in this jurisdictions; and (ii) there are no other requirements/formalities that the Company should comply with if the Rights Issue are extended to the Overseas Shareholders with registered addresses in PRC and Australia. Therefore, such Overseas Shareholders are not Excluded Shareholders, and the Rights Issue will be extended to such Overseas Shareholders.

If, at the close of business on the Record Date, additional Overseas Shareholder(s), other than the Overseas Shareholders with registered addresses located in the PRC and Australia as mentioned above, is/are identified as at the Record Date, such Overseas Shareholder(s) may not be eligible to take part in the Rights Issue as explained below. The Prospectus Documents will not be filed or registered under the applicable securities legislation of any jurisdiction other than Hong Kong. For the avoidance of doubt, the Overseas Shareholders (if any) are entitled to attend and vote at the EGM.

The Company notes the requirements under Rule 13.36(2)(a) of the Listing Rules, and will make reasonable enquiries regarding the feasibility of extending the Rights Issue to additional Overseas Shareholder(s), other than the Overseas Shareholders with registered addresses located in the PRC and Australia as mentioned above, is/are identified as at the Record Date, if any, under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory body(ies) or stock exchange(s). If, based on legal advice to be provided by the legal

advisers to the Company, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions or prohibitions under the laws of the relevant jurisdiction(s) or any requirements of the relevant regulatory body(ies) or stock exchange(s) in such jurisdiction(s), to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, such Overseas Shareholder(s), if any, will be regarded as Excluded Shareholder(s) and will not qualify for the Rights Issue. The basis of exclusion of Excluded Shareholder(s), if any, from the Rights Issue will be disclosed in the Prospectus.

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

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. 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.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of not less than HK$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Excluded Shareholder(s) in Hong Kong dollars. The Company will retain individual amount of less than HK$100 for its own benefit. Any unsold entitlements of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of two (2) Rights Shares for every one (1) New Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise from the Rights Issue. No odd-lot matching services will be provided.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for, by way of excess application:

(i) any unsold entitlements to the Rights Shares of the Excluded Shareholder(s) (if any);

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

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

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

(i) to (iv) collectively referred to as "**Untaken Rights**".

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

(i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess Rights Shares applied for under each application;

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

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

(iv) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling shareholder or its associates (together, the "**Relevant Shareholders**"), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders' applications for excess Rights Shares to the extent that the total number of excess Right Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Investors should note that the aforesaid arrangement in relation to the

allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors whose Shares are held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. For those investors who would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration by no later than 4:00 p.m. on Wednesday, 18 November 2026.

Share certificates and refund cheques for Rights Issues

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Thursday, 24 December 2026.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Thursday, 24 December 2026 by ordinary post to the applicants' registered address, at their own risk.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 10,000 Shares in one board lot.

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 HKSCC and HKSCC Operational Procedures in effect from time to time. Shareholders whose shares are held through CCASS 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.

Stamp duty and other applicable fees

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, SFC transaction levy, AFRC transaction levy or any other applicable fees and charges in Hong Kong.

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

The Rights Issue is subject to the fulfilment and/or waiver (where applicable) of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Conditions of the Rights Issue" in this circular. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. If there is an undersubscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

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

Reasons for the Rights Issue and the Use of Proceeds

The Company is an investment holding company and the Group is principally engaged in the design, research and development, and manufacturing of new eco-friendly silicone products, and its product categories cover, amongst others, new energy vehicles, photovoltaic components, aerospace materials, medical devices, consumer electronics, and beauty products. In addition to the aforesaid principal business, the Group is also engaged in (i) the operation of international digital marketing business; (ii) the operation of retail business in the United Kingdom; and (iii) the provision of healthcare and hotel services. In particular, the digital marketing business has

become a key revenue pillar of the Group, accounting for approximately 69.93% of the Group's total revenue for the year ended 31 December 2025. As stated in the annual report for the year ended 31 December 2025 of the Company, the Company is strategically expanding its existing digital marketing business by investing in AI Digital Human technology as its new driver for growth and momentum and to maintain its competitiveness.

The AI Digital Human is a proprietary technology developed and operated by the Group. It is designed to support and enhance the Group's existing digital marketing business through the integration of machine learning, natural language processing and sentiment analysis. The system operates on a model of self-developed AI technology, scenario-based digital human applications and commercialisation through the Group's digital marketing operations. Monetisation is expected to be achieved through service fees, performance-based billing models, such as cost-per-click ("CPC") and cost-per-action ("CPA"), and industry solution subscriptions. The Company believes that AI Digital Human technology can be integrated into its existing digital marketing operations by enhancing content creation, customer engagement and data analytics capabilities. By generating personalised content and providing real-time customer interaction, AI Digital Human applications are intended to complement the Group's existing influencer marketing and advertising services while improving operational efficiency and customer experience. The Group also expects that the integration of engagement data generated through AI Digital Human applications into its existing analytics systems may improve targeting capabilities and campaign optimisation. Upon completion of the development process, the Group aims to establish a self-owned AI Digital Human technology platform to support the long-term development of its digital marketing business. To facilitate the development and commercialisation of the AI Digital Human business, the Group has formulated a phased implementation plan. The net proceeds from the Rights Issue allocated to this initiative are intended to be deployed progressively in accordance with the development stage of the project and subject to periodic review by the management of the Group.

Phase	**Period**	**Key Milestones**	**Maximum Planned Investment**
Phase I	Month 0 to Month 6	Completion of integration and internal testing of the core AI Digital Human interaction modules, including natural language processing (NLP), speech synthesis and recognition, and avatar-driving technologies. The system will then be connected to the marketing ecosystem of Jusheng Technology for small-scale commercial pilot operations.	Approximately HK$124.05 million

Phase	Period	Key Milestones	Maximum Planned Investment
Phase II	Month 7 to Month 12	Launch of the first commercialised AI Digital Human marketing products in the education, gaming and healthcare and wellness sectors. During this stage, the Group intends to secure its initial enterprise customers and establish measurable advertising delivery capabilities under CPC and CPA monetisation models.	Approximately HK$78.02 million
Phase III	Month 13 to Month 24	Expansion of multilingual interaction capabilities, including Cantonese, English and Mandarin, and commencement of beta testing of an open API (Application Programming Interface)/SDK (Software Development Kit) platform to facilitate broader enterprise adoption and system integration. The Group also aims to establish a recurring-service business model for AI Digital Human marketing services.	Approximately HK$7.03 million

The Directors believe that the proposed investment in the AI Digital Human business represents an important component of the Group's strategy to expand its technology-enabled digital marketing capabilities and diversify its service offerings. The net proceeds from the Rights Issue are intended to provide the funding required for the phased development and commercialisation of the AI Digital Human business, thereby enabling the Group to develop a self-owned AI Digital Human technology platform and accelerate the integration of AI-driven solutions into its existing digital marketing operations.

The Directors consider the AI Digital Human business to be commercially viable given its ability to leverage the Group's existing digital marketing customer base, distribution channels and operational infrastructure. The Group established its AI Digital Department in 2023 and has since continuously invested in the research and development of AI Digital Human technologies.

The Directors further believe that the Group possesses the necessary management expertise and resources to support the development and operation of the AI Digital Human business. In particular, Dr. Xie Guanhong (謝冠宏), the person in charge of the AI Digital Human business, has over 30 years of experience in technology innovation, acoustics, electronics manufacturing and product commercialisation, together with extensive expertise in artificial intelligence and intellectual property development. Professor Peng Zhengchun (彭爭春), who is responsible for AI-related technology development, has over 15 years of experience in intelligent sensing, robotics, flexible electronics and human-machine interaction technologies, and has led a number of national and provincial-level research projects in these fields. Mr. Zhang Wei (張偉), the Group's Technical Director, has over 30 years of experience in technology development, research management and industrialisation projects. The Group also benefits from Jusheng Technology's core operational team, which has approximately five years of experience in performance marketing and digital human livestreaming operations across multiple industries.

The Group's AI Digital Department currently comprises approximately 40 research, development and operational personnel. In addition, the Group has established a research and development framework covering machine learning, natural language processing and computer vision technologies and maintains cooperation with various technology partners. The Directors believe that such management expertise, operational experience and technical resources provide a solid foundation for the development and commercialisation of the AI Digital Human business.

The proposed AI Digital Human solutions are intended to complement and enhance the Group's existing digital marketing services through automated content generation, real-time customer engagement and data-driven optimisation, thereby strengthening service capabilities and improving customer experience. The business model is designed to support multiple commercialisation channels, including service fees, CPC/CPA-based performance marketing services and subscription-based industry solutions, which the Directors believe may broaden the Group's service offerings and strengthen client relationships. Revenue generated from the AI Digital Human business is expected to be reported under the Group's existing digital marketing business segment.

The Board will oversee the development of the AI Digital Human business through regular management reports on project progress, utilisation of proceeds, technology development, commercialisation milestones and operating performance, and may seek external professional or technical advice where appropriate. The Directors therefore believe that the Group has adequate management capabilities, technical resources and governance measures in place to support the development and operation of the AI Digital Human business.

In addition, the phased deployment of the proceeds of the Rights Issue will allow the Group to assess technological performance, market acceptance and operational effectiveness at each stage of development before deploying further resources. The Directors believe that the proposed investment will facilitate the integration of AI technologies into the Group's existing digital marketing operations, improve operational efficiency, enhance the Group's competitiveness and support the long-term development of its digital marketing business.

Leveraging Jusheng Technology's existing customer base and traffic resources generated through its marketing matrix, the Directors expect the AI Digital Human business to commence operations shortly following completion of the Rights Issue and to begin generating revenue in the ordinary course of business during the first full financial year thereafter. The business will principally involve the sale and deployment of AI Digital Human operation devices, together with the provision of system maintenance, technical support, software upgrades and other value-added services to customers. The Directors believe that Jusheng Technology's existing customer network and market resources will facilitate the commercialisation of the AI Digital Human business and support its growth.

Revenue is expected to be generated from the sale of AI Digital Human operation devices and the provision of system maintenance and value-added services. The AI Digital Human operation devices are designed to support customers' operation of AI Digital Humans for commercial applications, and the Group intends to provide ongoing maintenance, technical support and related services.

The foregoing is subject to, among other things, customer demand, customer deployment and activation rates, service subscription uptake, prevailing market conditions and the Group's implementation of its business plan. As the AI Digital Human business remains at an early stage of development, actual results may differ materially from those currently anticipated. The Company will continue to monitor the progress of the business and make further disclosure where appropriate in compliance with the Listing Rules.

Consistent with the phased deployment approach described above, the implementation timetable and key milestones have been formulated based on the Group's current business plan, taking into account the anticipated development progress of the technology, the proposed commercialisation strategy and the market opportunities currently identified by the Group. The Group will monitor the progress of the project on an ongoing basis and may adjust the implementation timetable and deployment plan in response to market conditions, technological developments and business requirements.

The estimated net proceeds of the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK$0.73 million) will be up to (i) approximately HK$274.48 million (assuming no changes in the share capital of the Company on or before the Record Date); or (ii) approximately HK$299.38 million (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds).

Assuming the Rights Issue is fully subscribed and there will be no changes in the share capital of the Company on or before the Record Date, the Company intends to apply the net proceeds from the Rights Issue and to supplement the Company's working capital requirements in the following manner:

(a) Approximately HK$116.0 million (being approximately 42.1% of the net proceeds) is intended to be applied towards the Group's investment in computing infrastructure for the AI Digital Human technology development, comprising:

    (i) approximately HK$38.2 million for the construction of high-specification computing data centre facilities, including server rack deployment, power capacity expansion, cooling system upgrades, and other infrastructure development; and

    (ii) approximately HK$77.8 million for purchasing computer hardware, including 500 high-performance GPUs (such as H100 series), distributed server clusters, high-speed storage arrays, and computing resource scheduling software systems, to support the training and real-time inference requirements of models with hundreds of billions of parameters.

(b) Approximately HK$70.5 million (being approximately 25.6% of the net proceeds) is intended to be applied towards the Group's investment in data training investment for the AI Digital Human technology development, comprising:

    (i) approximately HK$24.3 million for the procurement and construction of multimodal datasets, including industry-specific vertical data (such as knowledge graphs for finance, healthcare), general corpora, visual material libraries, etc.;

    (ii) approximately HK$26.7 million for data labeling and cleansing, utilizing crowdsourcing platforms and professional labeling teams for fine-grained annotation of text, image, and speech data, and establishing an automated data cleansing toolchain to ensure data quality; and

    (iii) approximately HK$19.5 million for training iteration costs, covering computing hours consumed during multiple rounds of model training and expenses for model tuning experiments, to ensure the intelligent agent meets commercial standards for interaction accuracy and response speed.

(c) Approximately HK$22.6 million (being approximately 8.2% of the net proceeds) is intended to be used for staff investment for AI Digital Human technology development for the coming two years, comprising:

(i) recruitment of 5 senior algorithm engineers, specializing in large-model optimization and multi-modal interaction algorithms, with an annual salary of approximately HK$0.8 million per person per year, totaling approximately HK$8.0 million;

(ii) recruitment of 4 data scientists, responsible for dataset construction and training effectiveness attribution analysis, with an annual salary of approximately HK$0.8 million per person per year, totaling approximately HK$6.4 million;

(iii) recruitment of 3 product managers, leading intelligent agent scenario implementation and user experience design, and 3 operations engineers, ensuring stable operation of computing clusters and data platforms, with annual salaries of approximately HK$0.6 million and HK$0.48 million respectively per person per year, respectively, totaling approximately HK$6.5 million for the coming two years; and

(iv) industry training and other miscellaneous expenses, estimated at approximately HK$0.87 million per year, totaling approximately HK$1.7 million aimed at ensuring team stability and continuous technological advancement.

(d) Approximately HK$65.4 million (being approximately 23.8% of the net proceeds) is intended to be used as general working capital of the Group and repayment of the Group's debts, comprising:

(i) approximately HK$18.2 million for the procurement of raw materials for the silicon business;

(ii) approximately HK$2.0 million for staff costs, HK$3.0 million for professional fees, HK$7.2 million for rental payments and HK$2.0 million for other general administrative expenses; and

(iii) approximately HK$33.0 million for the repayment of the Group's outstanding debt and interests, of which approximately HK$6.3 million for repayment of bank facility loans due within this year, approximately HK$3.3 million for repayment of finance leases due within this year and approximately HK$23.4 million for repayment of mortgage property loans.

In the event that there is an under-subscription of the Rights Issue, the net proceeds from the Rights Issue will be first applied towards the repayment of the Group's outstanding debt and interests. Any remaining proceeds will then be utilised in proportion among the other uses described above. To the extent that the net proceeds are insufficient to fully fund the proposed

AI Digital Human investment plan, the Company may seek alternative financing arrangements to fund any shortfall, including equity financing at the project company level and, where appropriate, debt financing. Subject to the availability of such financing, the Company does not currently expect any material change to the implementation timetable or the overall business plan for the AI Digital Human business.

In the event that the Convertible Bonds are converted in full on or before the Record Date and the corresponding additional Rights Shares are issued and subscribed for pursuant to the Rights Issue, the Company expects to receive additional net proceeds of approximately HK$24.90 million. Such additional net proceeds will be applied towards the repayment of the Group's outstanding debts and interest.

The Board considers it appropriate to allocate a substantial portion of the net proceeds from the Rights Issue to the development of the AI Digital Human business after taking into account the Group's financial position, indebtedness and business development strategy. The digital marketing business has become the Group's principal revenue contributor, accounting for approximately 69.93% of the Group's total revenue for the year ended 31 December 2025, and the AI Digital Human business is intended to enhance and expand the Group's existing digital marketing operations. The Board believes that the proposed allocation will strengthen the Group's technology capabilities and competitiveness by leveraging its existing customer base, distribution channels and operational infrastructure. While the Group had bank and other borrowings of approximately HK$323.4 million as at 31 May 2026 and is currently subject to a winding-up petition, the Company has been separately pursuing measures to address the matters underlying the winding-up petition, including discussions with the relevant creditor regarding refinancing and settlement arrangements. In addition, approximately HK$65.4 million of the estimated net proceeds is intended to be applied towards general working capital and repayment of certain outstanding debts and interest, thereby supporting the Group's liquidity and operational requirements. The AI Digital Human project will also be implemented on a phased basis, with the proceeds deployed progressively and subject to periodic review against predetermined milestones, enabling the Group to assess technological performance, market acceptance and commercial viability before committing further resources. Accordingly, the Board considers that the proposed allocation of the net proceeds appropriately balances the Group's funding requirements with its long-term business development objectives and is in the interests of the Company and the Shareholders as a whole.

Apart from the Rights Issue, the Directors have considered other debt or equity fundraising alternatives such as bank borrowings, placing or an open offer. The Directors note that bank borrowings, if available, carry additional interest costs and create pressure to the liquidity of the Company, and placing of new shares dilutes the interests of existing Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid Rights Shares in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. Having considered the above alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole and that the

Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth, while allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue (assuming all Shareholders have taken up their entitled Rights Shares); and (iii) Immediately after completion of the Rights Issue (assuming none of the Shareholders have taken up any entitled Rights Share), for illustration purposes only:

Assuming there are no changes in the share capital of the Company on or before the Record Date:

Shareholders	**As at the Latest Practicable Date**		**Immediately after completion of the Rights Issue (assuming all Shareholders take up their respective entitlements to the Rights Shares in full)**		**Immediately after completion of the Rights Issue (assuming nil acceptance by the Shareholders of their entitlements to the Rights Shares)**	
	Number of Shares	*% (Note 2)*	*Number of Shares held*	*% (Note 2)*	*Number of Shares*	*% (Note 3)*
Lyton Maison Limited *(Note 1)*	79,687,549	46.33	239,062,647	46.33	79,687,549	46.33
Public Shareholders	92,319,151	53.67	276,957,453	53.67	92,319,151	53.67
Total	172,006,700	100.00	516,020,100	100.00	172,006,700	100.00

Notes:

1. Lyton Maison Limited is a limited company incorporated in the British Virgin Islands and solely owned by Ms. Shi Qi, an executive Director and the Chairlady of the Board, and is interested in 79,687,549 shares. Of the 79,687,549 shares held by Lyton Maison Limited, 79,687,549 shares were charged to Mason Resources Finance Limited, which was indirectly wholly-owned by Mason Group Holdings Limited.

2. The above percentage figures are subject to rounding adjustments.

Assuming there are no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds:

Shareholders	Assuming all Convertible Bonds are converted on or before the Record Date		Immediately after completion of the Rights Issue (assuming all Shareholders take up their respective entitlements to the Rights Shares in full)		Immediately after completion of the Rights Issue (assuming nil acceptance by the Shareholders of their entitlements to the Rights Shares)	
	Number of Shares held	*% (Note 3)*	*Number of Shares held*	*% (Note 3)*	*Number of Shares held*	*% (Note 3)*
Lyton Maison Limited *(Note 1)*	79,687,549	42.48	239,062,647	42.48	79,687,549	42.48
Rising Jiarui *(Note 2)*	15,564,202	8.30	46,692,606	8.30	15,564,202	8.30
Public Shareholders	92,319,151	49.22	276,957,453	49.22	92,319,151	49.22
Total	187,570,902	100.00	562,712,706	100.00	187,570,902	100.00

Notes:

1. Lyton Maison Limited is a limited company incorporated in the British Virgin Islands and solely owned by Ms. Shi Qi, an executive Director and the Chairlady of the Board, and is interested in 79,687,549 shares. Of the 79,687,549 shares held by Lyton Maison Limited, 65,481,060 shares were charged to Mason Resources Finance Limited, which was indirectly wholly-owned by Mason Group Holdings Limited.

2. Rising Jiarui Investment Management Co., Ltd (北京日信嘉銳投資管理有 限公司) ("**Rising Jiarui**") is a company established in the PRC with limited liability. To the best knowledge of the Directors, Rising Jiarui is owned as to 60% by Mr. Li Bing and 40% by Mr. Zhang Baohui.

3. The above percentage figures are subject to rounding adjustments.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Date of announcement	Event	Net Proceeds	Intended use of proceeds	Actual use of proceeds
3 July 2025	Issue of shares under general mandate granted by the Shareholders at the annual general meeting held on 27 June 2025	HK$34.39 million	(a) approximately HK$5 million is intended to be used for the procurement of artificial intelligence equipment and installation of servers for the digital marketing business; (b) approximately HK$2 million is intended to be used for marketing and promotion of the digital marketing business; (c) approximately HK$2 million is intended to be used for payment of staff costs for the digital marketing business; (d) approximately HK$3 million is intended to be used for general working capital of the digital marketing business; (e) approximately HK$8 million is intended to be used for operational reserve funds of the digital marketing business: (i) approximately HK$3.2 million is intended to be used for technology platform upgrades and procurement of digital tools, such as data acquisition/labelling and algorithm development/outsourcing; (ii) approximately HK$2.4 million is intended to be used for team development and talent recruitment, including products and operations team setup; (iii) approximately HK$1.2 million is intended to be used for market expansion and customer acquisition, including sales channel development and brand building; and (iv) approximately HK$1.2 million is intended to be used as working capital and liquidity needs;	the proceeds have been fully utilized as intended.

Date of announcement	Event	Net Proceeds	Intended use of proceeds	Actual use of proceeds
			(f) approximately HK$10 million is intended to be used for payment of financing interest for the Yalong Bay project; and (g) the remaining balance of the proceeds of approximately HK$3.39 million is intended to be used for the general working capital of the Company.	
1 April 2025	Issue of shares under general mandate granted by the Shareholders at the annual general meeting held on 18 November 2024	HK$12 million	(a) approximately HK$4 million is intended to be used for purchasing digital marketing hardware and equipment; (b) approximately HK$2 million is intended to be used for the development of digital marketing system software; (c) approximately HK$1 million is intended to be used for the general working capital of the digital marketing business; (d) approximately HK$1 million is intended to be used for the payment of legal and professional fee; and (e) approximately HK$4 million is intended to be used for the general working capital of the Group.	the proceeds have been fully utilized as intended.

Save for the above, the Company has not conducted any other fundraising exercise during the 12-month period immediately preceding the Last Trading Day and the period from the Last Trading Day up to the Latest Practicable Date.

POSSIBLE ADJUSTMENT TO THE CONVERTIBLE BONDS

As at the Latest Practicable Date, as the Capital Reorganisation will involve no subdivision of issued Shares, the Directors have reviewed and consider that the Capital Reorganisation shall not lead to adjustments to conversion price and/or number of Shares to be issued upon exercise of the conversion rights under the Convertible Bonds.

As at the Latest Practicable Date, the Directors have reviewed and consider that the Rights Issue shall not lead to adjustments to the conversion price and/or the number of Shares to be issued upon exercise of the conversion rights under the Convertible Bonds.

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

LISTING RULES IMPLICATIONS

Capital Reorganisation

The Capital Reorganisation is conditional upon, among other things, the approval by the Shareholders by way of special resolution at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Capital Reorganisation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Capital Reorganisation at the EGM.

Rights Issue

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within a 12 months period immediately preceding the Latest Practicable Date, the Rights Issue is conditional upon the minority Shareholder's approval at the EGM, and any controlling shareholders and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM. As such, the controlling shareholders of the Company, namely, Lyton Maison Limited, Ms. Shi and their associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM. Save for Ms. Shi and Lyton Maison Limited, no Shareholders and Directors are required to abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM.

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

WINDING UP PETITION

Impact of the Winding Up Petition on the Rights Issue

The Company received a winding-up petition (the "**Petition**") which was filed against the Company dated 19 March 2026 at the High Court of the Hong Kong Special Administrative Region (the "**Court**") by Rising Jiarui Investment Management Co., Ltd (北京日信嘉銳投資管理有限公司) (the "**Petitioner**"), for the winding up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the "**CWUMPO**"). The Petition was filed against the Company in relation to the non-payment of an amount of HK$50,377,777.78 inclusive of interest accrued up to 24 February 2026 relating to the

HK$40,000,000 10.0% convertible bond due 20 July 2026 issued by the Company, details of which have been set out in the announcement of the Company dated 21 July 2023.

Following the hearing of the High Court on 10 June 2026, 22 June 2026 and 21 September 2026, the High Court has ordered the hearing of the Petition to be further adjourned to 26 October 2026. The High Court also ordered the Company to pay to the High Court within 28 days from 21 September 2026 a sum of HK$20 million as security money. The Company is currently making the relevant funding arrangements to pay the said security money within the aforesaid period in accordance with the order of the High Court.

The Company has consulted its Hong Kong legal adviser in respect of the Winding Up Petition and has been advised that no validation order under section 182 of the CWUMPO is required for the allotment and issuance of new shares (including by way of the rights issue) by the Company.

The Company will make further announcement(s) to keep its shareholders and investors informed of any significant development of the Petition as and when appropriate.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, comprising all independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

In this connection, an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Rights Issue and the respective voting recommendations.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation, the Rights Issue and the transactions contemplated hereunder. A notice convening the EGM to be held at 22/F, H Code, 45 Pottinger Street, Central, Hong Kong at 11:00 a.m. on Friday, 6 November 2026 at which resolutions will be proposed to consider and approve the Capital Reorganisation, the Rights Issue and the transactions contemplated thereunder are set out on pages EGM-1 to EGM-4 of this circular. All the resolutions to be proposed at the EGM will be taken by poll and an announcement on the results of the EGM will be made by the Company after the EGM.

Subject to the fulfilment of certain conditions of the Rights Issue, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on Thursday, 26 November 2026. The Company will despatch the Prospectus to the

Excluded Shareholders (if any) to the extent legally permitted for their information only, but the Company will not send the PALs and EAFs to the Excluded Shareholders.

ADDITIONAL INFORMATION

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

By order of the Board
Ta Yang Group Holdings Limited
Shi Qi
Chairlady

The following is the text of the letter form the Independent Board Committee setting out its recommendation to the Independent Shareholder in respect of the Rights Issue.

TA YANG GROUP HOLDINGS LIMITED
大洋集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1991)

16 October 2026

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) NEW SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

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

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

The Independent Financial Adviser has been appointed to advise us and Independent Shareholders in respect of the terms of the Rights Issue.

Your attention is also drawn to the letter from the Board set out on pages 11 to 42 of the Circular.

Having considered the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as set out in its letter of advice to the Independent Shareholders and the Independent Board Committee on pages 45 to 74 of the Circular, we are of the opinion that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of the
Independent Board Committee
Ta Yang Group Holdings Limited

Mr. Zhang Li **Dr. Xie Jun**
Independent non-executive Directors

Set out below is the text of a letter received from Frontpage Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Rights Issue and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

FRONTPAGE富比

16 October 2026

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) NEW SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

INTRODUCTION

We refer to our appointment as the independent financial advisers to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Rights Issue, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 16 October 2026 (the "**Circular**"), of which this letter forms parts. Capitalised term used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Company proposes, subject to the Capital Reorganisation becoming effective, to conduct the Rights Issue on the basis of two (2) Rights Shares for every one (1) New Share held on the Record Date at the Subscription Price of HK$0.80 per Rights Share, to raise up to (i) approximately HK$275.21 million (before deducting professional fees and other related expenses) by issuing up to 344,013,400 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date); or (ii) approximately HK$300.11 million (before deducting professional fees and other related expenses) by issuing up to 375,141,804 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds) to the Qualifying Shareholders.

Subject to the fulfilment and/or waiver (where applicable) for the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. If there is an under-subscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within a 12 months period immediately preceding the date of the announcement of the Company dated 4 February 2026 in relation to, among others, the Rights Issue, the Rights Issue is conditional upon the minority Shareholder's approval at the EGM, and any controlling shareholders and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM. As such, the controlling shareholders of the Company, namely, Lyton Maison Limited, Ms. Shi and their associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM. Save for Ms. Shi and Lyton Maison Limited, no Shareholders and Directors are required to abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the resolution relating to the Rights Issue at the EGM. We, Frontpage Capital Limited, have been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have considered, among other things, (i) the interim report of the Company (the "**2026 Interim Report**") for the six months ended 30 June 2026 ("**1H2026**") and the interim report of the Company (the "**2025 Interim Report**") for the six months ended 30 June 2025 ("**1H2025**"); (ii) the annual report of the Company (the "**2025 Annual Report**") for the year ended 31 December 2025 ("**FY2025**") and the annual report of the Company (the "**2024 Annual Report**") for the year ended 31 December 2024; (iii) other information as set out in the Circular; and (iv) relevant market data and information available from public sources.

We have also relied on all relevant information and representations provided, and the opinions expressed, by the Directors and/or the management of the Company (the "**Management**"). We have assumed that all such information and representations contained or referred to in the Circular are true and accurate in all material respects as at the date thereof.

The Directors and the Management have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have also confirmed that, having made all reasonable enquiries and to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material

facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management, and they have confirmed that no material information has been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and/or the Management, nor have we conducted an independent investigation into the business, affairs, operations, financial position or future prospects of each of the Group and its associates.

OUR INDEPENDENCE

We are not connected with the Directors, chief executive and substantial shareholders of the Company, the Group or any of their respective subsidiaries or associates and do not have any shareholding, direct or indirect, in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date. There is no arrangement exists whereby we will receive any benefits from the Group or the Directors, chief executive and substantial shareholders of the Company, the Group or any of their respective subsidiaries or associates for our services to the Company in connection with this appointment aside from our professional fees. Prior to this engagement, we have not acted as an independent financial adviser or financial adviser to the Company's other transactions in the last two years. Therefore, we consider ourselves independent to act as the Independent Financial Adviser to the Company pursuant to Rule 13.84 of the Listing Rules.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Information on the Group

The Group is principally engaged in (i) the designing and manufacturing of silicone rubber products; (ii) international digital marketing business; (iii) the provision of retail services in the UK; and (iv) healthcare and hospitality services.

Set out below is a summary of the Group's financial information as extracted from the 2024 Annual Report, 2025 Annual Report, 2025 Interim Report and 2026 Interim Report.

Summary of the Group's financial performance

	FY2024	**FY2025**	**1H2025**	**1H2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue				
Sales of silicone rubber and related products	244,030	223,301	102,048	106,629
Retail services	98,870	4,642	2,339	1,965
Online marketing solution services	627,161	530,210	186,276	268,318
Total revenue	970,061	758,153	290,663	376,912
Gross profit	116,587	88,453	61,798	26,346
(Loss)/profit for the year/period	(53,139)	(72,676)	2,411	(11,415)

Comparison between FY2024 and FY2025

The revenue of the Group decreased from approximately HK$970.1 million for FY2024 to approximately HK$758.2 million for FY2025, representing a decrease of approximately 21.8%. Such decrease was mainly due to the decrease in revenue generated from the online marketing solution services and the retail services. The gross profit of the Group decreased from approximately HK$116.6 million for FY2024 to approximately HK$88.5 million for FY2025, representing a decrease of approximately 24.1%. The gross profit margin also decreased from approximately 12.0% for FY2024 to approximately 11.7% for FY2025. The Group's net loss increased by approximately 36.8% to approximately HK$72.7 million for FY2025 from approximately HK$53.1 million for FY2024. The increase in net loss was mainly due to the decrease in the Group's gross profit during FY2025.

Comparison between 1H2025 and 1H2026

The revenue of the Group increased from approximately HK$290.7 million for 1H2025 to HK$376.9 million for 1H2026, representing an increase of approximately 29.7%. Such increase was mainly due to the increase in revenue generated from online marketing solution services. The gross profit of the Group decreased from approximately HK$61.8 million for 1H2025 to approximately HK$26.3 million for 1H2026, representing a decrease of approximately 57.4%. The gross profit margin also decreased from approximately 21.3% for 1H2025 to approximately 7.0% for 1H2026. The Group recorded net loss of approximately HK$11.4 million for 1H2026 as compared to net profit of approximately HK$2.4 million for 1H2025. Such turnaround was mainly due to the significant decrease in the Group's retail business revenue

compared to the same period last year, as well as an increase in material costs caused by global inflation, which has tightened the gross profit margin of this business.

Summary of the Group's financial position

	As at 31 December 2024 *HK$'000* (audited)	As at 31 December 2025 *HK$'000* (audited)
Non-current assets	230,591	219,517
Current assets	385,430	478,272
Total assets	616,021	697,789
Non-current liabilities	65,179	8,480
Current liabilities	520,443	688,833
Total liabilities	585,622	697,313
Net assets	30,399	476

As at 30 June 2026, the Group reported net current liabilities of approximately HK$185.8 million, representing a decrease of 11.7% as compared to that of approximately HK$210.6 million as at 31 December 2025. Such decrease was mainly attributable to the increase in current assets as a result of the increase in trade and other receivables and the decrease in current liabilities as a result of the decrease in trade and other payables and lease liabilities of the Group.

The Group reported net assets of approximately HK$5.6 million as at 30 June 2026, representing an increase of 1,071.8% as compared to that of approximately HK$476,000 as at 31 December 2025. Such increase was attributable to the increase in current assets and the decrease in current liabilities as discussed above.

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

Reasons for the Rights Issue

As disclosed in the Letter from the Board, the Company plans to expand its existing digital marketing business by developing and commercialising its proprietary AI Digital Human technology as a new growth driver. The technology integrates machine learning, natural language processing and sentiment analysis to enhance content creation, customer engagement, data analytics, targeting and campaign optimisation, and is intended to complement the Group's existing digital marketing operations by leveraging its established customer base, distribution channels and operational infrastructure. The AI Digital Human business is expected to generate

revenue through service fees, performance-based billing models and industry solution subscriptions.

To facilitate the development and commercialisation of the AI Digital Human business, the Group has formulated a three-phase implementation plan. For further detail of the plan please refer to the section headed "Reasons for the Rights Issue and the Use of Proceeds" as set out in the Letter from the Board.

The net proceeds from the Rights Issue to be deployed progressively according to the development stages of the project and subject to management review. The Board will also monitor project progress, utilisation of proceeds, technology development, commercialisation milestones and operating performance. The Directors believe that the investment is commercially viable and will strengthen the Group's technological capabilities, broaden its service offerings and enhance its long-term competitiveness.

We have conducted market research in the public domain in respect of the digital marketing industry in the PRC *(Note 1)* and noted the national online advertising segment recorded revenue of RMB1.36 trillion in 2025, representing a year-on-year increase of 41.4%, while its contribution to the overall advertising industry revenue increased from 43.5% in 2020 to 66.2% in 2025. The revenue generated from "other online advertising services", including data analytics and AI-generated content, increased from RMB31.79 billion in 2020 to RMB105.60 billion in 2025, representing an increase of 232.2%.

In addition, we note that online marketing solution services have become the primary revenue contributor for the Group. According to the 2025 Annual Report, revenue from this segment amounted to approximately HK$627.2 million in FY2024 and approximately HK$530.2 million in FY2025, representing approximately 64.7% and approximately 69.9% of the Group's total revenue, respectively. During the review period, the Group continued to face financial challenges in both FY2024 and FY2025. The Group has recorded losses in each of FY2024 and FY2025, with loss for the year amounted to approximately HK$53.1 million and HK$72.7 million, respectively. The prolonged loss-making position places considerable pressure on the Group's internal funding capacity for both business expansion and ongoing operational requirements.

The Group's liquidity position has also deteriorated over the past few years. Notably, the Group recorded a net current liabilities position of approximately HK$135.0 million, HK$210.6 million and HK$185.8 million as at 31 December 2024 and 2025 and 30 June 2026, respectively. Both the Group's current and quick ratios remained below 1.0 throughout the periods under review, and the Group's gearing ratio stood at a relatively high 40.01 times as at 30 June 2026. In our view, such

Note 1: Source: 《中國廣告業發展指數報告(2026)》, https://www.samr.gov.cn/zw/zfxxgk/fdzdgknr/ggjgs/art/2026/art_99b7925f6d24476896fc60644776d4f3.html

liquidity and high leverage may constrain the Group's financial flexibility and limit its ability to allocate its financial resources for further expansion of the Group's business.

As disclosed in the Circular, the outstanding debts of the Group amounted to approximately HK$325.3 million as at 31 August 2026. On 19 March 2026, the Company received a winding-up petition (the "**Petition**") filed by Rising Jiarui Investment Management Co., Ltd (北京日信嘉鋭投資管理有限公司). The Petition seeks the winding up of the Company in connection with the non-payment of the principals and accrued interest of the outstanding convertible bonds due 20 July 2026 as detailed in the Winding Up Petition Announcements. However, the Group only had a bank balance and cash of approximately HK$12.8 million as at 30 June 2026. It is therefore essential for the Group to raise additional funds to fulfil imminent repayment obligations to avoid further legal actions by the creditors of the Group.

Furthermore, it is noted that as stated in the section headed "3. Working Capital Statement" in Appendix I to the Circular, the Directors considered that if certain plans and measures, including, among others, the Rights Issue, are successfully implemented, the Group would have had sufficient working capital for at least 12 months from the date of the Circular. The Rights Issue, if materialised, will provide the Group with new equity capital to strengthen its working capital and enhance the Group's financial position, thereby enabling its business to continue as going concern.

To further understand these plans and measures, we have discussed with the Management and reviewed relevant documentation. We noted that:

(i) The Group entered into a loan financing agreement with Asia Pacific Technology & Development Investment Bank Ltd. for an amount of HK$52,000,000. Subject to the terms of the agreement, such loan is intended to be drawn down by the Group to repay the outstanding principal and accrued and payable interest of the Company's convertible bonds, and relevant legal fees, settlement costs and administrative expenses directly related to the repayment of the convertible bond and the withdrawal of the winding-up petition, and the final maturity date is 24 months from the date of the first drawdown of the facility. As at the Latest Practicable Date, these loan facilities have not yet been utilised by the Group;

(ii) As disclosed in the circular, the net proceeds from the Rights Issue will be first applied towards the repayment of the Group's outstanding debt and interest. Any remaining proceeds will then be utilised in proportion among the other uses, mainly towards the Group's investment in computing infrastructure, data training, and staffing for the AI Digital Human technology development. As further advised by the Management, in the event that there is an under-subscription of the Rights Issue, the Group's investment in the AI projects may be scaled down and slowed down;

(iii) Regarding the overdue borrowings and interest, we noted from the voluntary announcement of the Company dated 23 March 2026 that, an arbitration award was issued based on the settlement agreement signed between the parties, which confirmed the total indebtedness and Chongqing Ji Ai's right to apply for judicial enforcement against the Securities in the event of non-payment. Subsequently, Chongqing Ji Ai will apply for enforcement of the award, which is expected to result in the judicial auction of the Sanya Properties. In the event that the proceeds from the judicial auction are less than the total indebtedness, the Company shall enter into negotiations with Chongqing Ji Ai regarding the extension of the outstanding loan. In such circumstances, it is expected that the parties will enter into a new loan agreement for the remaining balance on terms to be further negotiated between them; and

(iv) Regarding the winding-up Petition which was filed against the Company dated 19 March 2026, as disclosed in the Letter of the Board, following the hearing of the High Court on 10 June 2026, 22 June 2026 and 21 September 2026, the High Court has ordered the hearing of the Petition to be further adjourned to 26 October 2026. The High Court also ordered the Company to pay to the High Court within 28 days from 21 September 2026 a sum of HK$20 million as security money. The Company is currently making the relevant funding arrangements to pay the said security money within the aforesaid period in accordance with the order of the High Court.

As stated in the Letter from the Board, apart from the Rights Issue, the Directors have considered other debt or equity fundraising alternatives such as bank borrowings, placing or an open offer before resolving to the Rights Issue. The Directors note that bank borrowings, if available, carry additional interest costs and create pressure to the liquidity of the Company, and placing of new shares dilutes the interests of existing Shareholders without giving them the opportunity to take part in the exercise.

Unlike an open offer, the Rights Issue allows Shareholders to sell the nil-paid Rights Shares in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and continue participating in the future development of the Group.

Having considered that (i) the Group's current liquidity position remains low; (ii) the Group has to fulfil imminent repayment obligations to avoid legal actions by the creditors of the Group; (iii) the Group has been recording a continuing loss-making position; (iv) the intended use of proceeds aims to strengthen the competitiveness and scalability of a core business segment; (v) enhancing digital marketing capabilities aligns with the Group's strategic direction, we concur with the Directors that there is a need for the Company to pursue fundraising opportunities to support its ordinary course of business. In view of the above, we concur with the Directors that fund

raising by way of the Rights Issue is appropriate and is fair and beneficial to the Company and the Independent Shareholders as a whole.

Intended use of proceeds

As stated in the Letter from the Board, the estimated net proceeds of the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK$0.73 million) will be up to (i) approximately HK$274.48 million (assuming no changes in the share capital of the Company on or before the Record Date); or (ii) approximately HK$299.38 million (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds).

Assuming the Rights Issue is fully subscribed and there will be no changes in the share capital of the Company on or before the Record Date, the Company intends to apply the net proceeds from the Rights Issue and to supplement the Company's working capital requirements in the following manner:

(a) Approximately HK$116.0 million (being approximately 42.1% of the net proceeds) is intended to be applied towards the Group's investment in computing infrastructure for the AI Digital Human technology development, comprising:

    (i) approximately HK$38.2 million for the construction of high-specification computing data centre facilities, including server rack deployment, power capacity expansion, cooling system upgrades, and other infrastructure development; and

    (ii) approximately HK$77.8 million for purchasing computer hardware, including 500 high-performance GPUs (such as H100 series), distributed server clusters, high-speed storage arrays, and computing resource scheduling software systems, to support the training and real-time inference requirements of models with hundreds of billions of parameters.

(b) Approximately HK$70.5 million (being approximately 25.6% of the net proceeds) is intended to be applied towards the Group's investment in data training investment for the AI Digital Human technology development, comprising:

    (i) approximately HK$24.3 million for the procurement and construction of multimodal datasets, including industry-specific vertical data (such as knowledge graphs for finance, healthcare), general corpora, visual material libraries, etc.;

(ii) approximately HK$26.7 million for data labeling and cleansing, utilizing crowdsourcing platforms and professional labeling teams for fine-grained annotation of text, image, and speech data, and establishing an automated data cleansing toolchain to ensure data quality; and

(iii) approximately HK$19.5 million for training iteration costs, covering computing hours consumed during multiple rounds of model training and expenses for model tuning experiments, to ensure the intelligent agent meets commercial standards for interaction accuracy and response speed.

(c) Approximately HK$22.6 million (being approximately 8.2% of the net proceeds) is intended to be used for staff investment for AI Digital Human technology development over the coming two years, comprising:

(i) recruitment of 5 senior algorithm engineers, specializing in large-model optimization and multi-modal interaction algorithms, with an annual salary of approximately HK$0.8 million per person, totaling approximately HK$8.0 million;

(ii) recruitment of 4 data scientists, responsible for dataset construction and training effectiveness attribution analysis, with an annual salary of approximately HK$0.8 million per person per year, totaling approximately HK$6.4 million;

(iii) recruitment of 3 product managers, leading intelligent agent scenario implementation and user experience design, and 3 operations engineers, ensuring stable operation of computing clusters and data platforms, with annual salaries of approximately HK$0.6 million and HK$0.48 million respectively per person per year, respectively, totaling approximately HK$6.5 million for the coming two years; and

(iv) industry training and other miscellaneous expenses, estimated at approximately HK$0.87 million per year, totaling approximately HK$1.7 million, aimed at ensuring team stability and continuous technological advancement.

(d) Approximately HK$65.4 million (being approximately 23.8% of the net proceeds) is intended to be used as general working capital of the Group and repayment of the Group's debts, comprising;

(i) approximately HK$18.2 million for the procurement of raw materials for the silicon business;

(ii) approximately HK$2.0 million for staff costs, HK$3.0 million for professional fees, HK$7.2 million for rental payments and HK$2.0 million for other general administrative expenses; and

(iii) approximately HK$33.0 million for the repayment of the Group's outstanding debt and interests, of which approximately HK$6.3 million for repayment of bank facility loans due within this year, approximately HK$3.3 million for repayment of finance leases due within this year and approximately HK$23.4 million for repayment of mortgage property loans.

In the event that there is an under-subscription of the Rights Issue, the net proceeds from the Rights Issue will be first applied towards the repayment of the Group's outstanding debt and interests. Any remaining proceeds will then be utilised in proportion among the other uses described above.

In the event that the Convertible Bonds are converted in full on or before the Record Date and the corresponding additional Rights Shares are issued and subscribed for pursuant to the Rights Issue, the Company expects to receive additional net proceeds of approximately HK$24.90 million. Such additional net proceeds will be applied towards the repayment of the Group's outstanding debts and interest.

3. Fund raising activities in the past 12 months

The Company has conducted the following equity fundraising activities during the past twelve months immediately prior to the Last Trading Day:

Date of announcement	Event	Net Proceeds	Intended use of proceeds	Actual use of proceeds
3 July 2025	Issue of shares under general mandate granted by the Shareholders at the annual general meeting held on 27 June 2025	HK$34.39 million	(a) approximately HK$5 million is intended to be used for the procurement of artificial intelligence equipment and installation of servers for the digital marketing business;	

Date of announcement	Event	Net Proceeds	Intended use of proceeds	Actual use of proceeds
			(b) approximately HK$2 million is intended to be used for marketing and promotion of the digital marketing business;	
			(c) approximately HK$2 million is intended to be used for payment of staff costs for the digital marketing business;	
			(d) approximately HK$3 million is intended to be used for general working capital of the digital marketing business;	
			(e) approximately HK$8 million is intended to be used for operational reserve funds of the digital marketing business;	
			(i) approximately HK$3.2 million is intended to be used for technology platform upgrades and procurement of digital tools, such as data acquisition/labelling and algorithm development/outsourcing;	
			(ii) approximately HK$2.4 million is intended to be used for team development and talent recruitment, including products and operations team setup;	

Date of announcement	Event	Net Proceeds	Intended use of proceeds	Actual use of proceeds
			(iii) approximately HK$1.2 million is intended to be used for market expansion and customer acquisition, including sales channel development and brand building; and (iv) approximately HK$1.2 million is intended to be used as working capital and liquidity needs;	
			(f) approximately HK$10 million is intended to be used for payment of financing interest for the Yalong Bay project; and (g) the remaining balance of the proceeds of approximately HK$3.39 million is intended to be used for the general working capital of the Company.	the proceeds have been fully utilized as intended.
1 April 2025	Issue of shares under general mandate granted by the Shareholders at the annual general meeting held on 18 November 2024	HK$12.0 million	(a) approximately HK$4 million is intended to be used for the purchase of digital marketing hardware and equipment; (b) approximately HK$2 million is intended to be used for the development of digital marketing system software; (c) approximately HK$1 million is intended to be used for general working capital of the digital marketing business;	the proceeds have been fully utilized as intended.

Date of announcement	Event	Net Proceeds	Intended use of proceeds	Actual use of proceeds
			(d) approximately HK$1 million is intended to be used for payment of legal and professional fees; and	
			(e) approximately HK$4 million is intended to be used as general working capital of the Group.	

Save for the above, the Company has not conducted any other fundraising exercise during the 12-month period immediately preceding the Last Trading Day and the period from the Last Trading Day up to the Latest Practicable Date.

4. Principal terms of the Rights Issue

Issue statistics

Basis of the Rights Issue	:	Two (2) Rights Shares for every one (1) New Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$0.80 per Rights Share
Number of Existing Shares in issue as at the Latest Practicable Date	:	172,006,700 Existing Shares
Number of New Shares in issue upon the Capital Reorganisation becoming effective	:	172,006,700 New Shares
Maximum number of Rights Shares to be issued under the Rights Issue	:	Up to 344,013,400 Rights Shares (assuming no change in the number of New Shares in issue on or before the Record Date) Up to 375,141,804 Rights Shares (assuming no change in the number of New Shares in issue on or before the Record Date other than the conversion in full of the Convertible Bonds)

Aggregate nominal value of the Rights Shares	:	Up to HK$34,401,340 (assuming no change in the number of Shares in issue on or before the Record Date) Up to HK$37,514,180 (assuming no change in the number of Shares in issue on or before the Record Date other than the conversion in full of the Convertible Bonds)
Total number of New Shares in issue upon completion of the Rights Issue	:	Up to 516,020,100 New Shares (assuming no change in the number of Shares in issue on or before the Record Date) Up to 562,712,706 New Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the conversion in full of the Convertible Bonds)
Gross proceeds from the proposed Rights Issue	:	Up to approximately HK$275.21 million (assuming no changes in the share capital of the Company on or before the Record Date and all the Rights Shares are taken up) Up to approximately HK$300.11 million (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds and all the Rights Shares are taken up)
Net price per Rights Share	:	Approximately HK$0.80 per Rights Share (assuming no changes in the share capital of the Company on or before the Record Date) Approximately HK$0.80 per Rights Share (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds)

As at the Latest Practicable Date, there are outstanding Convertible Bonds in the aggregate principal amount of HK$40,000,000, which are convertible into 15,564,202 New Shares at a conversion price of HK$2.57 per Share. The Convertible Bonds are held by Rising Jiarui Investment Management Co., Ltd (北京日信嘉銳投資管理有限公司) is a company established in the PRC with limited liability, which is ultimately beneficially owned by Mr. Li Bing (李冰) and Mr. Zhang Baohui (張寶輝). As at the Latest Practicable Date, the Company has not received any indication from the holder of the Convertible Bonds regarding its intention to exercise the conversion rights on or before the Record Date. Assuming full conversion of the Convertible Bonds, the maximum number of New Shares that would fall to be allotted and issued under the terms and conditions of the Convertible Bonds on or before the Record Date would be 15,564,202 New Shares, which would result in the issue and allotment of 31,128,404 additional Rights Shares.

As at the Latest Practicable Date, save as disclosed above, the Company (a) has no other outstanding derivatives, options, warrants, conversion securities or other similar securities which are convertible or exchangeable into Shares; and (b) has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no change in the number of issued Shares on or before the Record Date, the Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 200.0% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 66.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

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

Subscription Price

The Subscription Price of HK$0.80 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or, where applicable, applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents (assuming the Capital Reorganisation has become effective as at the Latest Practicable Date and there is no change in the number of Shares in issue from the Latest Practicable Date up to and including the Record Date other than the Capital Reorganisation):

(i) a discount of approximately 2.44% to the closing price of HK$0.82 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 4.53% to the average closing price of approximately HK$0.84 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 7.83% to the average closing price of approximately HK$0.87 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 1.88% to the theoretical ex-rights price of approximately HK$0.82 per Share based on the closing price of HK$0.82 per Share as quoted on the Stock Exchange on the Last Trading Day;

(v) a premium of approximately 23.1% to the closing price of HK$0.65 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(vi) a premium of approximately 17,778.47% to the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2025 of approximately HK$0.0045 per Share, which is calculated by dividing the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK$774,000 as at 31 December 2025 as set out in the annual report of the Company for the year ended 31 December 2025 by the number of Shares as at the Latest Practicable Date;

(vii) a premium of approximately 1,975.95% to the unaudited consolidated net assets value per Share attributable to the Shareholders as at 30 June 2026 of approximately HK$0.0405 per Share, which is calculated by dividing the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK$6,964,000 as at 30 June 2026 as set out in the 2026 Interim Report by the number of Shares as at the Latest Practicable Date; and

(viii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 3.62%, represented by the theoretical diluted price of approximately HK$0.82 per Share to the benchmarked price of approximately HK$0.85 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares of HK$0.82 as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the closing prices of approximately HK$0.85 per Share as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Last Trading Day).

As disclosed in the Letter from the Board, the Subscription Price was determined by the Board with reference to the factors below:

(i) the recent market price of the Shares – the market prices of the Shares as traded on the Stock Exchange in the past twelve months prior to and including the Last Trading Day (the "**Relevant Period**"), as a benchmark to reflect the prevailing market conditions and recent market sentiment. During the Relevant Period, the Shares were traded on the Stock Exchange with an average closing price of approximately HK$0.96 per New Share. The Subscription Price represents a discount of approximately 16.99% to the average closing price for the Relevant Period;

(ii) the low trading volume of the Shares during the Relevant Period – trading liquidity of the Shares was generally thin during a substantial part of the Relevant Period, with an average trading volume amounting to approximately 0.27% of the total issued Shares;

(iii) the latest business performance and financial position of the Group – the Group remained loss-making and its financial position weakened during the two years ended 31 December 2025, with loss attributable to owners of the Company increasing from approximately HK$63.6 million for the year ended 31 December 2024 to approximately HK$73.3 million for the year ended 31 December 2025, net current liabilities increasing from approximately HK$135.0 million to approximately HK$210.6 million and equity attributable to owners of the Company decreasing significantly from approximately HK$31.3 million to approximately HK$0.8 million; and

(iv) the reasons for and benefits of the Rights Issue as discussed in the section headed "Reasons for the Rights Issue and the Use of Proceeds" in this Circular – which mentioned the proceeds will be strategically deployed to drive the Group's development in its digital marketing business, which has become one of the key revenue generator for the Group, and supporting long-term growth and creating value for the Company and its Shareholders as a whole.

Under the 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 (taking into account the effect of the Capital Reorganisation) will encourage them to participate in the Rights Issue.

In view of the above, the Directors consider that (i) all Qualifying Shareholders are provided with an equal opportunity to subscribe for their assured entitlements under the Rights Issue at the same Subscription Price and maintain their respective interests in the Company; (ii) while the Subscription Price represents a premium to the

recent closing prices of the Shares, having considered the relatively low trading liquidity and limited trading volume of the Shares during the relevant period, the Directors are of the view that the prevailing market price may not fully reflect the underlying value and prospects of the Company and should not be regarded as the sole factor in determining the Subscription Price, and the Rights Issue accordingly provides Shareholders with an opportunity to participate in the future growth and development of the Company while avoiding dilution of their existing shareholdings; and (iii) the Subscription Price represents a premium over the unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2026. The Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Rights Issue on a non-underwritten basis

Subject to the fulfilment and/or waiver (where applicable) for the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. If there is an under-subscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder(s) who apply to take up all or part of its entitlement under PAL or applies for excess Rights Shares under EAF may unwittingly incur an obligation to make a general offer under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will, pursuant to Rule 7.19(5) of the Listing Rules, provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder (except for HKSCC Nominees Limited) for his/her/its entitlement under the PAL or for excess Rights Shares under the EAF will be scaled down to a level as may be necessary to ensure that (i) no obligation to make a general offer under the Takeovers Code will arise as a result of such application; and (ii) the Company will be able to maintain compliance with the Public Float Requirements. The scaled down applications will be refunded the applicants.

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any Shareholder of the Company of any intention to take up his/her/its entitlements under the Rights Issue (or otherwise).

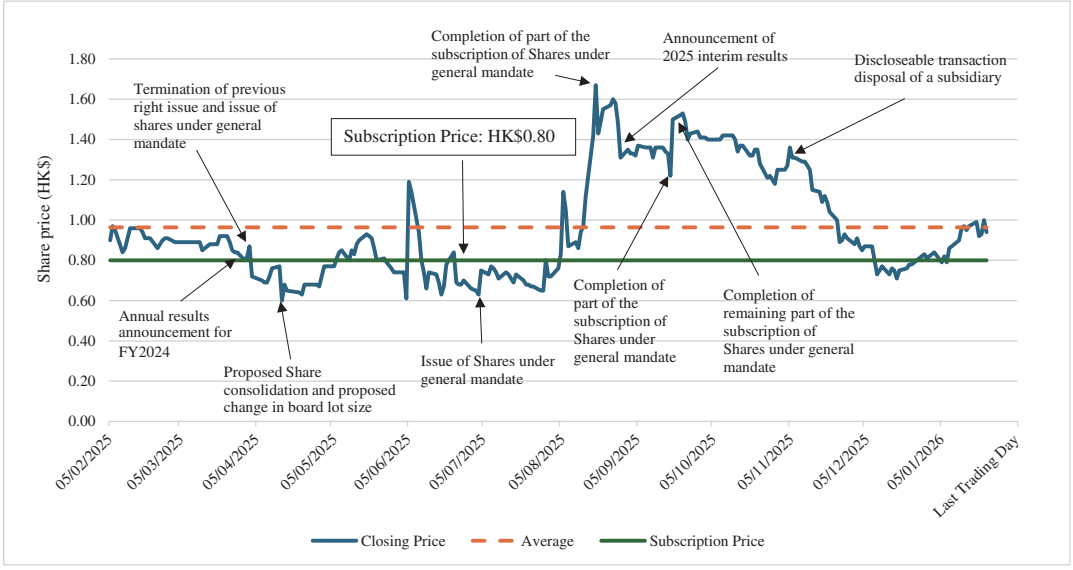
5. Assessment of the principal terms of the Rights Issue

Historical closing price and trading volume of the Shares

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on (i) the daily closing prices of the Shares as quoted from 5 February 2025 up to and including the Last Trading Day, being a period of approximately 12 months up to and including the Last Trading Day (the "**Review Period**"); and (ii) the average daily trading volumes of the Shares for each of the months/period during the Review Period. We consider that the Review Period is adequate to illustrate the 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 Rights Issue which may distort the analysis.

Closing price of the Shares

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



Source: www.hkex.com.hk

During the Review Period, the closing price of Shares (the "**Closing Price**") fluctuated between HK$0.60 and HK$1.67, with an average closing price of approximately HK$0.96.

As illustrated in the chart above, the Closing Prices showed a general downward trend at the start of the Review Period, decreased from HK$0.90 on 5 February 2025 (i.e. the beginning of the Review Period) to a period low of HK$0.60 on 15 April 2025. During this period, the Company announced its annual results for FY2024 on 28 March 2025.

Following the announcement of the proposed Share consolidation and the proposed change in board lot size on 16 April 2025, the Closing Price gradually recovered, reaching a period peak of HK$1.19 on 5 June 2025, before declining thereafter. Subsequent to the announcement on 3 July 2025 regarding the issue of Shares under general mandate to support the Company's plan to engage AI in its digital marketing business, the Closing Price increased sharply and reached a peak of HK$1.67 on 19 August 2025.

Since then, the Closing Price has been in general downward trend with a few minor rebounds with the announcement of (i) the interim results announcement for HY2025 on 29 August 2025; (ii) the discloseable transaction regarding the disposal of a subsidiary of the Company on 7 November 2025. In December 2025, the closing price reached its lowest level of approximately HK$0.71 and subsequently rebounded to approximately HK$1.00 by mid-January 2026 and closed at approximately HK$0.82 on the Last Trading Day.

After reviewing the Company's announcements, we do not notice any specific reasons for the aforementioned movements of the closing price during the Review Period. As discussed with the Management, they were not aware of any particular reason that contributed to the fluctuations in the closing price per Share during the Review Period aside from the aforementioned events.

The Subscription Price of HK$0.80 per Rights Share falls within the range of the Closing Prices during the Review Period and represents (i) a premium of approximately 33.33% over the lowest Closing Price of HK$0.60 during the Review Period; (ii) a discount of approximately 52.10% to the highest Closing Price of HK$1.67 during the Review Period; and (iii) a discount of approximately 16.99% to the average Closing Price of HK$0.96 during the Review Period.

With reference to the sub-paragraph headed "Rights issue comparables analysis" below in this paragraph, we note that it is a common market practice that the subscription price of a rights issue is set at a discount to the prevailing market prices of the relevant shares to encourage the existing shareholders to participate in a rights issue as to meet the need of equity fundraising. Having considered the above and the factors set out in our analysis under the section headed "Reasons for and benefits of the Rights Issue and the proposed use of proceeds" in this letter, we are of the view that the Subscription Price, which is set at a discount to the closing price on the Last Trading Day, is fair and reasonable.

Trading volume of the Shares

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

Year/Month	**Total trading volume of the Shares** *(Note 1)*	**Number of trading days**	**Average daily trading volume of the Shares**	**Percentage of average daily trading volume to the total number of issued Shares as at the end of the month/period** *(Note 1 & 2)*
2025				
February (from 5 February)	91,400	18	5,078	0.003%
March	156,600	21	7,457	0.004%
April	271,400	19	14,284	0.008%
May	293,200	19	15,432	0.009%
June	7,022,752	21	334,417	0.194%
July	6,443,600	22	292,891	0.170%
August	19,376,582	21	922,694	0.536%
September	11,123,177	22	505,599	0.294%
October	9,284,700	20	464,235	0.270%
November	22,319,800	20	1,115,990	0.649%
December	18,009,900	21	857,614	0.499%
2026				
January	12,708,600	21	605,171	0.352%
February (up to and including the Last Trading Day)	2,751,000	3	917,000	0.533%
Maximum			1,115,990	0.649%
Minimum			5,078	0.003%
Average			465,989	0.271%

Source: www.hkex.com.hk

Notes:

1. The Company announced a share consolidation on 16 April 2025 pursuant to which every ten (10) issued and unissued existing Shares in the share capital of the Company were consolidated into one (1) consolidated Share. The Share consolidation became effective on 28 May 2025. The trading volume shown in the table above and the total number of issued Shares used for the calculation reflects the share consolidation.

2. The calculation is based on the average daily trading volume for the month divided by the total number of issued Shares at the end of that month/period.

During the Review Period, the percentage of average daily trading volume to the total number of issued Shares as at the end of the relevant month or period ranged from 0.003% to 0.649%, with an average of 0.271%. Given the thin trading volume of the Shares, we consider that the Company is unlikely to be able to raise sizable equity funds from third parties without a discount to the prevailing Share price. Taking into account (i) the thin trading volume of the Shares as illustrated above; and (ii) the loss making position as well as the net current liabilities position of the Group as discussed above which would hinder the Group from obtaining further financing from financial institutions, we are of the view that (i) the Rights Issue is an appropriate and reasonable equity financing method for the Group; and (ii) it is reasonable to set at a discount for the Subscription Price to encourage the Qualifying Shareholders to subscribe for the Rights Shares.

Rights Issue comparable analysis

To further assess the fairness and reasonableness of the terms of the Rights Issue, including the Subscription Price, we compared the Rights Issue to other rights issues conducted by other listed companies on the Stock Exchange. We reviewed rights issues of the companies listed on the Stock Exchange of Hong Kong based on the key selection criteria: (i) the initial announcement of the rights issue was published within the three months prior to the Last Trading Day (the "**Comparison Period**"); and (ii) the rights issues that are either completed or not terminated as at the Latest Practicable Date. We consider that the Comparison Period is appropriate, fair and representative because (i) the comparables are considered for the purpose of taking a general reference for the recent market practice in relation to the rights issue exercise in the recent market conditions; and (ii) sufficient number of comparables were identified during the Comparison Period. Based on our research, we have identified an exhaustive list of 16 rights issue comparables (the "**Comparables**") during the Comparison Period.

Although the Comparables differ from the Company in terms of principal activities, market capitalisation, profitability and financial position, and include underwritten rights issue transactions with varying bases of entitlement, we consider that the Comparables can provide a general reference to the pricing trend of recent rights issue transactions under the current market conditions as well as a sufficient sample size for comparison purpose, so as to determine whether the Subscription Price aligns with recent rights issue transactions in the market.

The following table sets forth the major terms of the Comparable Issues:

						Premium/(discount) of the Subscription Price over/to the				
Announcement date	**Company**	**Stock code**	**Rights issue basis**	**Expected maximum gross proceeds** *HK$' million*	**closing price on the last trading day**	**average closing price of the share over the last 5 consecutive trading days prior to/up to and including the last trading day/date of agreement**	**latest published consolidated net assets value per share** *Note 1*	**theoretical ex-rights price** *Note 2*	**Theoretical dilution effect**	**Underwritten**
29 Jan 2026	Add New Energy Investment Holdings Group Limited (now known as Hong Kong Gold Industry Group Limited)	2623	1 for 2	504.40	(37.66)%	(34.81)%	65.57%	N/A	12.55%	N
27 Jan 2026	Pacific Legend Group Limited	8547	1 for 2	29.60	26.58%	31.23%	4.09%	16.28%	4.60%	N
26 Jan 2026	Kwan On Holdings Limited	1559	1 for 2	65.42	(17.65)%	(15.05)%	79.09%	(12.50)%	5.88%	N
15 Jan 2026	Shanghai International Shanghai Growth Investment Limited	770	3 for 8	4.51 *Note 3*	(60.00)%	(60.00)%	47.44%	(52.19)%	16.33%	N
14 Jan 2026	Anchorstone Holdings Limited	1592	4 for1	121.60	(30.00)%	(28.57)%	N/A	(7.89)%	24.00%	N
14 Jan 2026	Jutal Offshore Oil Services Limited	3303	1 for 6	56.90	(69.23)%	(69.35)%	(85.13)%	(66.10)%	9.92%	N
13 Jan 2026	EPI (Holdings) Limited	689	2 for1	198.20	(17.10)%	(21.57)%	(76.88)%	(8.57)%	14.38%	Y
2 Jan 2026	HKC International Holdings Limited	248	1 for 2	21.80	(25.50)%	(25.50)%	(79.10)%	(18.60)%	8.50%	N
30 Dec 2025	Wanjia Group Holdings Limited	401	1 for 1	44.82	(31.62)%	(27.27)%	(33.33)%	(18.78)%	15.81%	N

						Premium/(discount) of the Subscription Price over/to the				
Announcement date	**Company**	**Stock code**	**Rights issue basis**	**Expected maximum gross proceeds** *HK$' million*	**closing price on the last trading day**	**average closing price of the share over the last 5 consecutive trading days prior to/up to and including the last trading day/date of agreement**	**latest published consolidated net assets value per share** *Note 1*	**theoretical ex-rights price** *Note 2*	**Theoretical dilution effect**	**Underwritten**
19 Dec 2025	China Castson 81 Finance Company Limited	810	5 for 2	51.93	(26.62)%	(30.80)%	(21.54)%	(9.41)%	22.73%	Y
12 Dec 2025	Shun Wo Group Holdings Limited	1591	1 for 3	18.67	(6.70)%	(3.40)%	(54.80)%	N/A	1.70%	N
11 Dec 2025	Hang Yick Holdings Company Limited	1894	4 for 1	84.70	(28.13)%	(27.67)%	(84.67)%	(7.26)%	22.50%	N
21 Nov 2025	Crown International Corporation Limited	727	3 for 1	620.00	(19.75)%	(26.14)%	(44.85)%	(5.80)%	20.97%	N
19 Nov 2025	Silkwave Inc	471	3 for 1	163.72	(31.06)%	(32.29)%	(62.81)%	(10.13)%	24.51%	N
12 Nov 2025	Domaine Power Holdings Limited	442	1 for 2	61.00	(17.44)%	(15.88)%	65.12%	(12.35)%	5.81%	N
7 Nov 2025	Winto Group (Holdings) Limited	8238	3 for 1	52.25	(6.98)%	(6.98)%	N/A	(1.96)%	5.12%	N
				Average	(24.93)%	(24.63)%	(20.13)%	(15.38)%	13.46%	
				Minimum	(69.23)%	(69.35)%	(85.13)%	(66.10)%	1.70%	
				Maximum	26.58%	31.23%	79.09%	16.28%	24.51%	
4 Feb 2026	The Company	1991	2 for 1	300.11	(2.44)%	(4.53)%	1,975.95%	(1.88)%	3.62%	N

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

Notes:

1. The net assets value per share is calculated based on the latest published audited/unaudited consolidated equity attribute to owners of the company and total number of shares in issue as at the date of the respective announcements. "N/A" denotes that the net assets value of the subject company has net liabilities according to their respective latest published audited/unaudited consolidated financial statements.

2. "N/A" denotes that the announcement did not disclose such information.

3. The amount was stated in US$ and was converted to HK$ using the exchange rate of US$1.00 = HK$7.78.

4. Information shown in the above table has been extracted from the relevant announcements or circulars of the rights issue of the respective Comparables, where applicable.

As set out in the table above, 15 out of 16 Comparables had discounted subscription price compared to the prevailing market price of the relevant shares before the relevant rights issue announcements were made. It demonstrates that it is not uncommon to set the subscription price of a rights issue at a discount to an issuer's prevailing market price in order to encourage the existing shareholders to participate in the rights issue. As shown in the above table, we note that:

(i) the subscription price to the closing price on the respective last trading day of the Comparables ranged from a discount of 69.23% to a premium of 26.58%, with an average discount of 24.93%. The Subscription Price represents a discount of approximately 2.44% to the closing price of the Share on the Last Trading Day, which is within the range of that of the Comparables.

(ii) the subscription price to the five-day average of the closing price on the respective last trading day of the Comparables ranged from a discount of 69.35% to a premium of 31.23%, with an average discount of 24.63%. The Subscription Price represents a discount of approximately 4.53% to the five-day average closing price of the Share on the Last Trading Day, which is within the range of that of the Comparables;

(iii) the subscription price to the net asset value per issued share of the Comparables ranged from a discount of 85.13% to a premium of 79.09%, with an average discount of 20.13%, whereas the Subscription Price represents a substantial premium of approximately 1,975.95% to the Group's net assets value per Share. As detailed in the paragraph headed "Summary of the Group's financial position" above, this extreme premium is a mathematical anomaly caused by a low base effect, stemming from the Group's significantly decreased net assets value as at 30 June 2026. Therefore, while the premium theoretically supports the view that the Subscription Price to be fair and reasonable when compared with the Comparables, the exponential percentage itself is less relevant for direct benchmarking purposes;

(iv) the subscription price to the theoretical ex-rights price on the respective last trading day of the Comparables ranged from a discount of 66.10% to a premium of 16.28%, with an average discount of 15.38%. The Subscription Price represents a discount of approximately 1.88% to the theoretical ex-rights price of the Share on the Last Trading Day, which is within the range of that of the Comparables;

(v) the theoretical dilution effect of the Comparables ranged from 1.70% to 24.51%, with an average of approximately 13.46%. The theoretical dilution effect of the Rights Issue of approximately 3.62% is within the range of that of the Comparables; and

(vi) the Rights Issue is on a non-underwritten basis, which is considered to be in line with market practice, given that 14 out of 16 Comparables were also conducted on a non-underwritten basis.

Having considered (i) it is a common market practice for the companies listed on the Stock Exchange to set the subscription price of a rights issue at a discount to the market price on the Last Trading Day in order to encourage the existing shareholders to participate in the rights issue; (ii) the non-underwritten basis for the Rights Issue is in line with common market practice; (iii) the discounts represented by the Subscription Price to the closing price on the Last Trading Day, the five-day average closing price, the theoretical ex-rights price per Share as well as the theoretical dilution effect of the Rights Issue fall within the respective range of that of the Comparables; (iv) while the Subscription Price represents a premium to the closing prices of the Shares on the Latest Practicable Date, the trading volume of the Shares was generally thin during the Review Period and its liquidity remained low up to the Latest Practicable Date; (v) there is a need for the Company to seek opportunities to raise funds to, among others, maintain the competitiveness in the industry; (vi) other alternative fund raising methods may not be preferrable over the Rights Issue as discussed above in this letter; and (vii) the interest of the Qualifying Shareholders will not be prejudiced by the Subscription Price, as long as they are offered an equal opportunity to participate in the Rights Issue and to take up their entitlements in full at the same price to maintain their respective shareholdings in the Company, we are of the view that the determination of the Subscription Price, along with the other terms of the Rights Issue, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

6. Impact of the Winding Up Petition on the Rights Issue

Reference is made to the Winding Up Petition Announcements. The Company received the Petition which was filed against the Company dated 19 March 2026 at the High Court of Hong Kong (the "**Court**") by Rising Jiarui Investment Management Co., Ltd (北京日信嘉鋭投資管理有限公司), for the winding up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the "**CWUMPO**"). The

Petition was filed against the Company in relation to the non-payment of an amount of HK$50,377,777.78 inclusive of interest accrued up to 24 February 2026 relating to the HK$40,000,000 10.0% convertible bond due 20 July 2026 issued by the Company. Following the hearing of the High Court on 10 June 2026, 22 June 2026 and 21 September 2026, the High Court has ordered the hearing of the Petition to be further adjourned to 26 October 2026. The High Court also ordered the Company to pay to the High Court within 28 days from 21 September 2026 a sum of HK$20 million as security money. The Company is currently making the relevant funding arrangements to pay the said security money within the aforesaid period in accordance with the order of the High Court.

As set out in the Letter from the Board, the Company has consulted its Hong Kong legal adviser in respect of the Petition and has been advised that section 182 of the CWUMPO does not apply to the allotment and issuance of new shares (including by way of Rights Issue) by the Company and the Company is not restricted from proceeding with the proposed Rights Issue (or any issue of new shares) without first obtaining a validation order from the Court.

7. Potential dilution effect

All the Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. Qualifying Shareholders who do not accept the Rights Issue can, subject to the then prevailing market conditions, consider selling their nil-paid rights to subscribe for the Rights Shares in the market. It should be noted that the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including but not limited to the results of acceptance of the Rights Issue.

Having considered (i) the theoretical dilution effect of the Rights Issue falls within range of those of the Comparable and is in compliance with Rule 7.27B of the Listing Rules; (ii) Independent Shareholders are offered a chance to express their views on the terms of the Rights Issue through their votes at the EGM; (iii) all Qualifying Shareholders are offered an equal opportunity to participate in the enlargement of the capital base of the Company and Shareholders' interests in the Company will not be diluted if they elect to exercise their full provisional allotments under the Rights Issue; and (iv) the Qualifying Shareholders have the opportunity to sell their nil-paid rights to subscribe for the Rights Shares in the market if they do not wish to take up the Rights Issue entitlements, we are of the view that the potential dilution effect on the shareholding is acceptable and justifiable.

8. Potential financial effects of the Rights Issue

(i) Net tangible assets

According to the unaudited pro forma financial information of the Group set out in Appendix II to this Circular, the audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 30 June 2026 was approximately HK$19.8 million. Upon completion of the Rights Issue, the Group will receive estimated net proceeds of approximately HK$274.5 million and the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company immediately upon completion of the Rights Issue will be approximately HK$254.7 million.

(ii) Liquidity

As at 30 June 2026, the Group has net current liabilities of approximately HK$185.8 million. Upon completion of the Rights Issue, the net proceeds from the Rights Issue are expected to enhance the Group's cash and bank balance, and therefore the current assets of the Group. As such, the Rights Issue is expected to improve the Group's net current liabilities position immediately after its completion.

(iii) Gearing ratio

As disclosed in 2026 Interim Report, the Group's gearing ratio, which was calculated by dividing the total borrowings by total equity, was approximately 40.01 times as at 30 June 2026. Upon completion of the Rights Issue, a portion of the net proceeds from the Rights Issue will be used to repay the Group's debts. Therefore, the gearing ratio of the Group is expected to improve upon the application of such proceeds.

Having considered the above, we are of the view that the overall financial impact to the Group upon completion of the Rights Issue is in the interests of the Company and the Shareholders. We draw attention to the Shareholders and the Independent Board Committee that the above analysis is for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon completion of the Rights Issue.

RECOMMENDATION

Having taken into consideration of the above factors and reasons, we are of the view and concur with the Directors' view that (i) the terms of the Rights Issue are on normal commercial terms and are fair and reasonable; and (ii) although the Rights Issue is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend that (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders,

to vote in favour of the relevant resolution(s) at the EGM to approve the Rights Issue and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Frontpage Capital Limited
Wu Man Kit
Director

Mr. Wu Man Kit is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Frontpage Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has over 12 years of experience in corporate finance.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three financial years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 are set out in the following documents which have been published on the website of the Stock Exchange. The above-mentioned financial information have been published and is available on the website of the Stock Exchange (https://www.hkex.com.hk) and the Company's website (https://www.tayanggroup.com):

(a) Annual report of the Company for the year ended 31 December 2023 published on 24 October 2024 (pages 90 to 218)

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/1024/2024102400322.pdf

(b) Annual report of the Company for the year ended 31 December 2024 published on 28 April 2025 (pages 88 to 218)

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0428/2025042800221.pdf

(c) Annual report of the Company for the year ended 31 December 2025 published on 29 May 2026 (pages 92 to 226)

https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0601/2026060103972.pdf

(d) Interim report of the Company for the six months ended 30 June 2026 published on 30 September 2026 (pages 4 to 20):

https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0930/2026093001386.pdf

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 31 August 2026, being the latest practicable date for this indebtedness statement prior to the printing of this circular, the indebtedness of the Group was set out below:

(a) Bank borrowings – secured and guaranteed: approximately HK$10.6 million;

(b) Bank borrowings – unsecured and guaranteed: approximately HK$51.4 million;

(c) Bank borrowings – unsecured and unguaranteed: approximately HK$26.0 million;

(d) Other borrowings – unsecured and guaranteed: approximately HK$9.5 million;

(e) Other borrowings – unsecured and unguaranteed: approximately HK$22.4 million;

(f) Other borrowings – secured and guaranteed: approximately HK$146.5 million;

(g) Convertible bonds – unsecured and unguaranteed: approximately HK$52.7 million;

(h) Lease liabilities – unsecured and unguaranteed: approximately HK$6.2 million.

The approximate total amount of outstanding indebtedness is HK$325.3 million.

The secured and guaranteed bank borrowings are secured by certain properties and guaranteed by the personal guarantee of a shareholder. The loans are repayable in accordance with the repayment schedule as stipulated by the banks.

The unsecured and guaranteed bank borrowings are guaranteed by the personal guarantees of a shareholder and a related party. The loans are repayable in accordance with the repayment schedule as stipulated by the banks.

The unsecured and guaranteed other borrowings are guaranteed by the personal guarantees of a shareholder and a related party. The loans are repayable on demand.

The unsecured and unguaranteed other borrowings represent loans from shareholders and other related parties. These loans are repayable on demand.

The secured and guaranteed other borrowings are secured by certain properties and guaranteed by the personal guarantee of a shareholder. The loans are repayable on terms to be mutually agreed upon.

The convertible bonds bear interest at 10% per annum and matured in July 2026.

None of the lease liabilities are secured or guaranteed.

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

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that the working capital available to the Group may not be sufficient for the Group's requirements for at least 12 months from the date of this circular.

Given the above circumstances, the Group has undertaken certain plans and measures in view to improve its working capital position, which include:

(i) On 27 March 2026, the Group entered into a loan financing agreement with Asia Pacific Technology & Development Investment Bank Ltd. for an amount of HK$52,000,000. The Group plans to draw down these facilities around the 4th quarter of 2026;

(ii) The Company announced its proposal to conduct the Rights Issue on the basis of two (2) rights shares for every one (1) share held on the record date, to raise gross proceeds of up to: (a) approximately HK$275.21 million by issuing up to 344,013,400 rights shares (assuming no change in the share capital of the Company on or before the record date); or (b) approximately HK$300.11 million by issuing up to 375,141,804 rights shares (assuming no change in the share capital of the Company on or before the record date other than the full conversion of the Convertible Bond). As of the date of this letter, the Rights Issue has not yet been completed and remains subject to the fulfilment of various conditions;

(iii) The Group has been in advanced negotiations with relevant creditors to extend overdue borrowings and interest and to waive their rights arising from events of default due to overdue payments. Management has made substantial progress with these creditors regarding feasible settlement plans and extended repayment schedules;

(iv) The Group has been actively negotiating with the convertible bondholder for the renewal and extension of the convertible bond, as well as the formal withdrawal of the Petition; and

(v) Management has been closely monitoring the Group's financial performance and liquidity position, and has implemented measures to improve profitability, control operating costs, and contain capital expenditures. The Group will continue to execute cost-control measures in the forthcoming years, including but not limited to reducing discretionary expenses and administrative costs. Concurrently, the Group is implementing measures to accelerate operating cash inflows, including intensifying efforts on the collection of trade receivables.

Taking into account the assumptions stated above, with the successful implementation of the plans and measures above, the Directors are of the view that the Group would have had sufficient working capital for at least 12 months from the date of this circular. The Company has obtained the working capital sufficiency confirmation letter from its auditor as required under the Listing Rules.

4. MATERIAL ADVERSE CHANGES

Save as disclosed in this Circular, as at the Latest Practicable Date, 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 of the latest published audited accounts of the Group, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in the design, research and development, and manufacturing of new eco-friendly silicone products, and its product categories cover, amongst others, new energy vehicles, photovoltaic components, aerospace materials, medical devices, consumer electronics, and beauty products. In addition to the aforesaid principal business, the Group is also engaged in (i) the operation of international digital marketing business; (ii) the operation of retail business in the United Kingdom; and (iii) the provision of healthcare and hotel services.

The Silicone Rubber Business

For the six months ended 30 June 2026, the Silicone Rubber Business remained one of the Group's stable sources of revenue and cash flow. With over three decades of experience in silicone rubber manufacturing, the Group has maintained high production standards and product quality, earning the trust of customers worldwide. As an established manufacturer, the Group operates two production facilities in Dongguan and Huzhou, China, both equipped with comprehensive facilities and advanced machinery. The Silicone Rubber Business recorded sales revenue of approximately HK$106.6 million for the six months ended 30 June 2026, representing an increase of approximately 4.5% from approximately HK$102.0 million for the corresponding period in 2025, and accounted for approximately 28.3% of the Group's total revenue (2025: approximately 35.1%). Amid evolving market conditions and increasing competition, the factories' R&D teams remained committed to developing new silicone material applications, integrating traditional manufacturing expertise with emerging technologies, and advancing environmentally friendly silicone materials for sectors such as new energy vehicles, photovoltaic modules, aerospace, medical devices, consumer electronics and beauty products. The business principally manufactures and sells products including new energy vehicle and photovoltaic components, medical devices, consumer electronic products and peripheral accessories, as well as various daily consumer products, serving customers across Asia, Europe and North America. Looking ahead, the Group will continue to monitor raw material prices, customer demand, supply chain stability, international trade policies and export market conditions, while pursuing growth through product mix optimisation, customer base expansion, enhanced capacity utilisation and cost control. The Group will also continue to maintain the production and sales of traditional silicone products while prudently advancing the development of environmentally friendly silicone materials.

International Digital Marketing Business

Since its inception, the Digital Marketing Business has become a key business segment of the Group. Unlike traditional manufacturing, digital marketing is driven by the advancement of internet technologies, big data and artificial intelligence. Its growth has

been supported by evolving consumer behaviour and increasing demand for online marketing solutions. As online consumption and the use of social media continue to rise, brands and merchants have increasingly allocated their marketing resources to mainstream social media and e-commerce platforms. Through its operating subsidiary, Jusheng Technology Co., Ltd., the Group provides digital marketing services by leveraging customer data and analytical capabilities to assist merchants in understanding user behaviour and preferences, enabling more targeted advertising and marketing strategies.

For the six months ended 30 June 2026, the Digital Marketing Business recorded sales revenue of approximately HK$268.3 million, representing an increase of approximately 44.0% from approximately HK$186.3 million for the corresponding period in 2025 and accounting for approximately 71.2% of the Group's total revenue (2025: approximately 64.1%). During the period, the business provided services including account setup and management, content strategy development, video production, audience engagement, data analytics, e-commerce operations, livestream hosting and advertising placement. Looking ahead, the performance of the Digital Marketing Business will continue to be influenced by factors such as platform policies, regulatory requirements, customer budgets, market competition, traffic acquisition costs and data compliance requirements. The Group will continue to monitor these factors closely and seek to enhance profitability through customer portfolio optimisation, strengthened receivables management, improved placement efficiency, effective cost control and continued investment in technology and talent.

The Retail Business

For the six months ended 30 June 2026, the Retail Business recorded a sales revenue of approximately HK$1,965,000, representing a decrease of approximately 16% from approximately HK$2,339,000 compared to the same period of last year, and accounting for approximately 0.5% (2025: approximately 0.8%) of the Group's total revenue. The Group continued to operate its Retail Business in the UK primarily under the "EKAU" brand, which mainly provides food and household goods from China, Japan, South Korea, Southeast Asia, and other regions. The Group continued to enhance customer experience and operational efficiency through measures such as product mix adjustments, store and online channel operations, supplier management, inventory optimization, logistics efficiency improvements, and brand promotion.

During the year ended 31 December 2025, the Group completed the disposal of its 60% equity interest in East Shack Limited (the "**Disposal**") and subsequently acquired the entire issued share capital of Yohome H.B. Ltd. as part of an overall restructuring of its UK retail business (the "**Acquisition**"). The transactions enabled the Group to exit a loss-making retail investment and reallocate resources to a retail operation with an established profit-making track record while maintaining its strategic presence in the United Kingdom market. For further details of the Disposal and the Acquisition, please refer to the Company's announcements dated 7 November 2025 and 15 May 2026, respectively.

Healthcare and Hospitality Business

The Group ventured into the healthcare and hospitality business in the PRC after it acquired four hotel buildings at Sanya, Yalong Bay, Hainan Province, the PRC in 2016 (the "**Sanya Project**").

Owing to macroeconomic factors in the real estate sector and the severe impact of the COVID-19 pandemic on tourism and hospitality, the Sanya Project has been underperforming and loss-making since 2021. As disclosed in the annual reports of the Company since the year ended 31 December 2021 and the interim reports of the Company since the period ended 30 June 2021, the Company's healthcare and hospitality business segment, which consists primarily of the Sanya Project, has been underperforming and was identified by the Board as being of low strategic importance to the Group, with minimal or no revenue contribution and continued segment losses.

In light of the sustained underperformance of the Sanya Project and the healthcare and hospitality business, the Company has since then been actively exploring opportunities to realise the value of its investments in this segment and to wind down and cease its healthcare and hospitality business operations.

Web 4.0 Strategic Transformation

The Group will steadily advance its Web 4.0-driven strategic transformation, leveraging AI-powered digital humans as a key technological foundation. The Group intends to focus on three core sectors, namely education, gaming, and healthcare, actively promoting data standardization, digital asset representation, and global value synergy. The Group will continue to enhance its intelligent asset management capabilities and explore efficient, compliant pathways for global asset circulation.

Save for the abovementioned underperforming healthcare and hospitality businesses, which the Company intends to wind down, the Directors wish to emphasise that the Company has no intention of disposing of, scaling down, or otherwise reducing any of the Group's principal existing businesses.

The following is the text of a report received from the Company's reporting accountants, Rongcheng (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of inclusion in this circular.

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

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

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company has been prepared by the Directors in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 June 2026.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only and based on the judgements, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue as at 30 June 2026 or any future date after completion of the Rights Issue.

The unaudited pro forma financial information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2026, adjusted as described below:

	Unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2026 *HK$'000* *(Note 1)*	**Estimated net proceeds from the Rights Issue** *HK$'000* *(Note 2)*	**Estimated impact on the conversion of the Convertible Bonds** *HK$'000* *(Note 3)*	**Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company immediately after completion of the Right Issue** *HK$'000*	**Unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company per share as at 30 June 2026** *HK$'000* *(Note 4)*	**Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company per share immediately after completion of the Rights Issue** *HK$'000* *(Note 5)*
(i) Assuming no changes in the share capital of the Company on or before the Record Date	(13,588)	274,480	–	260,892	(0.08)	0.51
(ii) Assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds	(13,588)	299,380	37,051	322,843	(0.08)	0.57

Notes:

1. The unaudited consolidated net tangible assets of the Group as at 30 June 2026 is extracted from the interim report of the Company as at 30 June 2026, which is equal to the unaudited consolidated net assets attributable to owners as at 30 June 2026 of HK$6,964,000, after deducting goodwill of approximately HK$20,552,000.

2 The estimated net proceeds of the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK$0.73 million) will be up to (i) approximately HK$274.48 million by issuing up to 344,013,400 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date); or (ii) approximately HK$299.38 million by issuing up to 375,141,804 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds).

3. Upon conversion of the Convertible Bonds into ordinary shares. These Convertible Bonds will be re-designated from liabilities to equity. Accordingly, for the purpose of the unaudited proforma financial information, the unaudited pro forma adjusted net tangible assets attributable to the owners of the Company will be increased by HK$37,051,000, being the carrying amount of the Convertible Bonds as at 30 June 2026.

4. The number of shares used for the calculation of unaudited consolidated net tangible assets per share before the completion of the Rights Issue is based on 172,006,700 shares in issue as at 30 June 2026.

5. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share as at 30 June 2026 immediately after completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group immediately after completion of Rights Issues (i) divided by 516,020,100 Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) divided by 562,712,706 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the conversion in full of the Convertible Bonds), assuming the Rights Issue has been completed on 30 June 2026.

6. Save as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2026.

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

The following is the text of the independent reporting accountants' assurance report received from Rongcheng (Hong Kong) 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.

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To the Directors of Ta Yang Group Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Ta Yang Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets as at 30 June 2026 as set out on pages II-1 to II-3 of Appendix II of the circular issued by the Company dated 16 October 2026 (the "**Circular**") issued in relation to proposed capital reorganisation and proposed rights issue (the "**Rights Issue**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Section A of Appendix II to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group's net tangible assets as at 30 June 2026 as if the transaction had been taken place on 30 June 2026. As part of this process, information about the Group's net tangible assets has been extracted by the Directors from the Group's unaudited consolidated financial statements as included in the interim report as at 30 June 2026.

Directors' Responsibilities

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

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public

Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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 pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

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

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the 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 pro forma financial information.

The purpose of pro forma financial information included in a Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2026 would have been as presented.

A reasonable assurance engagement to report on whether the 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 pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

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

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

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

The engagement also involves evaluating the overall presentation of the 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 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 pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Rongcheng (Hong Kong) CPA Limited
Certified Public Accountants
LEE, Wai Chi
Practising Certificate Number: P07830
Hong Kong

16 October 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 (a) as at the Latest Practicable Date (excluding treasury shares, if any); (b) immediately following the completion of the Capital Reorganisation but before the completion of the Rights Issue; (c) Immediately after the completion of the Rights Issue (assuming no change in the number of New Shares in issue on or before the Record Date); and (d) Immediately after the completion of the Rights Issue (assuming no change in the number of New Shares in issue on or before the Record Date other than the conversion in full of the Convertible Bonds) will be, as follows:

(a) As at the Latest Practicable Date

	Number of Shares	Nominal value of ordinary Shares *(HK$)*
Authorised share capital:		
Ordinary Shares of HK$1.00 each	2,000,000,000	2,000,000,000
Issued and fully paid:		
Ordinary Shares of HK$1.00 each	172,006,700	172,006,700

(b) Immediately following the completion of the Capital Reorganisation but before the completion of the Rights Issue

	Number of Shares	Nominal value of ordinary Shares *(HK$)*
Authorised share capital:		
Ordinary Shares of HK$0.10 each	20,000,000,000	2,000,000,000
Issued and fully paid:		
Ordinary Shares of HK$0.10 each	172,006,700	17,200,670

(c) Immediately following the completion of the Rights Issue (assuming no change in the number of New Shares in issue on or before the Record Date)

	Number of Shares	Nominal value of ordinary Shares *(HK$)*
Authorised share capital:		
Ordinary Shares of HK$0.10 each	20,000,000,000	2,000,000,000
Issued and fully paid:		
Ordinary Shares of HK$0.10 each	516,020,100	51,602,010

(d) Immediately following the completion of the Rights Issue (assuming no change in the number of New Shares in issue on or before the Record Date other than the conversion in full of the Convertible Bonds)

	Number of Shares	Nominal value of ordinary Shares *(HK$)*
Authorised share capital:		
Ordinary Shares of HK$0.10 each	20,000,000,000	2,000,000,000
Issued and fully paid:		
Ordinary Shares of HK$0.10 each	562,712,706	56,271,271

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

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

Save for the outstanding Convertible Bonds in the aggregate principal amount of HK$40,000,000, which are convertible into 15,564,202 New Shares at a conversion price of HK$2.57 per Share, as at the Latest Practicable Date, the Company has (a) no other outstanding derivatives, options, warrants, conversion securities or other similar securities which are convertible or exchangeable into Shares; and (b) no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

As at the Latest Practicable Date, the Company did not have any treasury shares.

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

3. DISCLOSURE OF INTERESTS

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

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

Shareholders	Nature of interest	Total number of shares/underlying shares held	Approximate percentage of interest in the Company *(Note 1)*
Ms. Shi Qi *(Note 2)*	Interest of controlled corporation	79,687,549 (Long)	46.33%
		79,687,549 (Short)	46.33%

Notes:

1. The shareholding percentage in the Company is calculated on the basis of 172,006,700 Shares in issue as at the Latest Practicable Date.

2. Lyton Maison Limited, a limited company incorporated in the British Virgin Islands and solely owned by Ms. Shi Qi, was interested in 79,687,549 shares. 79,687,549 shares held by Lyton Maison Limited were charged to Mason Resources Finance Limited, which was indirectly wholly-owned by Mason Group Holdings Limited.

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

(b) Substantial shareholders' interests and short positions in shares and underlying shares

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules of the Stock Exchange:

Shareholders	Nature of interest	Total number of shares/underlying shares held	Approximate percentage of interest in the Company *(Note 1)*
Lyton Maison Limited *(Note 2)*	Beneficial owner	79,687,549 (Long)	46.33%
		79,687,549 (Short)	46.33%
Mason Resources Finance Limited *(Note 2)*	Person having a security interest in shares	805,677,490 (Long)	46.33%
Mason Group Holdings Limited (Note 2)	Interest of controlled corporation	805,677,490 (Long)	46.33%
Liu Dewei	Beneficial owner	13,600,000	7.91%

Notes:

1. The shareholding percentage in the Company is calculated on the basis of 172,006,700 Shares in issue as at the Latest Practicable Date.

2. Lyton Maison Limited was interested in 79,687,549 shares. Of the 79,687,549 shares held by Lyton Maison Limited were charged to Mason Resources Finance Limited, which was indirectly wholly-owned by Mason Group Holdings Limited.

As at the Latest Practicable Date and save as disclosed, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO; or who is directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or options in respect of such share capital.

4. DIRECTOR'S SERVICE CONTRACTS

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

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or controlling shareholders of the Company or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

6. MATERIAL LITIGATION

In 2021, Ta Yang (Hainan) Health Industry Development Limited* (大洋(海南)健康產業發展有限公司) ("**Ta Yang Hainan**"), Ta Yang Medical Investment Limited (大洋醫療投資有限公司) ("**Ta Yang Medical**"), and the Company entered into a loan restructuring agreement with Chongqing Ji'ai No. 2 Enterprise Management Limited Partnership ("**Chongqing Ji Ai**"), pursuant to which the Chongqing Ji Ai provided financing equivalent to approximately RMB148 million (approximately HK$169 million), restructured to RMB143 million (approximately HK$163 million) (the "**Loan**"), to refinance an original bank loan in relation to the Sanya Project. The Loan was secured by, among others, mortgage over 72 properties of the Sanya Project (the "**Sanya Properties**") and pledge of Ta Yang Medical's 100% equity interest in Ta Yang Hainan (the "**Securities**").

As part of the process to resolve the Loan and to facilitate the disposal of its assets, the Group and Chongqing Ji Ai mutually agreed that arbitration and the resulting judicial auction would likely result in more favorable tax consequences. Pursuant to this mutual understanding, on 26 June 2025, Chongqing Ji Ai initiated an arbitration proceeding against Ta Yang Hainan, Ta Yang Medical, and the Company (the "**Arbitration**") regarding the overdue debts of approximately RMB113 million (approximately HK$129 million) (the "**Total Indebtedness**").

On 17 September 2025, an arbitration award was issued based on the settlement agreement signed between the parties on 4 September 2025, which confirmed the Total Indebtedness and Chongqing Ji Ai's right to apply for judicial enforcement against the Securities in the event of non-payment. Subsequently, Chongqing Ji Ai will apply for enforcement of the award, which is expected to result in the judicial auction of the Sanya Properties.

In the event that the proceeds from the judicial auction are less than the Total Indebtedness, the Company shall enter into negotiations with Chongqing Ji Ai regarding the extension of the outstanding loan. In such circumstances, it is expected that the parties will enter into a new loan agreement for the remaining balance on terms to be further negotiated between them. For details, please refer to the announcement of the Company dated 20 March 2026.

Winding-up Petition

The Company received a winding-up Petition which was filed against the Company dated 19 March 2026 at the High Court by the Petitioner, Rising Jiarui Investment Management Co., Ltd (北京日信嘉銳投資管理有限公司) , for the winding up of the Company under the provisions of the CWUMPO. The Petition was filed against the Company in relation to the non-payment of an amount of HK$50,377,777.78 inclusive of interest accrued up to 24 February 2026 relating to the HK$40,000,000 10.0% convertible bond due 20 July 2026 issued by the Company, details of which have been set out in the announcement of the Company dated 21 July 2023.

Following the hearing of the High Court on 10 June 2026, 22 June 2026 and 21 September 2026, the High Court has ordered the hearing of the Petition to be further adjourned to 26 October 2026. The High Court also ordered the Company to pay to the High Court within 28 days from 21 September 2026 a sum of HK$20 million as security money. The Company is currently making the relevant funding arrangements to pay the said security money within the aforesaid period in accordance with the order of the High Court. The Company has consulted its Hong Kong legal adviser in respect of the Winding Up Petition and has been advised that no validation order under section 182 of the CWUMPO is required for the allotment and issuance of new shares (including by way of the rights issue) by the Company.

The Company will make further announcement(s) to keep its shareholders and investors informed of any significant development of the Petition as and when appropriate. For details, please refer to the announcement of the Company dated 23 March 2026, 10 June 2026, 22 June 2026 and 21 September 2026.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. DIRECTOR'S INTEREST IN GROUP'S ASSETS OR CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2025, the date to which the latest published audited accounts of the Group were made up.

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

8. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date:

(a) the subscription agreements dated 1 April 2025 entered into between the Company and each of Gao Bo Tao, Zhang Li, Qie Jing in relation to the subscription of an aggregate 120,000,000 subscription shares at the aggregate value of HK$12,000,000;

(b) the subscription agreements dated 3 July 2025 entered into between the Company and each of Liu Dewei, Liu Binghan, Xue Hao, Hu Jiong and Lin Yuan in relation to the subscription of an aggregate 28,660,000 subscription shares at the aggregate value of HK$28,660,000;

(c) share purchase agreement dated 20 November 2024, entered into between WTS 2020 Limited, a subsidiary of the Group ("**WTS 2000**"), as seller and New Vision International Limited as purchaser, in relation to the disposal of the 60% equity interest in East Shack Limited; and

(d) sale and purchase agreement dated 21 November 2024, entered between Yiqun Xin as the transferor and WTS 2020 as the transferee, in relation to the transfer of the entire issued share capital of Yohome H.B. Ltd.

9. QUALIFICATIONS AND CONSENTS OF THE EXPERTS

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

Name	**Qualification**
Rongcheng (Hong Kong) CPA Limited	Certified Public Accountants
Frontpage Capital Limited	a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

As at the Latest Practicable Date, the above experts had given and had not withdrawn their written consent to the issue of this circular, with the inclusion of the references to their name and/or their opinion or report in the form and context in which they are included.

As at the Latest Practicable Date, (i) each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and references to its name and/or its advice in the form and context in which they respectively

appear; (ii) each of the above experts was not beneficially interested in any share of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (iii) each of the above experts did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

10. EXPENSES

The expenses in connection with the Rights Issue, including but not limited to financial advisory fees, printing, translation, registration, legal, accounting, levy and documentation charges, are estimated to be approximately HK$0.73 million and are payable by the Company.

11. CORPORATE INFORMATION AND THE PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors	*Executive Directors* Ms. Shi Qi Mr. Li Jiuhua *Non-Executive Directors* Mr. Law Wai Ip Vincent Mr. Gu Shixiang Mr. Han Lei Mr. Wang Dongzhu *Independent non-executive Directors* Mr. Zhang Li Dr. Xie Jun
Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 GT Grand Cayman KY1-1111 Cayman Islands
Principal Place of Business in Hong Kong	22/F, H Code 45 Pottinger Street Central Hong Kong

Authorised Representatives	Ms. Shi Qi Ms. Leong Kai Weng Subrina
Business address of Directors and the Authorised Representatives	22/F, H Code 45 Pottinger Street Central Hong Kong
Company Secretary	Ms. Leong Kai Weng Subrina
Auditor and Reporting Accountant	Rongcheng (Hong Kong) CPA Limited *Certified Public Accountants* *(Registered Public Interest Entity Auditor)*
Principal Bankers	Dongguan Rural Commercial Bank Co., Ltd. No. 2 Hongfu East Road Dongcheng District Dongguan City Guangdong Province PRC China CITIC Bank International Limited The Chinese Bank Building 61 to 65 Des Voeux Road Central Hong Kong DBS Bank (Hong Kong) Limited G/F, The Center 99 Queen's Road Central Central Hong Kong
Principal Share Registrar and Transfer Office	Suntera (Cayman) Limited Suite 3204, Unit 2A Block 3, Building D P.O. Box 1586, Gardenia Court Camana Bay Grand Cayman KY1-1100 Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office	Union Registrars Limited Suites 3301–04, 33/F. Two Chinachem Exchange Square 338 King's Road North Point Hong Kong

12. PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

Executive Directors

Ms. Shi Qi ("**Ms. Shi**"), aged 47, was appointed as Chairlady and an executive Director in April 2016. Ms. Shi obtained a master's degree of business administration from Centenary University, majoring in finance, in May 2009. Ms. Shi has more than 10 years of experience in corporate reorganization, corporate and project financing, investments in real estate, securities and non-securities assets and risk management. In 2009, she founded Seven Ocean Investments Limited ("**Seven Ocean**"), and under her leadership, Seven Ocean has developed from a small scale financing company to a company that principally engages in providing financing and corporate solutions and consultancy services, and large scale medical and healthcare development projects.

Mr. Li Jiuhua ("**Mr. Li**"), aged 62, was appointed as Chief Executive Officer and an executive Director in November 2022. Mr. Li graduated from Xiamen University with a bachelor degree in finance in 2003, and obtained a master degree in business administration from the Jiangxi University of Finance and Economics in 2011. Mr. Li has 35 years of experience in the securities and finance industries. He was (i) the deputy chief executive officer of China Huarong International Holdings Limited, a subsidiary of China Huarong Asset Management Co., Ltd. (a company listed on the Stock Exchange with stock code of 2799) from March 2017 to August 2017; (ii) an executive director of Zhong Ji Longevity Science Group Limited ("**Zhong Ji**", a company listed on the Stock Exchange with stock code of 767) from September 2017 to January 2020, and also the chief executive officer of Zhong Ji from October 2017 to January 2020; (iii) the chairman of Zhong Bang International Holdings Limited and the assistant to general manager for Jiangxi Ganjiang Traditional Chinese Medicine Branch Chuangcheng Construction Investment Group Co., Ltd. (江西贛江中醫藥科創城建設投資集團有限公司) from February 2020 to November 2021; and (iv) the executive director and chief executive officer of Zhong Ji from December 2021 to April 2022.

Non-executive Directors

Mr. Gu Shixiang ("**Mr. Gu**"), aged 59, was appointed as a non-executive Director in December 2022. Mr. Gu graduated from Anhui Agricultural University and has over 20 years of experience in management and was last employed by China Landlord Group Limited as the chief executive officer.

Mr. Han Lei ("**Mr. Han**"), aged 56, was appointed as a non-executive Director in April 2016. Mr. Han has experience in entertainment and music industry. Mr. Han has participated in CCTV Spring Festival Evening Galas and different TV programmes.

Mr. Wang Dongzhu ("**Mr. Wang**"), aged 62, was appointed as a non-executive Director in January 2026. Mr. Wang possesses over twenty years of experience in the fields of e-commerce and corporate management, with expertise in industrial planning, technological innovation applications, and development strategies for small and medium-sized enterprises. Mr. Wang has served as the chairman of Fujian Xunwang Network Technology Co., Ltd. (福建訊網網絡科技股份有限公司) since 2010.

Mr. Law Wai Ip Vincent ("**Mr. Law**"), aged 51, was appointed as a non-executive Director in February 2026. Mr. Law has extensive experience in corporate governance, compliance, and mergers and acquisitions. He served as the company secretary and authorized representative of Asia Television Holdings Limited (stock code: 707) from December 2018 to April 2021 and as the company secretary and authorized representative of Success Dragon International Holdings Limited (stock code: 1182) from September 2019 to March 2020, respectively. He is currently the Chief Operating Officer of Mason Group Holdings Limited (previous stock code: 273) and a director of several subsidiaries, responsible for overseeing operations and fulfilling his responsibilities in compliance and company secretarial functions. Mr. Law is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute UK & Ireland. Mr. Law holds a Master of Science degree with distinction in Professional Accounting and Corporate Governance from the City University of Hong Kong, a Master of Philosophy degree from the Chinese University of Hong Kong, and a Bachelor of Science (Honors) degree from Hong Kong Baptist University.

Independent Non-executive Directors

Mr. Zhang Li ("**Mr. Zhang**"), aged 53, has been appointed as an independent nonexecutive Director of the Company since January 2026. Mr. Zhang has over 20 years of experience in finance and capital markets, having held senior roles at multiple listed companies, and currently serves as chairman and executive director of Value Convergence Holdings Limited. Mr. Zhang holds a Bachelor's degree in Economics from Northwest University of Political Science and Law ("**NWUPL**") and contributes to academia as dean, visiting professor, and executive dean at NWUPL.

Dr. Xie Jun ("**Dr. Xie**"), aged 43, has been appointed as an independent nonexecutive Director of the Company since January 2026. Dr. Xie has over 16 years of experience in financial investment, digital assets, and technology management, and currently leads several institutions including Asia Pacific Investment Bank, Asia Digital Bank, and Asia Digital Asset Exchange. Dr. Xie holds postdoctoral research experience in computer science and technology from Tsinghua University and the National Academy of Governance.

Save as disclosed above, none of the Directors or senior management had held any directorship in other publicly listed companies whether in Hong Kong or overseas in the past three years preceding the Latest Practicable Date. None of the management has any relationship with any directors, the other members of the senior management, substantial shareholders or controlling shareholders of the Company as at the Latest Practicable Date.

Business Address of the Directors and Senior Management

The business address of the Directors and the senior management is the same as the Company's principal place of business in Hong Kong at 22/F, H Code, 45 Pottinger Street, Central, Hong Kong.

Company Secretary

Ms. Leong Kai Weng Subrina ("**Ms. Leong**"), aged 39, has over 16 years of experience in the fields of financial reporting, corporate finance, company secretarial and auditing. Ms. Leong served as a senior associate in assurance department in Pricewaterhousecoopers from 2009 to 2013. From 2013 to 2016, she was a finance manager attached to Ares Asia Limited, a company listed on the Stock Exchange (stock code: 0645). Ms. Leong served as a financial consultant in China International Development Corporation Limited, a company listed on the Stock Exchange (stock code: 0264), from 2016 to 2020. From 2016 to 2020, she worked as the financial controller in Gilston Group Limited, a company listed on the Stock Exchange (stock code: 2011). From 2021 to 2023, she has served as the company secretary of Target Insurance Holdings Limited, a company previously listed on the Stock Exchange (previous stock code: 6161). She was the chief financial officer and company secretary of Kelfred Holdings Limited, a company listed on the Stock Exchange (stock code: 1134) from 2021 to 2024. She also served as a financial consultant in Sincere Watch (Hong Kong) Limited, a company listed on the Stock Exchange (stock code: 0444) from 2024 to 2025. Ms. Leong is also the company secretary of International Genius Company, a company listed on the Stock Exchange (stock code: 0033), from 2021 to June 2026. She is also the company secretary of China Next-Gen Commerce and Supply Chain Limited, a company listed on the Stock Exchange (stock code: 3928) since 2025. Ms. Leong also served as the company secretary of Embry Holdings Limited, a company listed on the Stock Exchange (stock code: 1388) since July 2026. Ms. Leong also served as an independent non-executive director in Soft International Group Limited, a company listed on the Stock Exchange (stock code: 2569), since 2025.

13. 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 (https://www.tayanggroup.com) for 14 days from the date of this Circular:

(i) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 45 to 74 of this circular;

(ii) the accountant's report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;

(iii) the material contracts as referred to in the paragraph headed "8. MATERIAL CONTRACTS" in this Appendix; and

(iv) the written consents referred to in the paragraph headed " 9. QUALIFICATIONS AND CONSENTS OF THE EXPERTS" in this Appendix.

14. MISCELLANEOUS

As at the Latest Practicable Date, to the best knowledge of the Directors, there were no restrictions affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

As at the Latest Practicable Date, there was no contract for the hire or hire purchase of plant to or by any member of the Group for a period of over one year which are substantial in relation to the Group's business.

As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.

The English language text of this Circular shall prevail over its Chinese language text, in case of any inconsistency.

TA YANG GROUP HOLDINGS LIMITED
大洋集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1991)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of Ta Yang Group Holdings Limited (the "**Company**") will be held at 22/F, H Code, 45 Pottinger Street, Central, Hong Kong on Friday, 6 November 2026 at 11:00 a.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions of the Company as special and ordinary resolutions.

SPECIAL RESOLUTION

1. "**THAT** subject to and conditional upon the conditions set out in the Letter from the Board under the section headed "Conditions of the Capital Reorganisation" in the circular (the "**Circular**") of the Company dated 16 October 2026:

   (a) the nominal or par value of each issued ordinary share of a nominal or par value of HK$1.00 each in the share capital of the Company (the "**Existing Share**") shall be reduced from HK$1.00 to HK$0.10 by cancelling the paid-up capital to the extent of HK$0.90 on each issued Existing Share (the "**Capital Reduction**");

   (b) immediately following the Capital Reduction becoming effective, each authorised but unissued Existing Share of a nominal or par value of HK$1.00 shall be sub-divided (the "**Share Subdivision**", together with the Capital Reduction, the "**Capital Reorganisation**") into ten (10) ordinary shares of a nominal or par value of HK$0.10 each (the "**New Shares**"), and such New Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the memorandum and articles of association of the Company;

   (c) immediately following the Capital Reorganisation, the authorised share capital of the Company be changed from HK$2,000,000,000 divided into 2,000,000,000 Existing Shares of a nominal or par value of HK$1.00 each, to HK$2,000,000,000 divided into 20,000,000,000 New Shares of a nominal or par value of HK$0.10 each;

(d) the credit arising from the Capital Reduction be applied towards offseting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of the credit (if any) be transferred to a distributable reserve account of the Company, which may be applied by the Company in any manner permitted by all applicable laws and the memorandum and articles of association of the Company and as the board of directors of the Company (the "**Board**") considers appropriate; and

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

ORDINARY RESOLUTION

2. "**THAT** subject to and conditional upon the passing of the special resolution numbered 1, and the fulfilment of all the conditions set out in the Letter from the Board under the heading "Conditions of the Rights Issue" in the Circular:

(a) the allotment and issue by the Company by way of rights (the "**Rights Issue**") of up to 344,013,400 New Shares of a nominal or par value of HK$0.10 each (the "**Rights Share(s)**") at a subscription price of HK$0.80 per Rights Share on the basis of two (2) Rights Shares for every one (1) New Share held by the shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company on 25 November 2026 ("**Qualifying Shareholders**"), or such other date as may be determined by the Company for determining entitlements of shareholders to participate in the Rights Issue (the "**Record Date**"), as described in further details in the Circular, save for the shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) to whom the Directors, based on legal opinions to be provided by the legal advisers to the Company, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s) ("**Excluded Shareholders**"), and on and subject to such terms and conditions as may be determined by the Directors, be and is hereby approved, confirmed and ratified;

(b) the Board or a committee thereof be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing Shareholders and, in particular, the Board may make such exclusions or other arrangements in relation to any Excluded Shareholders, and

to do all such acts and things or make such arrangements as it considers necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and

(c) any one of the Directors be and is hereby authorised to do all such acts and things as he or she may, in his or her discretion, consider necessary, desirable or expedient for the purposes of or in connection with the implementation of the Rights Issue and the transactions contemplated thereunder, including but not limited to executing and delivering, and where required affixing the common seal of the Company to, all such documents as he or she considers necessary or expedient to implement and/or give effect to the Rights Issue."

By order of the Board
Ta Yang Group Holdings Limited
Shi Qi
Chairlady

Hong Kong, 16 October 2026

Notes:

a. A member of the Company (a "**Member**" or the "**Members**") entitled to attend and vote at the EGM is entitled to appoint one or if he/she/it is a holder of more than one share of the Company, one or more proxies to attend and vote in his/her/its stead in accordance with the articles of association of the Company. A proxy need not be a Member, but must be present to represent the Member.

b. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power of attorney or other authority, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong (for Members whose names appear in the Company's branch register of members in Hong Kong and who hold shares in certificated form) as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Delivery of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM convened or any adjournment thereof, if he/she/it so wish. In such event, the form of proxy previously submitted shall be deemed to be revoked.

c. To ascertain the shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 3 November 2026 to Friday, 6 November 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the EGM, all transfer of shares of the Company accompanied by the relevant share certificate(s) must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Monday, 2 November 2026.

d. Pursuant to Rule 13.39(4) of the Listing Rules, the resolutions put to the vote at the EGM shall be decided by poll.

e. Where there are joint holders of shares of the Company, any one of such joint holders may vote at the EGM (or any adjournment thereof), either in person or by proxy, in respect of such share of the Company as if he/she/it is solely entitled thereto; but if more than one of such joint holders be present at the EGM in person or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share will alone be entitled to vote in respect thereof.

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

g. Changes to entries on the register of members of the Company after that time will be disregarded when determining the rights of any person to attend or vote at the EGM.

h. If Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal or extreme conditions caused by super typhoon is in force in Hong Kong any time after 7:00 a.m. on the date of the EGM, then the EGM will be postponed. The Company will post an circular on the website of the Company (www.tayanggroup.com) and the website of the Stock Exchange (www.hkexnews.hk) to notify shareholders of the date, time and place of the rescheduled meeting. The EGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather condition bearing in mind their own situations.

As at the date of this notice, the Board comprises two executive Directors, namely Ms. Shi Qi and Mr. Li Jiuhua; four non-executive Directors, namely, Mr. Law Wai Ip Vincent, Mr. Gu Shixiang, Mr. Han Lei and Mr. Wang Dongzhu; and two independent non-executive Directors, namely Mr. Zhang Li and Dr. Xie Jun.