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Chuanglian Holdings Limited

創聯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2371)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE

Reference is made to the announcement of the Company dated 12 October 2026 (the “**Announcement**”) in relation to the Subscriptions. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement, unless otherwise specified.

This Announcement is made to provide further information on the matters set out in the Announcement.

USE OF PROCEEDS FROM THE SUBSCRIPTIONS

Funding needs of the Group’s Hong Kong operations

The Group had bank balances and cash of approximately RMB95.8 million as at 30 June 2026. Approximately RMB91.9 million of such cash balances was held in the PRC and approximately RMB3.9 million was held in Hong Kong. The Group’s Hong Kong operations incur recurring operating expenses denominated in Hong Kong dollars, including director emoluments and staff salaries, office rental and professional fees, which require ongoing funding. In light of the current operating and reserve position of the Group, if the Company were not to raise funds through the Subscriptions, the Group would arrange through remitting its PRC-held funds to Hong Kong to meet the funding needs of its Hong Kong operations.

The Board has, however, considered the possible and feasible options available to the Group. The Board is of the view that the Group’s PRC-held funds are best retained in the PRC to support the Group’s PRC operations and businesses, and that remitting such funds to Hong Kong would not be the best option, as further elaborated below.

Detailed assessment on the remittance of PRC funds to Hong Kong

The Board has conducted a detailed assessment on the feasibility and economics of remitting the Group's PRC-held cash reserves to fund the Hong Kong operations. Had the Group sought to meet its Hong Kong funding needs of approximately HK\$20.0 million (being the amount equivalent to the net proceeds of the Subscriptions) by way of cross-border remittance of its PRC cash reserves, the Group would incur, among others, the following costs and frictions:

1. PRC dividend withholding tax: to the extent the funds were remitted by way of dividend distributions from the Group's PRC subsidiaries, such distributions would be subject to PRC dividend withholding income tax at a rate of 10% under the PRC Enterprise Income Tax Law, amounting to approximately HK\$2.0 million on a remittance of approximately HK\$20.0 million;
2. Foreign exchange costs and risks: the conversion of RMB into Hong Kong dollars would involve bank foreign exchange spreads and transaction costs of approximately 0.5% to 1% of the amount to be converted, together with foreign exchange fluctuation risks. Such conversion costs would be incurred in addition to, and regardless of, the PRC dividend withholding tax, as the dividend proceeds, after deduction of the withholding tax, would still be denominated in RMB and would need to be converted into Hong Kong dollars to support the Group's Hong Kong operations;
3. Regulatory and compliance costs: large-scale cross-border remittance of RMB by way of dividend distribution would require PRC profit distribution resolutions, tax settlement filings and foreign exchange registrations, and would be subject to PRC foreign exchange control regulations, involving significant time and administrative costs; and
4. Opportunity cost: the remittance of the Group's PRC cash reserves by way of dividend distributions would reduce the liquidity available to the Group's PRC education business and other PRC operations, which require ongoing working capital support, thereby undermining the development ability of the Group's core businesses.

Based on the above, the total direct costs and frictions of remitting approximately HK\$20.0 million from the PRC to Hong Kong would amount to approximately HK\$2.1 million to HK\$2.2 million (representing approximately 10.5% to 11% of the amount remitted), before taking into account the opportunity cost and the time and administrative costs involved.

In comparison, the total professional fees and estimated expenses of the Subscriptions is estimated to be lower than HK\$121,000 (representing approximately 0.6% of the gross proceeds). The Subscriptions enable the Group to secure approximately HK\$20.0 million of Hong Kong dollar funding directly in Hong Kong without incurring any of the above costs and frictions, while preserving the Group's PRC cash reserves for the Group's PRC operations.

In light of the above, the Board is of the view that, when the opportunity to raise funds through the issue of new shares arises, equity fund raising is clearly more prudent and economically sensible than remitting dividends from the Group's PRC subsidiaries to Hong Kong: (i) the direct cost of equity fund raising (approximately 0.6% of the gross proceeds) is substantially lower than the tax and other costs of cross-border dividend remittance (approximately 10.5% to 11% of the amount remitted); (ii) equity fund raising does not reduce the liquidity available to the Group's PRC operations, whereas dividend remittance would consume the Group's PRC cash reserves which are needed to support the Group's core PRC businesses; (iii) equity fund raising provides Hong Kong dollar funding directly without foreign exchange exposure, whereas dividend remittance would involve RMB to Hong Kong dollar conversion and associated foreign exchange risks; and (iv) equity fund raising is not subject to PRC profit distribution, tax and foreign exchange procedures, whereas dividend remittance would involve protracted PRC procedural and regulatory requirements.

In addition, the chance to raise funds through equity fund raising is not always available to the Company. So the Board considers that it is prudent and in the best interests of the Company and the Shareholders to seize the opportunity to raise funds through the Subscriptions when such opportunity arises.

Expected utilisation of the net proceeds within 12 and 24 months

The net proceeds of the Subscriptions (approximately HK\$20.0 million) are intended to be applied as general working capital of the Group, principally for the operations of the Group's holding company office and its business in Hong Kong. The expected application of the net proceeds within 12 months and within 12 to 24 months after Completion, by category, is set out below:

Category	Total (approximately)	Spent within 12 months	Spent within 12-24 months
Director emoluments and staff salaries	66%	34%	32%
Rental of office premises in Hong Kong	16%	8%	8%
Professional fees	18%	11%	7%
Total	100%	53%	47%

Save for the above supplementary information, all other information as set out in the Announcement remains unchanged. This announcement should be read in conjunction with the Announcement.

By Order of the Board
Chuanglian Holdings Limited
Gao Yongzhi
Chief Executive Officer and executive Director

Hong Kong, 27 October 2026

As at the date of this announcement, the Board comprises Mr. Gao Yongzhi, Mr. Li Jia and Ms. Gao Rui as executive Directors, Mr. Leung Siu Kee, Mr. Wu Yalin and Ms. Wang Shuping as independent non-executive Directors.