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01661.HK
中國前沿科技集團
China Frontier Technology Group

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1661)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS AND CHANGE IN BOARD LOT SIZE

Financial Adviser to the Company

英皇企業融資
Emperor Corporate Finance

Placing Agent to the Rights Issue

英皇證券有限公司
Emperor Securities Limited

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date at the Subscription Price of HK$1.05 per Rights Share, to raise up to approximately HK$199.8 million by issuing 190,294,200 Rights Shares (assuming no change in the number of Shares in issue from the date of this announcement to the Record Date) to the Qualifying Shareholders. The Rights Issue will not be extended to the Non-Qualifying Shareholder(s) (if any).

The estimated net proceeds of the Rights Issue, if fully subscribed, will be approximately HK$196.7 million (assuming no change in the number of Shares in issue from the date of this announcement to the Record Date).

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and must not be a Non-Qualifying Shareholder. In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar for registration no later than 4:30 p.m. on Wednesday, 6 January 2027.

IRREVOCABLE UNDERTAKING

As at the date of this announcement, Mr. Wang indirectly holds 40,000,000 Shares through HKND Limited, representing 21.02% of the entire issued share capital of the Company.

Pursuant to the Irrevocable Undertaking, HKND Limited has irrevocably undertaken to the Company, among other things, that:

(i) from the date of the Irrevocable Undertaking to the Record Date, it shall not sell, transfer, charge, or create any encumbrance or grant any option over or otherwise dispose of, nor enter into any agreement (whether conditional or not) for the sale, transfer, charge, or creation of an encumbrance or grant of any option over or otherwise dispose of, any of the Shares held by it or any interest in it, save with the prior written consent of the Company and such Shares will remain wholly and beneficially owned by it up to and including the Record Date;

(ii) it will take up and pay for in full at the Subscription Price the 40,000,000 Rights Shares, being its full entitlements to the provisional allotment under the Rights Issue, pursuant to the terms of the Prospectus Documents relating to the Rights Issue; and

(iii) it will lodge the duly completed and signed PALs in respect of the 40,000,000 Rights Shares (which will be its full entitlements to the provisional allotment under the Rights Issue), and all relevant documents with the Registrar or the Company, by no later than the Latest Time for Acceptance or otherwise in accordance with the terms of the Prospectus Documents, and provide evidence to the Company demonstrating that it has done so by no later than the Latest Time for Acceptance.

THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

Accordingly, on 12 November 2026 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to placee(s) who and whose ultimate beneficial owner(s) are Independent Third Party(ies) on a best efforts basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company in relation to the Rights Issue will be closed from Thursday, 7 January 2027 to Wednesday, 13 January 2027 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within a 12 month period immediately preceding the date of this announcement, the Rights Issue is conditional upon the Independent Shareholders' approval at the EGM, and any controlling Shareholders of the Company 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 at the date of this announcement, the Company has no controlling Shareholder (as defined under the Listing Rules) and Ms. Ren Song, Ms. Zhang Panpan and Ms. Zhang Yingzhao (being all Directors of the Company excluding the independent non-executive Directors), have no beneficial interest in the Company. Accordingly, no Shareholder is required to abstain from voting on the Rights Issue at the EGM. The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Ms. Gao Wenjuan, Ms. Leung Hiu Man and Ms. Peng Xiaoliu, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue and as to the voting action therefor. In this connection, the Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue. The Circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Thursday, 10 December 2026.

Subject to the fulfilment of the conditions of the Rights Issue, the Prospectus Documents containing, among other things, the Prospectus setting out details of the Rights Issue and the PAL will be despatched to the Qualifying Shareholders on Thursday, 14 January 2027. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send the Prospectus to the Non-Qualifying Shareholders for their information only and the Company will not send the PAL to the Non-Qualifying Shareholders.

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

The Rights Issue is subject to the fulfilment 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 paragraph headed "Conditions of the Rights Issue" in this announcement.

Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed. The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. Any dealings in the Shares from the date of this announcement 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 nil-paid form are recommended to consult their professional advisers.

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

CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Shares are traded on the Stock Exchange in board lot of 6,000 Shares. The Board hereby announces that the board lot size of the Shares for trading on the Stock Exchange will be changed from 6,000 Shares to 2,000 Shares with effect from 9:00 a.m. on Friday, 11 December 2026.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date at the Subscription Price of HK$1.05 per Rights Share, to raise up to approximately HK$199.8 million by issuing 190,294,200 Rights Shares (assuming no change in the number of Shares in issue from the date of this announcement to the Record Date) to the Qualifying Shareholders. The Rights Issue will not be extended to the Non-Qualifying Shareholder(s) (if any).

Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	one (1) Rights Share for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$1.05 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated cost and expenses incurred in the Rights Issue on a per Rights Share basis)	:	approximately HK$1.034 per Rights Share *(Note)*
Number of Shares in issue as at the date of this announcement	:	190,294,200 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	up to 190,294,200 Rights Shares *(Note)*
Aggregate nominal value of the Rights Shares to be issued	:	up to US$475,735.5 *(Note)*
Number of issued Shares as enlarged by the allotment and issue of the Rights Shares	:	up to 380,588,400 Shares *(Note)*
Gross proceeds from the Rights Issue (before expenses)	:	up to approximately HK$199.8 million *(Note)*
Net proceeds from the Rights Issue	:	up to approximately HK$196.7 million *(Note)*

Note: Assuming no change in the number of Shares in issue from the date of this announcement to the Record Date.

The Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares as at the date of this announcement.

Assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue, the aggregate number of nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 100% of the Company's issued share capital as at the Record Date and 50% of the Company's issued share capital as enlarged by the Rights Issue. The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12 month period immediately preceding the date of this announcement, or prior to such 12 month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12 month period, nor has it issued any bonus securities,

warrants or other convertible securities as part of such rights issues, open offers and/or specific mandate placings within such 12 month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Unsubscribed Rights Shares together with the NQS Unsold Rights Shares will be placed to independent placees under the Compensatory Arrangements on a best efforts basis. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue and no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s), or transferees of nil-paid Rights Shares (or either of them, whichever shall be appropriate), may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or result in the Company's non-compliance of the Public Float Requirement. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules and/or result in the non-compliance of the Public Float Requirement on the part of the Company.

The Subscription Price

The Subscription Price of HK$1.05 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 27.8% to the closing price of HK$1.455 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 25.9% to the average closing price of approximately HK$1.417 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately preceding the date of this announcement;

(iii) a discount of approximately 16.2% to the theoretical ex-rights price of approximately HK$1.253 per Share based on the benchmarked price of approximately HK$1.455 per Share;

(iv) a discount of approximately 41.7% to the net asset value of the Company of approximately HK$1.802 per Share based on the unaudited net asset value attributable to owners of the Company of approximately RMB293,619,000 (equivalent to approximately HK$342.9 million) as at 30 June 2026 as shown in the interim report of the Company for the six months ended 30 June 2026 and divided by the existing number of Shares in issue (i.e. 190,294,200 Shares); and

(v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 13.9% represented by the theoretical diluted price of approximately HK$1.253 to the benchmarked price of approximately HK$1.455 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK$1.455 and the average closing price of HK$1.417 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately preceding the date of this announcement).

The Subscription Price was determined by the Company with reference to, among others, (i) the size of the Rights Issue; (ii) the market price of the Shares under the prevailing market conditions; (iii) the latest business performance and financial position of the Group; and (iv) the reasons and benefits of Rights Issue as discussed in the section headed "Reasons for and Benefits of the Rights Issue and Intended Use of Proceeds" in this announcement.

As regards the prevailing market price and recent trading performance of the Shares, the Board reviewed the daily closing price and daily trading volume of the Shares during the past twelve months from the Last Trading Day. During the past twelve months from the Last Trading Day, the closing price of the Shares fluctuated within a range of HK$0.58 to HK$3.24 per Share, with the closing price as at the Last Trading Day being HK$1.455 per Share. The average daily trading volume of the Shares during the past twelve months from the Last Trading Day amounted to approximately 526,108 Shares, representing approximately 0.276% of the total number of issued Shares. The Board considered that the relatively low level of trading volume indicated limited liquidity and demand for the Shares in the market. Having regard to the prevailing trading price and the subdued trading liquidity of the Shares, the Board considered that a meaningful discount to the prevailing market price of the Shares was necessary and appropriate in order to enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to participate in the Rights Issue.

In light of the Group's financial performance for the year ended 31 December 2025 and the six months ended 30 June 2026, the Board considers that the discount of the Subscription Price would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth of the Group. The Board (other than the members of the Independent Board Committee who will form their view after reviewing and considering the advice from the independent financial adviser) considers that the terms of the Rights Issue (including the Subscription Price and the theoretical dilution effect of the Rights Issue) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Rights Issue

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

(i) the passing of all necessary resolutions by the Independent Shareholders to be proposed at the EGM for approving the Rights Issue, and the transactions contemplated thereunder;

(ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Document and the PAL duly certified by two Directors or by their agents authorised in writing as having been approved by a resolution of the Directors in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the Listing Rules by no later than the Prospectus Posting Date;

(iii) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders and the Prospectus only (without the PAL) to the Non-Qualifying Shareholder for their information only and the publication of the Prospectus on the website of the Stock Exchange on or before the Prospectus Posting Date;

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

(v) the Placing Agreement not having been terminated in accordance with the provisions thereof, and remaining in full force and effect; and

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

None of the above conditions can be waived. The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above (to the extent it is within its power to do so) and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue. If any of the conditions referred to above are not fulfilled at or before the Latest Time for Termination, the Rights Issue will not proceed.

As at the date of this announcement, none of the conditions above has been satisfied.

As the proposed Rights Issue is subject to the fulfilment of the above conditions, it may or may not proceed. Shareholders and public investors are advised to exercise caution in dealing in the securities of the Company.

Qualifying Shareholders

The Rights Issue is available to the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Wednesday, 6 January 2027.

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

It is expected that the last day of dealings in the Shares on a cum-rights basis is Monday, 4 January 2027, and the Shares will be dealt with on an ex-rights basis from Tuesday, 5 January 2027.

Subject to the fulfilment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

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

Rights of PRC Southbound Trading Investors

According to the "Stock Connect Southbound Shareholding Search" available on the Stock Exchange's website, as at the date of this announcement, China Clear held 161,100 Shares, representing approximately 0.08% of the total number of the issued Shares.

The PRC Southbound Trading Investors may participate in the Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their nil-paid Rights Shares through Shenzhen-Hong Kong Stock Connect and/or Shanghai-Hong Kong Stock Connect if such nil-paid Rights Shares are listed on the Stock Exchange; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations.

However, the PRC Southbound Trading Investors (or the relevant China Clear participants, as the case may be) whose stock accounts in China Clear are credited with nil-paid Rights Shares can only sell those nil-paid Rights Shares through Shenzhen-Hong Kong Stock Connect and/or Shanghai-Hong Kong Stock Connect if such nil-paid Rights Shares are listed on the Stock Exchange but cannot purchase any nil-paid Rights Shares nor transfer such nil-paid Rights Shares to other PRC Southbound Trading Investors after the Company completes its filing with the CSRC in accordance with the CSRC Notice. The Company will file the Prospectus Documents with the CSRC in accordance with the CSRC Notice and after the Company completes such filing, the PRC Southbound Trading Investors may participate in the Rights Issue through China Clear.

The PRC Southbound Trading Investors should consult their intermediary (including brokers, custodians, nominees or China Clear participants) and/or other professional advisers for details of the logistical arrangements as required by China Clear, and provide instructions to such intermediary in relation to the acceptance and/or sale of the nil-paid Rights Shares. Such instructions should be given in advance of the relevant dates stated in the section headed "Expected timetable" of this announcement and otherwise in accordance with the requirements of the intermediary of the PRC Southbound Trading Investors and/or China Clear in order to allow sufficient time to ensure that such instructions are given effect.

The Board was advised that, as the Prospectus Documents will not be and are not intended to be filed with or approved by the CSRC other than in accordance with the CSRC Notice, the Rights Shares in nil-paid or fully-paid forms issued to the PRC Southbound Trading Investors shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless through Shenzhen-Hong Kong Stock Connect and/or Shanghai-Hong Kong Stock Connect, or such person or entity has otherwise been exempt by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

Rights of Overseas Shareholders (if any)

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

As at the date of this announcement, the Company has one Overseas Shareholder with registered address situated in the British Virgin Islands holding 1,200,000 Shares, representing approximately 0.63% of the entire issued share capital of the Company.

The Board will comply with Rule 13.36(2)(a) of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. 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 not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

The Company will despatch the Prospectus (without the PAL(s)) to the Non-Qualifying Shareholders for their information only on the Prospectus Posting Date.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. If the proceeds from each such sale, less expenses, are more than HK$100, the excess will be paid on a pro-rata basis (but rounded down to the nearest cent) to the relevant Non-Qualifying Shareholders in Hong Kong dollars. The Company will retain individual amounts of HK$100 or less for its own benefit to cover the administrative costs that it would have incurred.

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. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Closure of register of members

The register of members of the Company in relation to the Rights Issue will be closed from Thursday, 7 January 2027 to Wednesday, 13 January 2027 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of the Shares will be registered during the above book closure period.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every one (1) existing 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 by cheque or banker's cashier order for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Fractional entitlements to the Rights Shares

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

Status of the Rights Shares

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

Certificates of the Rights Shares and refund cheques

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Wednesday, 17 February 2027.

Refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares, or if the Rights Issue does not proceed, are expected to be despatched on or before Wednesday, 17 February 2027 to the applicants without interest to their registered addresses by ordinary post at their own risk.

Application for listing of the Rights Shares

The Company will apply to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares in the board lot size of 2,000 Rights Shares, in both their nil-paid and fully-paid forms. None of the Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, the Rights Shares 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.

Rights Shares will be eligible for admission into CCASS

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

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

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

Taxation

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

Irrevocable Undertaking

As at the date of this announcement, Mr. Wang indirectly holds 40,000,000 Shares through HKND Limited, representing approximately 21.02% of the entire issued share capital of the Company.

Pursuant to the Irrevocable Undertaking, HKND Limited has irrevocably undertaken to the Company, among other things, that:

(i) from the date of the Irrevocable Undertaking to the Record Date, it shall not sell, transfer, charge, or create any encumbrance or grant any option over or otherwise dispose of, nor enter into any agreement (whether conditional or not) for the sale, transfer, charge, or creation of an encumbrance or grant of any option over or otherwise dispose of, any of the Shares held by it or any interest in it, save with the prior written consent of the Company and such Shares will remain wholly and beneficially owned by it up to and including the Record Date;

(ii) it will take up and pay for in full at the Subscription Price the 40,000,000 Rights Shares, being its full entitlements to the provisional allotment under the Rights Issue, pursuant to the terms of the Prospectus Documents relating to the Rights Issue; and

(iii) it will lodge the duly completed and signed PALs in respect of the 40,000,000 Rights Shares (which will be its full entitlements to the provisional allotment under the Rights Issue), and all relevant documents with the Registrar or the Company, by no later than the Latest Time for Acceptance or otherwise in accordance with the terms of the Prospectus Documents, and provide evidence to the Company demonstrating that it has done so by no later than the Latest Time for Acceptance.

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

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

Accordingly, on 12 November 2026 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to placee(s) who and whose ultimate beneficial owner(s) are Independent Third Party(ies) on a best efforts basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will, on a best efforts basis, procure, by not later than 4:00 p.m. on Friday, 5 February 2027, placees for all (or as many as possible) of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

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

(ii) the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Non-Qualifying Shareholders become entitled on the basis described above to an amount of (i) more than HK$100, the entire amount will be paid to the relevant No Action Shareholders or Non-Qualifying Shareholders in Hong Kong Dollars only; or (ii) HK$100 or less, such amount will be retained by the Company for its own benefit.

Placing Agreement

Details of the Placing Agreement are summarised as follows:

Date	:	12 November 2026
Issuer	:	The Company
Placing Agent	:	Emperor Securities was appointed as the Placing Agent to procure, on a best efforts basis, placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period. The Placing Agent is a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.
Placing Period	:	The period commencing from the second Business Day after the Latest Time for Acceptance and ending at 4:00 p.m. on the sixth Business Day after the Latest Time for Acceptance.
Commission and expenses	:	Subject to the satisfaction of the conditions of the Rights Issue, the Company shall pay to the Placing Agent a placing commission of (i) HK$880,000 in the event that the placing proceeds successfully raised exceed HK$8.0 million, or (ii) HK$400,000 in the event that the placing proceeds successfully raised are not more than HK$8.0 million.
Placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares	:	The placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares shall be not less than the Subscription Price and the final price determination will be determined by the Placing Agent with the agreement of the Company based on the demand for and the market conditions of the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the process of placement.
Placees	:	The Unsubscribed Rights Shares and NQS Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies). The Company will take appropriate steps to ensure that sufficient public float be maintained in compliance with Rule 13.32B of the Listing Rules.

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

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

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

(b) the passing of all necessary resolutions to be proposed at a general meeting of the Company to be convened to consider and, approve, among others, the Rights Issue and the transactions contemplated thereunder;

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

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

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

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

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

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

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

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

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

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

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

The engagement between the Company and the Placing Agent of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Directors consider that the terms of Placing Agreement in respect of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) are on normal commercial terms.

As explained above, the Rights Shares that are not accepted by the Qualifying Shareholders, together with the Rights Shares that the Non-Qualifying Shareholders are entitled to under the Rights Issue, will be placed by the Placing Agent to Independent Third Parties on a best efforts basis for the benefits of the No Action Shareholders and Non-Qualifying Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are successfully placed, any Net Gain will be distributed to the relevant No Action Shareholders and Non-Qualifying Shareholders. Any NQS Unsold Rights Shares and/or Unsubscribed Rights Shares that are not placed by the Placing Agent will not be issued by the Company.

The Directors considered that the Compensatory Arrangements are fair and reasonable and provide adequate safeguards to protect the interests of the Company's minority Shareholders since the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders and the Non-Qualifying Shareholders; and (iii) a compensatory mechanism for the No Action Shareholders and Non-Qualifying Shareholders.

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

The Company is an exempted company incorporated in the Cayman Islands with limited liability. The Group is a sports culture group in the PRC engaged in the provision of events operation and marketing services, as well as sports services and the trading of functional materials, in the PRC and Hong Kong.

Intended use of proceeds

The estimated net proceeds of the Rights Issue, if fully subscribed, will be up to approximately HK$196.7 million (after deducting the estimated expenses of approximately HK$3.1 million and assuming no change in the number of Shares in issue from the date of this announcement to the Record Date). The Company intends to utilise the net proceeds from the Rights Issue in the following manner:

Proposed use of proceeds	**Approximate amount** *(HK$ million)*	**Percentage of net proceeds** *(%)*
Development of the events operation and marketing business		
– Working capital for the events operation and marketing business	132.0	67.11
– Recruitment of additional event management staff	28.0	14.24
– Marketing, promotion and client relationship management	17.0	8.64
Sub-total	177.0	89.99
General working capital of the Group	19.7	10.01
Total	**196.7**	**100.00**

(i) Development of the events operation and marketing business

Approximately HK$177.0 million, representing approximately 89.99% of the maximum net proceeds, will be used for the development of events operation and marketing business. As its primary business, the Group has been actively organising both golf and other commercial events. Growing momentum is evidenced by the significant increase in the Group's revenue in its events operation and marketing segments from approximately RMB27.5 million for the year ended 31 December 2024 to approximately RMB211.4 million for the year ended 31 December 2025, and reached approximately RMB140.1 million for the six months ended 30 June 2026. As at the date of this announcement, the Company intends such proceeds to be utilised by 31 December 2027.

In view of the Group's current financial position, liquidity is constrained and it is not sufficient to support ongoing operating activities in accordance with the Group's planned schedule. Notwithstanding that the Group's cash and cash equivalents amounted to approximately RMB268.3 million as at 30 June 2026, not less than RMB227.4 million has since been deployed in the Group's operations. As an event operator, the Group requires adequate funding to ensure continuity of key functions, including venue coordination, staffing and event logistics, customer service and contract fulfilment, as well as the timely settlement of operational costs.

Accordingly, the Group intends to raise additional funds through the Rights Issue. The proceeds will be used to strengthen the Group's cash position, sustain day-to-day operations, and mitigate the risk of service disruption in events operation and marketing business. The Group believes that maintaining operational momentum will enable it to continue delivering events and services to customers, and thereby support the objective of generating positive returns for Shareholders.

The following table sets forth the breakdown of the Group's event operation and marketing income for the year ended 31 December 2025 and the nine months ended 30 September 2026:

For the year ended 31 December 2025

	No. of events	**Revenue recognised** *(HK$'000)*	**Cost recognised** *(HK$'000)*	**Profit margins** *%*
Golf events	5	86,000	69,000	19.8
Business or technology forums	9	118,000	117,500	0.4
Other events	2	27,000	20,300	24.8
Total	**16**	**231,000**	**206,800**	**10.5** *(Note)*

For the nine months ended 30 September 2026

	No. of events	**Revenue recognised** *(HK$'000)*	**Cost recognised** *(HK$'000)*	**Profit margins** *%*
Golf events	5	126,500	121,000	4.3
Business or technology forums	5	54,200	51,100	5.7
Other events	–	–	–	–
Total	**10**	**180,700**	**172,100**	**4.8** *(Note)*

Note: The profit margins for the year/period are calculated by dividing the profit for the year/period, being the total revenue recognised less the total cost recognised, by the total revenue recognised for the year/period.

The Group hosted 16 events during the year ended 31 December 2025, comprising 5 sport events, 9 business forums and 2 other events (a business luncheon and an inauguration ceremony), generating a revenue of HK$231.0 million (or equivalent to approximately RMB197.8 million). For the nine months ended 30 September 2026, the Group hosted 5 sport events and 5 business forums, generating an unaudited revenue of approximately HK$180.7 million (or equivalent to approximately RMB154.7 million).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the counterparties of the Group's event business are Independent Third Parties and all contracts were entered on a one-off basis.

Building on the development of this business, the Group intends to maintain a regular event pipeline in the future. Based on its current business plan and the events under preparation, the Group expects to organise multiple events each month, principally comprising at least one golf event and one business or technology forum. The timing and scale of the relevant events will be determined with reference to customer and sponsor demand, venue availability and the expected commercial return of each event. As at the date of this announcement, 3 golf events and 3 business/technology forums are under negotiation, which are expected to be hosted during the fourth quarter of 2026 and the first quarter of 2027 with an aggregated expected contract sum of not less than HK$80.0 million. For the avoidance of doubt, none of the events under negotiation has materialised. The hosting of such events will be subject to the outcome of the relevant negotiations and the Group's ability to obtain sufficient working capital in a timely manner to meet the funding requirements, including but not limited to the advance payments for venues and suppliers.

The business has a recurring funding requirement because the Group generally needs to make initial payments in advance for venue rental, event planning and production, promotion, logistics, catering, equipment and other supplier services before an event is held, while the related payments from customers and sponsors may be received at a later stage. The preparation periods of different events may also overlap, resulting in the Group being required to fund several upcoming events concurrently.

Given the Group's existing financial resources, the current operational scale of the events operation and marketing business is approaching its capacity. To capture the market opportunities and expand to a regular pipeline of not less than two events per month (comprising of one golf event and one business or technology forum), additional working capital is required to support the increased number of concurrent events. Accordingly, approximately HK$132.0 million will be used for the working capital for the events operation and marketing business in satisfying such recurring funding requirement in areas such as venue and equipment, catering and hospitality, marketing and promotion, transportation and logistics. As the Group is expanding its events business and expects to host more events, additional working capital is required to support the increased scale of operations. Although the Group receives payments from customers and sponsors which will be redeployed to fund future events and the cash inflows from the existing level of operations are sufficient to support the existing scale of operations (for the nine months ended 30 September 2026: 10 events), it will not be adequate to meet the significantly higher upfront funding requirements arising from the expanded pipeline of events (at least one golf event and one business or technology forum each month, representing 24 events to be hosted annually). The proposed allocation of approximately HK$132.0 million will strengthen the Group's working capital to meet the increased upfront funding requirements arising from business expansion, and enable the Group to manage multiple events concurrently without liquidity constraints.

The proposed allocation has been determined with reference to the Group's planned event frequency, the preliminary budgets for its prospective event pipeline, the advanced payment terms generally required by venues and suppliers and the working capital needed to support overlapping event preparation cycles and the settlement cycles of the customers. With reference to events hosted by the Group during the nine months ended 30 September 2026, the average cost recognised for each of the golf events amounted to approximately HK$24.2 million and the average cost recognised for each of the business or technology forums amounted to approximately HK$10.2 million. The proposed allocation of approximately HK$132.0 million is sufficient to cover the cost of approximately four golf events and three business or technology forums. Taking into account (i) the financial position of the Group; (ii) the existing scale of operation; (iii) the expected pipeline of at least one golf event and one business or technology forum each month; and (iv) the expected recurring working capital requirements and advance payments for concurrent events, the Board is of the view that the proposed allocation of HK$132.0 million will provide sufficient resources for the Group's expansion in its events operation and marketing business while maintaining adequate liquidity.

To support the Group's business development and the anticipated increase in number of events to be organised by the Group, the Group intends to recruit additional event management staff across various functions, including event coordinators, sales personnel, procurement team members and marketing staff. By expanding its in-house capabilities, the Group will be able to provide a more comprehensive service mix and improve its operational

efficiency. Accordingly, approximately HK$28.0 million of the net proceeds from the Rights Issue will be utilised for recruitment costs and employment expenses. In particular, the Group intends to expand the team in the following areas:

Personnel	**Job duties**
15 event planning and execution staff	managing event design, scheduling, venue arrangements, supplier coordination and guest management to ensure seamless execution
10 commercial development staff	driving sponsor acquisition, maintaining client relationships and business development to support the commercial sustainability of the events
5 content and marketing staff	developing content, creating promotional materials and engaging participants across digital channels
3 operations and support staff	handling procurement, logistics, supplier relationships and back-office functions

To strengthen the Group's market presence and client base, approximately HK$17.0 million will be utilised for marketing and promotional activities and client relationship management. In particular, the Group intends to launch marketing and promotional activities such as advertising campaigns across various media channels to reach relevant audience segments. Meanwhile, client engagement initiatives and business development activities such as networking events will be carried out to deepen relationships with existing clients while building connections with potential corporate and institutional clients.

As at the date of this announcement, the Company has no intention or plan, and has not entered into any negotiation, agreement, arrangement or understanding in relation to the disposal of and/or scaling down its events operation and marketing business. Looking forward, the Group intends to maintain events operations as its foundation business. The Board will review the business and operation of the Group from time to time in order to enhance a long-term growth potential for the Group and to explore other business or investment opportunities, including but not limited to functional material-related business. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

(ii) General working capital of the Group

The remaining net proceeds, or approximately HK$19.7 million will be used as general working capital of the Group, including staff costs, office rental and administrative expenses, professional fees and other ordinary operating expenses. As at the date of this announcement, the Company intends such proceeds to be utilised for the following purposes: (i) office rental and administrative expenses for maintaining the Group's daily operations and supporting its business expansion; (ii) professional fees in relation to the Rights Issue and the Group's compliance and regulatory requirements; and (iii) other ordinary operating expenses of the Group. As at the date of this announcement, the Company intends such proceeds to be utilised by 31 December 2027.

The Rights Issue will proceed irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be allocated and utilised in accordance with the same proportion to the above uses. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK$1.034.

It has become crucial for the Company to be able to raise funds as soon as possible for the development of its trading business, events operation and marketing business. After considering (i) the current financial position of the Group as detailed above; (ii) the benefits and cost of alternative fundraising means as detailed in the following paragraphs; and (iii) the importance of the fundraising exercise to the Company to satisfy its business development needs as detailed in the following paragraph, the Directors consider that the Rights Issue is fair and reasonable and will enable the Group to raise the necessary funds in a timely manner, which is in the interests of the Company and the Shareholders as a whole.

Alternative fund-raising methods

The Company had considered other fund-raising alternatives available to the Group, including debt financing and other equity financing such as placing or subscription of new Shares. The Board considers that to finance the funding needs of the Group in the form of equity is a better alternative than debt as it would not result in additional interest burden and will improve the gearing of the Group. The Board noted that bank borrowings will carry interest costs and may require the provision of security, while creditors will rank before the Shareholders. In addition, taking into account the Group's funding needs and the maximum estimated gross proceeds from the Rights Issue of approximately HK$199.8 million, the Board considers that obtaining a debt financing in such amount would expose the Group to a huge liquidity risk, especially when there are any unforeseen economic downturns and the additional finance costs would impose an additional financial burden on the Group's future cash flow, thereby affecting the Group's financial performance and future development. Accordingly, the Company had not approached any bank to obtain any quotation for bank borrowings.

Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate. On the contrary, the Rights Issue is pre-emptive in nature, as it allows Qualifying Shareholders to maintain their proportional shareholdings in the Company through participation in the Rights Issue. The Rights Issue also allows the Qualifying Shareholders to (a) increase their respective shareholding interests in the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective shareholding interests in the Company by disposing of their rights entitlements in the open market (subject to the market demand). As an open offer does not allow the trading of rights entitlements, a rights issue is preferred. Accordingly, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, save for the Rights Issue, the Company has no intention to carry out any other fundraising activities. However, in the event that the Rights Issue does not proceed, or the net proceeds from the Rights Issue is unable to satisfy the Group's funding needs, or there is an undersubscription of the Rights Issue, or there is any change to the business operations and/or financial position of the Group, the Board may postpone the expansion plan of its events operation and marketing business and maintain its operation at the existing level but cannot rule out the possibility that the Company may conduct further debt and/or equity fundraising activities where suitable opportunities arise in order to support the future development of the Group. The Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

The Board considers that the Rights Issue will provide an opportunity to raise capital for the Company to accommodate the funding need for the operation of the Group, whilst increasing the capital base and financial position of the Company and give the Qualifying Shareholders equal opportunity to maintain their respective pro-rata shareholding interests in the Company. Hence, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings will be diluted.

UPDATES ON THE GROUP'S FUNCTIONAL MATERIALS-RELATED BUSINESS

Trading of functional materials

The Group has commenced the trading in functional materials, such as adhesive materials and foam materials, since 2025 and is currently overseen by an experienced management team with proven track records in the industry, including a deputy general manager with over 20 years of experience in the technology industry and a head of sales with over 20 years of experience across procurement and sales functions. Functional materials are commonly used in the manufacturing of consumer electronics, automobiles and other intelligent devices. Unlike ordinary structural materials, functional materials are engineered to deliver specific performance characteristics such as adhesion, insulation, conductivity, protection, thermal management and sealing. The value chain of functional materials for electronic devices can be broadly divided into three segments: (i) upstream comprises raw material suppliers, including producers of polymers, resins and base films used in functional material manufacturing; (ii) midstream covers the production and delivery of functional materials, including functional material manufacturers and traders. Functional material manufacturers process raw materials using specialised techniques to produce functional materials that meet the stringent specifications required for electronic device manufacturing. Traders sell such functional materials to component manufacturers and equipment makers; and (iii) downstream refers to the end product manufacturing segment that utilises functional materials, mainly comprising component manufacturers and electronic device manufacturers, which procure relevant functional materials for component processing and the assembly of final products.

As at the date of this announcement, the Group is engaged in the trading of functional materials and does not engage in any manufacturing activities. The Group sources functional materials from suppliers and distributes them to electronics manufacturers, who are the Group's customers and procure functional materials for incorporation into their final products.

Future development of functional materials-related business

In order to capture the margin of functional materials-related business, the Group intends to extend its operation in functional materials-related business beyond trading. As disclosed in the interim report of the Company for the six months ended 30 June 2026, the Group may scale this arm over time by broadening product offerings, refining target markets, and integrating value-added services such as technical support, custom formulation, or inventory management for customers. Building on its experience in the trading of functional materials and the Group's exposure in functional materials market, the Group may continue to leverage existing commercial capabilities such as logistics, client management, and contract negotiation while developing new competencies in product specification, quality assurance, and regulatory compliance.

The Board would like to provide further information in relation to the Group's vision in functional materials-related business and the development blueprint. For the avoidance of doubt, none of the following has materialised and the development plans may or may not proceed subject to the market sentiment, business environment and financial resources of the Group, and none of the net proceeds from the Rights Issue will be utilised to fund the development blueprint as set forth in the paragraphs below. The Board intends to fund the development blueprint with the Group's internal resources or by further debt and/or equity fundraising activities where suitable opportunities arise. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

Establishment of processing and manufacturing facilities

With the functional materials processing and manufacturing facilities, the Group would be able to expand its existing trading business model to incorporate manufacturing capabilities. In addition to trading activities, the Group will be positioned to manufacture functional materials, either through original equipment manufacturer (OEM) arrangements, through its own research and product development, or collaboration with other market players. Hence, the diversified and extension business model is expected to enable the Group to better capture value across different segments of the functional materials value chain and provide greater flexibility in serving customer needs.

To offer a wider range of products, the Group intends to initially set up two types of coating machine, namely (i) coating machines that specialised in producing high-specification functional materials commonly used in semiconductors and foldable display manufacturing; and (ii) high-speed eco-friendly adhesive coating machines for producing functional materials for automotive batteries and low volatile organic compound (VOC) tape applications.

Establishment of research and development centre

As functional materials for different applications are subject to different specifications and performance requirements, research and development is vital to the manufacturing of functional materials. Testing and product adjustment are required before the relevant products can be supplied on a commercial scale.

Riding on the strategic relationship with Ningbo Qihe, the Group and Ningbo Qihe are exploring potential collaboration opportunities in respect of the research, development and production of functional materials for various projects in automobile, semiconductor and aerospace sectors. Under the potential collaboration framework, research and development activities will need to be conducted before commercial production of functional materials can commence. Should collaboration materialise, the Group could leverage its planned processing and manufacturing facilities to undertake research and development activities and manufacturing operations in respect of one or more functional materials products in the projects discussed in the paragraphs above in this announcement.

As at the date of this announcement, no agreement or arrangement (whether formal or informal) has been entered into and there is no assurance that any collaboration will materialise. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

Recruitment of functional materials talents

To support the establishment of the processing and manufacturing facilities and the research and development centre, the Group will procure talent in the functional materials industry and develop additional workforce with specialised expertise including production specialists and technicians to operate the manufacturing facilities, quality control specialists to ensure product standards, research and development staff to support product development activities, and sales and marketing professionals with technical knowledge of functional materials.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders; and (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than HKND Limited pursuant to the Irrevocable Undertaking) has taken up any entitled Rights Shares and all of the Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent:

			Immediately upon completion of the Rights Issue			
	As at the date of this announcement		**Assuming all Shareholders take up their respective allotment of Rights Shares in full**		**Assuming none of the Qualifying Shareholders (other than HKND Limited pursuant to the Irrevocable Undertaking) has taken up any entitled Rights Shares and all of the Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent**	
	No. of Shares	*Approx. % (Note 1)*	*No. of Shares*	*Approx. % (Note 1)*	*No. of Shares*	*Approx. % (Note 1)*
Substantial Shareholders						
Queen Media Co., Ltd. *(Note 2)*	20,278,000	10.66	40,556,000	10.66	20,278,000	5.33
HKND Limited *(Note 3)*	40,000,000	21.02	80,000,000	21.02	80,000,000	21.02
Subtotal	60,278,000	31.68	120,556,000	31.68	100,278,000	26.35
Public Shareholders						
Independent placees *(Note 4)*	–	–	–	–	150,294,200	39.49
Other public Shareholders	130,016,200	68.32	260,032,400	68.32	130,016,200	34.16
Subtotal	130,016,200	68.32	260,032,400	68.32	280,310,400	73.65
Total	**190,294,200**	**100.00**	**380,588,400**	**100.00**	**380,588,400**	**100.00**

Notes:

1. The percentage figures shown in the table above have been subject to rounding adjustments. Any discrepancies between totals and sums of the amounts listed herein are due to rounding adjustments.

2. The entire issued share capital of Queen Media Co., Ltd. was owned by Sky Limited, whose entire issued share capital was held as to 50% by Brock Nominees Limited and 50% by Tenby Nominees Limited. The entire issued share capital of Sky Limited was the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which was a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust included Ms. Ren Wen and her family members.

3. The entire issued share capital of HKND Limited is held by Mr. Wang.

4. The Company will take appropriate steps to ensure that sufficient public float be maintained in compliance with Rule 13.32B of the Listing Rules.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any other equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, where the market price of shares approaches the extremities of HK$0.01 or HK$9,995.00, the Stock Exchange reserves the right to require the issuer either to change its trading method or to proceed with a consolidation or splitting of its securities. The "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated in June 2026 has further stated that (i) any trading price less than HK$0.10 will be considered as trading at extremities as referred to under Rule 13.64 of the Listing Rules; (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK$1,000; and (iii) an issuer shall adopt one of the eight standardised board lot units, being 1, 50, 100, 500, 1,000, 2,000, 5,000 and 10,000 shares. On this basis, the Board considers that it is appropriate to implement the Change in Board Lot Size.

As at the date of this announcement, the Shares in issue are traded on the Stock Exchange in the board lot size of 6,000 Shares. The Board hereby announces that the board lot size of the Shares for trading on the Stock Exchange will be changed from 6,000 Shares to 2,000 Shares with effect from 9:00 a.m. on Friday, 11 December 2026.

Based on the closing price of HK$1.455 per Share as quoted on the Stock Exchange as at the Last Trading Day, the market value of each existing board lot of 6,000 Shares is HK$8,730. Upon the Change in Board Lot Size becoming effective, the market value of each board lot of 2,000 Shares will be HK$2,910 (based on the closing price of HK$1.455 per Share as quoted on the Stock Exchange as at the Last Trading Day).

The Change in Board Lot Size will reduce the board lot value. The Board is of the view that the reduction in board lot value resulting from the Change in Board Lot Size may improve the liquidity of the Shares, broaden the base of the Shareholders and allow the Company to comply with the standardised board lot unit requirements under the Listing Rules. The Change in Board Lot Size will not affect any of the relative rights of the Shareholders. The Board considers that the Change in Board Lot Size is in the interest of the Company and the Shareholders as a whole.

As no odd board lot size of the Shares will be created as a result of the Change in Board Lot Size (other than those already existed before the Change in Board Lot Size becoming effective), no odd lot arrangement to match the sales and purchase of odd lots will be provided by the Company.

As at the date of this announcement, save for the Rights Issue, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Change of Board Lot Size, and the Company does not have any concrete plan to conduct any fundraising activities in the next 12 months other than the Rights Issue. However, the Board will not rule out the possibility of any fundraising activities it may consider when it is reasonably necessary for the Group to raise fund to meet its operational needs or for future development of the Group. The Company will make further announcement(s) in this regard in accordance with the Listing Rules as and when appropriate.

EXCHANGE OF NEW SHARE CERTIFICATES IN RELATION TO THE CHANGE IN BOARD LOT SIZE

Shareholders may submit their existing share certificates in board lot of 6,000 Shares each to the Registrar, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in exchange for new share certificates in board lot of 2,000 Shares each free of charge during business hours (i.e. 9:00 a.m. to 4:30 p.m.) from Friday, 27 November 2026 to Wednesday, 6 January 2027 (both days inclusive). After the expiry of such period, existing share certificates will be accepted for exchange only on payment of a fee of HK$5.00 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate in board lot of 2,000 Shares each issued or each existing share certificate submitted, whichever number of share certificate involved is higher. It is expected that the new share certificates will be available for collection from the Registrar by the holders of Shares within ten business days after delivery of the existing share certificates to the Registrar for exchange purpose.

As from Friday, 11 December 2026, any new share certificates will be issued in board lots of 2,000 Shares each (except for odd lots or where the Registrar is otherwise instructed). All existing share certificates in board lots of 6,000 Shares each will continue to be evidence of legal title to such Shares and be valid for transfer, delivery, and settlement purposes. Save and except for the change in the number of Shares for each board lot, the new share certificates will have the same format and colour as the existing share certificates.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

EXPECTED TIMETABLE

Events	**Date (2026)**
First day for free exchange of existing share certificates in board lot of 6,000 Shares each for new share certificates in board lot of 2,000 Shares each	Friday, 27 November
Last day for trading of Shares in board lot of 6,000 Shares each in the original counter	Thursday, 10 December
Expected date of despatch of the Circular in relation to the Rights Issue to the Shareholders together with notice of EGM and proxy form for EGM	Thursday, 10 December
Effective date of the change in board lot size from 6,000 Shares each to 2,000 Shares each	Friday, 11 December

Events	Date (2026)
Original counter for trading in the Shares in board lot of 6,000 Shares each becomes counter for trading in the Shares in board lot of 2,000 Shares each	9:00 a.m. on Friday, 11 December
Temporary counter for trading in the Shares in board lot of 6,000 Shares each opens	9:00 a.m. on Friday, 11 December
First day of parallel trading in Shares (in board lot of 2,000 Shares each and board lot of 6,000 Shares each)	9:00 a.m. on Friday, 11 December
Latest time for lodging transfer of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Wednesday, 23 December
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both days inclusive)	Thursday, 24 December to Thursday, 31 December
Latest time for lodging proxy forms for the EGM	2:00 p.m. on Tuesday, 29 December
Record date for attendance and voting at the EGM	Thursday, 31 December
Expected date and time of the EGM to approve the proposed Rights Issue	2:00 p.m. on Thursday, 31 December
Announcement of the poll results of the EGM	Thursday, 31 December

Events	Date (2027)
Register of members of the Company re-opens	Monday, 4 January
Temporary counter for trading in the Shares in board lot of 6,000 Shares each closes	4:10 p.m. on Monday, 4 January
Last day of parallel trading in Shares (in board lot of 2,000 Shares each and board lot of 6,000 Shares each)	4:10 p.m. on Monday, 4 January

Events	Date (2027)
Last day of dealings in the Shares on a cum-rights basis relating to the Rights Issue	Monday, 4 January
First day of dealings in the Shares on an ex-rights basis relating to the Rights Issue	Tuesday, 5 January
Last day for free exchange of existing share certificates in board lot of 6,000 Shares each for new share certificates in board lot of 2,000 Shares each	4:30 p.m. on Wednesday, 6 January
Latest time for the Shareholders to lodge transfer documents of Shares in order to be qualified for the Rights Issue	4:30 p.m. on Wednesday, 6 January
Closure of register of members to determine the entitlements to the Rights Issue (both days inclusive)	Thursday, 7 January to Wednesday, 13 January
Record date for the Rights Issue	Wednesday, 13 January
Register of members of the Company re-opens	Thursday, 14 January
Expected despatch date of the Prospectus Documents (including the PAL and the Prospectus), and in case of the Non-Qualifying Shareholders, the Prospectus for information purposes only	Thursday, 14 January
First day of dealings in nil-paid Rights Shares in the board lot size of 2,000 Rights Shares	Monday, 18 January
Latest time for splitting the PALs	4:30 p.m. on Wednesday, 20 January
Last day of dealings in nil-paid Rights Shares	Monday, 25 January
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Thursday, 28 January
Announcement of the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to Compensatory Arrangements	Friday, 29 January
Commencement of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent	Monday, 1 February

Events	Date (2027)
Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent	4:00 p.m. on Friday, 5 February
Latest time for termination of the Placing Agreement for the Rights Issue to become unconditional	4:00 p.m. on Wednesday, 10 February
Announcement of results of the Rights Issue	Tuesday, 16 February
Despatch of share certificates for fully-paid Rights Shares and refund cheques (if any)	Wednesday, 17 February
Commencement of dealings in fully-paid Rights Shares	Thursday, 18 February
Payment of Net Gain to relevant No Action Shareholders and Non-Qualifying Shareholders (if any)	Wednesday, 3 March

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

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

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above or "extreme conditions" caused by super typhoons is announced by the Government of Hong Kong, or a "black" rainstorm warning:

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 28 January 2027. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 28 January 2027. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on the currently scheduled date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within a 12 month period immediately preceding the date of this announcement, the Rights Issue is conditional upon the Independent Shareholders' approval at the EGM, and any controlling Shareholders of the Company 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 at the date of this announcement, the Company has no controlling Shareholder (as defined under the Listing Rules) and Ms. Ren Song, Ms. Zhang Panpan and Ms. Zhang Yingzhao (being all Directors of the Company excluding the independent non-executive Directors), have no beneficial interest in the Company. Accordingly, no Shareholder is required to abstain from voting on the Rights Issue at the EGM. The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

EGM

The register of members of the Company will be closed from Thursday, 24 December 2026 to Thursday, 31 December 2026 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. The record date for attendance and voting at the EGM will be Thursday, 31 December 2026. The EGM will be convened and held for the purpose of considering and, if thought fit, approving among other things, the Rights Issue, and the transactions contemplated thereunder. No Shareholders shall abstain from voting on the resolution(s) to approve the Rights Issue at the EGM.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Ms. Gao Wenjuan, Ms. Leung Hiu Man and Ms. Peng Xiaoliu, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue and as to the voting action therefor. In this connection, the Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue. The Circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Thursday, 10 December 2026.

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

The Rights Issue is subject to the fulfilment 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 paragraph headed "Conditions of the Rights Issue" in this announcement.

Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed. The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. Any dealings in the Shares from the date of this announcement 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 nil-paid form are recommended to consult their professional advisers.

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

DEFINITIONS

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

"associate"	has the same meaning ascribed to it under the Listing Rules
"Board" or "Directors"	the board of directors of the Company
"Business Day(s)"	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Change in Board Lot Size"	the change in board lot size of the Shares for trading on the Stock Exchange from 6,000 Shares to 2,000 Shares
"China Clear"	China Securities Depository and Clearing Corporation Limited
"Circular"	the circular to be despatched by the Company to the Shareholders relating to the Rights Issue

"Company"	China Frontier Technology Group, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 1661)
"Compensatory Arrangements"	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the section headed "Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements" in this announcement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"CSRC"	China Securities Regulatory Commission
"CSRC Notice"	the notice of the CSRC "Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect" (Announcement [2016] No. 21)
"EGM"	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Rights Issue
"General Rules of HKSCC"	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended, modified or supplemented from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Company, comprising all independent non-executive Directors, established by the Board for the purpose of advising the Independent Shareholders on the Rights Issue and voting action therefor

"Independent Shareholder(s)"	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
"Independent Third Party(ies)"	third party(ies) independent of the Company and its connected persons
"Irrevocable Undertaking"	the irrevocable undertaking given by HKND Limited to the Company as set out in the paragraph headed "Irrevocable Undertaking" in this announcement
"Last Trading Day"	12 November 2026, being the last full trading day of the Shares on the Stock Exchange immediately before the release of this announcement
"Latest Time for Acceptance"	4:00 p.m. on Thursday, 28 January 2027 or other time or date as the Company may determine, being the latest time for acceptance of, and payment for, the Rights Shares
"Latest Time for Termination"	4:00 p.m. on Wednesday, 10 February 2027 or such later time as may be agreed between the Company and the Placing Agent in writing
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Wang"	Mr. Wang Zhihan, a beneficial Shareholder as to approximately 21.02% of the entire issued share capital of the Company as at the date of this announcement
"Net Gain"	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Placing Agreement) under the Compensatory Arrangements after deduction of all reasonable expenses incurred by the Company and the Placing Agent
"Ningbo Qihe"	Ningbo Qihe New Material Technology Company Limited*（寧波啟合新材料科技有限公司）, a company established in the PRC with limited liability
"No Action Shareholder(s)"	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s) or their renouncees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed

"Non-Qualifying Shareholder(s)"	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s)
"NQS Unsold Rights Shares"	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
"Overseas Shareholder(s)"	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
"PAL(s)"	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
"Placing"	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best efforts basis by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall not be Shareholder(s) and shall be Independent Third Party(ies), to the independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
"Placing Agent" or "Emperor Securities"	Emperor Securities Limited, a licensed corporation carrying out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
"Placing Agreement"	the placing agreement dated 12 November 2026 and entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares
"Placing Period"	the period commencing from the second (2nd) Business Day after the Latest Time for Acceptance and ending on 4:00 p.m. on the sixth (6th) Business Day after the Latest Time for Acceptance
"PRC"	The People's Republic of China which, for the purpose of this announcement, excludes Taiwan, Hong Kong and the Macau Special Administrative Region
"PRC Southbound Trading Investor(s)"	the PRC investor(s) who hold Shares through China Clear as nominee under the Shenzhen-Hong Kong Stock Connect and the Shanghai-Hong Kong Stock Connect

"Prospectus"	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
"Prospectus Documents"	the Prospectus and the PAL
"Prospectus Posting Date"	Thursday, 14 January 2027 or such other date as the Company may determine, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
"Public Float Requirement"	the public float requirement under Rule 13.32B of the Listing Rules
"Qualifying Shareholder(s)"	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
"Record Date"	Wednesday, 13 January 2027 or such other date as the Company may determine, for the determination of the entitlements under the Rights Issue
"Registrar"	the branch share registrar and transfer office of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
"Rights Issue"	the proposed issue of the Rights Shares on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
"Rights Share(s)"	the Shares to be allotted and issued pursuant to the Rights Issue of up to 190,294,200 Shares (assuming no change in the number of Shares in issue from the date of this announcement to the Record Date)
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links programme developed by the Stock Exchange, the Shanghai Stock Exchange, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shanghai
"Share(s)"	ordinary share(s) of US$0.0025 each in the share capital of the Company

"Shareholder(s)"	holder(s) of issued Share(s)
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links programme developed by the Stock Exchange, the Shenzhen Stock Exchange, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shenzhen
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	HK$1.05 per Rights Share
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	The Code on Takeovers and Mergers
"Unsubscribed Rights Shares"	the Rights Shares that are not subscribed by the Qualifying Shareholders
"US$"	United States dollar(s), the lawful currency of the United States of America
"%"	per cent.

For the purpose of this announcement, unless otherwise specified, the conversion of RMB into HK$ is based on the approximate exchange rate of RMB1.00 to HK$1.1678. The exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.

* *for identification purposes only*

By Order of the Board
China Frontier Technology Group
Ren Song
Chairlady and Executive Director

Hong Kong, 12 November 2026

As at the date of this announcement, the executive Directors are Ms. Ren Song, Ms. Zhang Panpan and Ms. Zhang Yingzhao; and the independent non-executive Directors are Ms. Gao Wenjuan, Ms. Leung Hiu Man and Ms. Peng Xiaoliu.