



NOIZ GROUP LIMITED

聲揚集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8163)

Executive Directors:

Mr. Wong Hin Shek

(Chairman and Chief Executive Officer)

Independent non-executive Directors:

Ms. Ng Ka Sim, Casina

Mr. Wong Wing Kit

Ms. Yeung Mo Sheung, Ann

Registered Office:

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*Head Office and Principal Place of
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Central, Hong Kong

8 November 2024

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION –
PROPOSED ISSUE OF PERPETUAL CONVERTIBLE SECURITIES
UNDER SPECIFIC MANDATE
AND
NOTICE OF EGM**

INTRODUCTION

Reference is made to the Announcement, in relation to, among others, the Subscription Agreement and the transactions contemplated thereunder, including but not limited to, the grant of the Specific Mandate to allot and issue the Conversion Shares under the Convertible Securities.

The Independent Board Committee comprising all the independent non-executive Directors has been established to consider, and to advise the Independent Shareholders regarding the Subscription and the transactions contemplated thereunder, and as to whether the Subscription and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Messis Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you, among other things, (i) further details of the Subscription Agreement and the transactions contemplated thereunder, including but not limited to, the grant of the Specific Mandate for the allotment and issue of the Conversion Shares; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM.

BACKGROUND

First 2025 August CB

As at the Latest Practicable Date and immediately before the entering into of the Subscription Agreement, the outstanding principal amount of the First 2025 August CB was HK\$91,000,000 and was held by the Subscriber. The maturity date of the First 2025 August CB is 31 August 2025 with a conversion price of HK\$0.186 per conversion share.

Second 2025 August CB

As at the Latest Practicable Date and immediately before the entering into of the Subscription Agreement, the outstanding principal amount of the Second 2025 August CB was HK\$10,000,000 and was held by the Subscriber. The maturity date of the Second 2025 August CB is 31 August 2025 with a conversion price of HK\$0.108 per conversion share.

PROPOSED ISSUE OF PERPETUAL CONVERTIBLE SECURITIES UNDER SPECIFIC MANDATE

On 10 October 2024 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company conditionally agrees to issue and the Subscriber conditionally agrees to subscribe for the Convertible Securities in the principal amount of HK\$101,000,000 and pay the Subscription Price by setting off against the outstanding principal amounts of the First 2025 August CB and Second 2025 August CB held by the Subscriber at Completion.

As at the Latest Practicable Date, the outstanding principal amounts of the First 2025 August CB is HK\$91,000,000 and Second 2025 August CB is HK\$10,000,000 respectively.

THE SUBSCRIPTION AGREEMENT

The key terms of the Subscription Agreement are summarised as follows:

Date: 10 October 2024 (after trading hours)

Parties: (i) the Company, as the issuer; and
(ii) the Subscriber

As at the Latest Practicable Date, the Subscriber, being wholly and ultimately owned by Mr. Wong, the Chairman, an executive Director and the chief executive officer of the Company, is beneficially interested in 174,421,666 Shares, representing approximately 28.86% of the issued share capital of the Company, and is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

Please refer to the section headed “INFORMATION OF THE SUBSCRIBER” below for further information.

Subscription Price: HK\$101,000,000

The Subscription Price shall be set off against the aggregate outstanding principal amount of HK\$101,000,000 at Completion, comprising HK\$91,000,000 under the First 2025 August CB and HK\$10,000,000 under the Second 2025 August CB held by the Subscriber.

Conditions precedent of the Subscription Agreement

The Subscription is conditional upon:

- (i) the passing by the Independent Shareholders of relevant resolution(s) at the EGM in compliance with the requirements of the GEM Listing Rules approving:
 - (a) the Subscription Agreement and the transactions contemplated thereunder; and
 - (b) the issue of the Convertible Securities and the Specific Mandate for the allotment and issue of the Conversion Shares to holder(s) of the Convertible Securities in accordance with the terms and conditions of the Convertible Securities;
- (ii) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained;

- (iii) all necessary consents and approvals required to be obtained on the part of the Subscriber in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (iv) the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Securities;
- (v) none of the warranties given by the Company under the Subscription Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect; and
- (vi) none of the warranties given by the Subscriber under the Subscription Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect.

In the event that the conditions of the Subscription are not fulfilled on or before 31 December 2024 or such other date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall cease and terminate and neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription Agreement.

For condition (ii) above, except for the approval by the Independent Shareholders under condition (i) above, the listing approval for the Conversion Shares under condition (iv) above and the approval by the Board for the Subscription Agreement and the transactions contemplated thereunder, the Company is not aware of any other consents and approvals required to be obtained on the part of the Company. For condition (iii) above, as confirmed by the Subscriber, except for the approval by the sole director of the Subscriber for the Subscription Agreement and the transactions contemplated thereunder, the Subscriber is not aware of any other consents and approvals required to be obtained on the part of the Subscriber.

As at the Latest Practicable Date, save for condition (iii) above, none of the aforesaid conditions precedent have been fulfilled.

Completion

The Subscription Agreement shall complete within three (3) Business Days after the day on which the conditions set out above are fulfilled or, as the case may be, waived (or such later date as may be agreed between the Company and the Subscriber in writing). Upon Completion, the outstanding principal amount of the 2025 August CBs held by the Subscriber will be set-off against the Subscription Price in full, and the obligation and liability of the Company to the Subscriber under the 2025 August CBs will be extinguished.

Principal terms of the Convertible Securities

Principal terms of the Convertible Securities are arrived at after arm's length negotiations between the Company and the Subscriber and are summarised as follows:

Issuer	:	The Company
Form	:	The Convertible Securities will be allotted and issued in registered form
Principal amount	:	HK\$101,000,000
Issue price	:	100% of the principal amount of the Convertible Securities
Maturity date	:	there is no maturity date
Distribution	:	The Convertible Securities confers a right to receive distribution(s) (the “ Distribution ”) accruing from 1 September 2025 on the principal amount of the Convertible Securities outstanding, which subject as provided herein, will be payable by the Company annually in arrears with payment to be made on 31 August of each year (each a “ Distribution Payment Date ”). If a Distribution Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day. Distribution on the principal amount of the Convertible Securities shall be calculated on a 365-day year basis.
Rate of Distribution	:	3% per annum of any outstanding principal amount of Convertible Securities (the “ Rate of Distribution ”). Such distribution shall be calculated on the actual number of days elapsed and on the basis of a 365-day year.
Optional deferral of Distributions	:	The Company may, at its sole discretion, elect to defer in whole or in part of any Distribution (the “ Deferred Distribution ”) which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice to the Subscriber not less than five (5) Business Days prior to the relevant Distribution Payment Date. The numbers of Distribution and deferral of Distributions are not subject to any limitation.

If there is any Deferred Distribution outstanding, the Company shall not:

- a) declare or pay any discretionary dividends or distributions or make any other payment, and will procure that no dividend, distribution or other payment is made, on any Shares of the Company; or
- b) at its discretion repurchase, redeem or otherwise acquire for any consideration any Shares prior to its stated maturity of the Company, unless and until the Company has satisfied in full all outstanding arrears of the Deferred Distribution.

Conversion price : HK\$0.10 per Conversion Share, subject to adjustments

Adjustment events : The Conversion Price shall from time to time be subject to adjustment upon occurrence of certain events:

(a) Consolidation or sub-division of the Shares

If and whenever the Shares by reason of any consolidation or sub-division become of a different nominal amount, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying the Conversion Price in force immediately prior to such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and B is the nominal amount of one Share immediately before such alteration.

Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the consolidation or subdivision becomes effective.

(b) Capitalisation of profits or reserves

If and whenever the Company shall issue (other than in lieu of the whole or part of a cash dividend and other than issue that would amount to a capital distribution) any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

where:

A = the aggregate nominal amount of the issued Shares immediately before such issue; and

B = the aggregate nominal amount of the Shares issued in such capitalisation.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day following the record date for such issue.

(c) Capital distribution

If and whenever the Company shall make any capital distribution to the Shareholders (in their capacity as such) (whether on a reduction of capital or otherwise) or shall grant to such holders right(s) to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Price in force immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{A - B}{A}$$

where:

A = the market price on the date on which the capital distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) the next preceding day of the capital distribution or, as the case may be, of the grant; and

B = the fair market value on the day of such announcement or (as the case may require) the next preceding day, as determined in good faith by the independent auditors, of the portion of the capital distribution or of such rights which is attributable to one Share. For avoidance of doubt, if the capital distribution is distributions in cash, the fair market value shall be the cash value and determination by the independent auditors is not required.

Provided that (aa) if in the opinion of the independent auditors, the use of the fair market value as aforesaid produces a result which is significantly inequitable, such independent auditors may instead determine (and in such event the above formula shall be construed as if B meant) the amount of the said market price which should properly be attributed to the value of the capital distribution or rights; and (bb) the provisions of this paragraph (c) shall not apply in relation to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day following the record date for the capital distribution or grant.

(d) Issue of Shares for subscription by way of rights

If and whenever the Company shall offer to Shareholders new Shares for subscription by way of rights, or shall grant to Shareholders any options or warrants to subscribe for new Shares, at a price which is less than 80% of the market price on the date of the announcement of the terms of the offer or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A = the number of Shares in issue immediately before the date of such announcement;

B = the number of Shares which the aggregate of the amount (if any) payable for the rights, options or warrants and of the amount payable for the total number of new Shares comprised therein would purchase at such market price per Share; and

C = the aggregate number of Shares offered for subscription or comprised in the options or warrants.

Such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer or grant.

Provided however that no such adjustment shall be made if the Company shall make a like offer or grant (as the case may be) at the same time to the holder(s) of the Convertible Securities (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong) as if they had exercised the conversion rights under the Convertible Securities registered in their holders of the Convertible Securities out of the total principal amount of the Convertible Securities outstanding at the time of the proposed redemption.

(e) (aa) *Issue of convertible or exchangeable securities*

If and whenever the Company shall issue wholly for cash any securities convertible into or exchangeable for or carry rights of subscription for new Shares, and the total Effective Consideration per Share (as defined in this paragraph (e) below) initially receivable for such securities is less than 80% of the market price on the date of the announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A = the number of Shares in issue immediately before the date of the issue;

B = the number of Shares which the total Effective Consideration receivable for the securities issued would purchase at such market price per Share; and

C = the number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the initial conversion or exchange rate or subscription price.

Such adjustment shall become effective (if appropriate retroactively) from the close of business in Hong Kong on the Business Day next preceding whichever is the earlier of the date on which the issue is announced and the date on which the Company determines the conversion or exchange rate or subscription price.

(bb) Modification of rights of convertible or exchangeable securities

If and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in section (aa) of this paragraph (e) are modified so that the total Effective Consideration per Share (as defined below) initially receivable for such securities shall be less than 80% of the market price on the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A = the number of Shares in issue immediately before the date of such modification;

B = the number of Shares which the total Effective Consideration receivable for the securities issued at the modified conversion or exchange price would purchase at such market price; and

C = the number of Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange rate or subscription price.

Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to adjustment of the Conversion Price provided that corresponding adjustment has already been made to the Conversion Price in respect of such an event.

For the purposes of this paragraph (e), the “**total Effective Consideration**” receivable for the securities issued shall be deemed to be the consideration receivable by the Company for any such securities plus the additional minimum consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the total Effective Consideration per Share initially receivable for such securities shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

(f) Issue of Shares being made wholly for cash at a price less than 80% of the market price per Share

If and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than 80% of the market price on the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by the following fraction:

$$\frac{A + B}{A + C}$$

where;

A = the number of Shares in issue immediately before the date of such announcement;

B = the number of Shares which the aggregate amount payable for the issue would purchase at such market price; and

C = the number of Shares so issued.

Such adjustment shall become effective on the date of the issue.

(g) If and whenever the Company shall issue Shares for the acquisition of asset at a total Effective Consideration per Share (as defined in this paragraph (g) below) which is less than 80% of the market price at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A = the number of Shares in issue immediately before the date of such announcement;

B = the number of Shares which the total Effective Consideration receivable for the securities issued would purchase at such market price per Share; and

C = the number of Shares so issued.

Such adjustment shall become effective on the date of the issue.

For the purpose of this paragraph (g) “**total Effective Consideration**” shall be the aggregate consideration credited as being paid for such Shares by the Company on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “**total Effective Consideration per Share**” shall be the total Effective Consideration divided by the number of Shares issued as aforesaid.

In the event that the above adjustment causes the adjusted Conversion Price to be lower than HK\$0.10 (being the par value of the Share), the Company will conduct share capital reorganisation to accommodate such downward adjustment.

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| Conversion shares | : | 1,010,000,000 Conversion Shares will be allotted and issued by the Company upon full conversion of the Convertible Securities at the initial Conversion Price. |
| Conversion period | : | Conversion of the Convertible Securities into Conversion Shares may take place at any time after the date of issuance of the Convertible Securities, subject to the relevant terms as provided in the terms of the Convertible Securities. |

Restrictions on
Conversion

: The holder(s) of the Convertible Securities shall, subject to compliance with the procedures set out in the terms and conditions thereunder, have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Securities registered in its name into the Conversion Shares provided further that (i) any conversion shall be made in amounts of not less than a whole multiple of HK\$100,000 on each conversion save that if at any time the aggregate outstanding principal amount of the Convertible Securities is less than HK\$100,000, the whole (but not part only) of the outstanding principal amount of the Convertible Securities may be converted; and (ii) the exercise of the conversion right attached to the Convertible Securities will not cause the Company to be unable to meet the public float requirement under the GEM Listing Rules.

In the event the holder(s) of the Convertible Securities convert the Convertible Securities to the extent that immediately after such conversion the holder(s) of the Convertible Securities together with parties acting in concert with it will, in aggregate, control or be interested in 30% or such percentage of the voting rights of the Company which the holder(s) of the Convertible Securities would be obliged to make a general offer under the Takeovers Code, the holder(s) of the Convertible Securities together with parties acting in concert with it shall comply with the requirement of the Takeovers Code in accordance to the Takeovers Code.

No fixed Redemption
Date

: The Convertible Securities are perpetual securities in respect of which there is no fixed redemption date.

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| Optional Redemption at the option of the Company | : | <p>The Company shall be entitled at its sole discretion, by giving not less than seven (7) days' notice to the holder(s) of the Convertible Securities, propose to the holder(s) to redeem the outstanding Convertible Securities (in multiples of HK\$100,000 or such lesser amount as may represent the entire principal amount thereof) an amount equivalent to 100% of the principal amount of such outstanding Convertible Securities at any time after the date of issue of the Convertible Securities. The Company shall pay to the holder(s) of the Convertible Securities all Distribution and Deferred Distribution accrued on such amount of the outstanding Convertible Securities to be redeemed at the time of redemption.</p> |
| Redemption at the occurrence of an event of default | : | <p>holder(s) of the Convertible Securities shall be entitled at his sole discretion, by giving notice to the Company requiring the Company to redeem the outstanding Convertible Securities held by such holder(s) of the Convertible Securities and pay to holder(s) of the Convertible Securities all Distribution and Deferred Distribution accrued on the outstanding Convertible Securities forthwith upon the occurrence of any of the following event of default:</p> <ul style="list-style-type: none"> (a) any breach by the Company of the terms and conditions of the Convertible Securities, and such breach continues to exist fourteen (14) Business Days after the holder(s) of the Convertible Securities having issued a notice to the Company to request for remedial measures; (b) any court order having been made demanding the Company to cease operations or dissolve; (c) all or substantially all of the assets or businesses of the Group having been taken over by the receiver; (d) any enforcement or seizure measures having been taken, enforced, or applied to be taken against substantially all of the property of the Group, and such measures have not been released within ten (10) days; |

- (e) any litigations having been commenced against the Company pursuant to any applicable bankruptcy, restructuring or insolvency laws, and such litigation proceedings have not been withdrawn or terminated within forty-five (45) days after their commencement; and
- (f) the Shares having been suspended from trading on GEM of the Stock Exchange for more than five (5) trading days (save for suspensions pending release of inside information or clearance of announcement(s) by the regulatory authority(ies)), or the listing status of the Shares having been withdrawn.

For the avoidance of doubt, except as provided above, holder(s) of the Convertible Securities shall have no right to request the Company to redeem the Convertible Securities.

Voting rights	:	The holder(s) of Convertible Securities will not be entitled to receive notice of, attend or vote at general meetings of the Company by reason only of it being a Convertible Securities holder.
Transferability	:	Subject to compliance with the GEM Listing Rules, the Convertible Securities may be transferred or assigned in whole or in part in integral multiples of HK\$100,000 by the holder(s) of the Convertible Securities to any party, save and except that the Convertible Securities shall not be transferred to a connected person of the Company unless with the prior written consent of the Company.
Ranking	:	The Conversion Shares, when allotted and issued, shall rank <i>pari passu</i> in all respects with the Shares in issue on the relevant conversion date including the right to all dividends or other distributions, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the relevant conversion date.

Listing	:	No application will be made by the Company for the listing of the Convertible Securities on the Stock Exchange. Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Conversion Shares.
Security	:	The obligations of the Company under the Convertible Securities are unsecured.

Based on the Conversion Price of HK\$0.10 per Conversion Share, a maximum number of 1,010,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Securities in full, which represent: (i) approximately 167.11% of the issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 167.11% of the issued share capital of the Company as at the date of the Announcement; and (iii) approximately 62.56% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Securities in full.

The maximum aggregate nominal value of the Conversion Shares is HK\$101,000,000.

Conversion Price

The Conversion Price of HK\$0.10 per Conversion Share represents:

- (i) a premium of approximately 40.85% over the closing price of HK\$0.071 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of 25.00% over the closing price of HK\$0.08 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (iii) a premium of approximately 17.65% over the average closing prices of HK\$0.085 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.099 per Conversion Share.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of, (i) the recent 3-month market price of the Shares under the prevailing market conditions i.e. taking into account of the market price range of the Share in between HK\$0.137 and HK\$0.08 during the 3-month period ending on the date of the Subscription Agreement; (ii) the latest business performance and financial condition of the Company i.e. the improvement in revenue from approximately HK\$5.03 million for the six months ended 30 June 2023 to approximately HK\$8.11 million for the six months ended 30 June 2024, and the total assets value of the Group of approximately HK\$54.70 million as at 30 June 2024; (iii) the underlying terms of the Convertible Securities; and (iv) reasons and benefits of the Subscription as discussed in the section headed "REASONS FOR AND BENEFITS OF THE PROPOSED ISSUE OF THE CONVERTIBLE SECURITIES AND USE OF PROCEEDS" in the circular. The Directors (including the members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee contained in this circular) consider that the Conversion Price and the terms and conditions of the Subscription Agreement and the Convertible Securities are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Specific Mandate to issue the Conversion Shares

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought for approval from the Shareholders at the EGM.

Application for listing

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for listing of, or permission to deal in, the Convertible Securities on the Stock Exchange or any other stock exchange.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon full conversion of the Convertible Securities at the Conversion Price of HK\$0.10 (assuming that there are no other changes to the shareholding structure of the Company from the Latest Practicable Date up to the full conversion of the Convertible Securities) are as follows:

	(i) As at the Latest Practicable Date		(ii) Immediately upon full conversion of the Convertible Securities at the initial Conversion Price of HK\$0.10	
	No. of Shares	Approx %	No. of Shares	Approx %
The Subscriber <i>(Note 1)</i>	174,421,666	28.86	1,184,421,666	73.37
Mr. Ann, Yu Chiu Andy <i>(Note 2)</i>	19,999,999	3.31	19,999,999	1.24
Other public Shareholders	409,973,947	67.83	409,973,947	25.39
Total	604,395,612	100.00	1,614,395,612	100.00

Notes:

1. The Subscriber, being Team Sunny, is owned as to 100% by Mr. Wong, who is deemed to be interested in 174,421,666 Shares pursuant to Part XV of the SFO.
2. Mr. Ann, Yu Chiu Andy is the director of NOIZChain Limited (a wholly-owned subsidiary of the Company) and is personally interested in 19,999,999 Shares.

FUND RAISING DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising exercises in the past twelve months immediately preceding the Latest Practicable Date.

INFORMATION OF THE GROUP

The Company is an investment holding company. As at the Latest Practicable Date, the Group is principally engaged in (i) financial services business including provision of corporate finance advisory services, asset management and advising on securities business and money lending services; (ii) corporate consulting business including company secretarial services, accounting and financial reporting services and management consulting services; and (iii) digital business that leverages blockchain, artificial intelligence, and immersive interaction technologies to create value and protection to individuals, creators, artists, businesses and brand owners, and offer various opportunities within the entertainment sector, including the organisation/production of and investment in concerts, events and festivals.

INFORMATION OF THE SUBSCRIBER

The Subscriber, being wholly and ultimately owned by Mr. Wong, the Chairman, an executive Director and the chief executive officer of the Company, is beneficially interested in 174,421,666 Shares, representing approximately 28.86% of the issued share capital of the Company and is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

REASONS FOR AND BENEFITS OF THE PROPOSED ISSUE OF THE CONVERTIBLE SECURITIES AND USE OF PROCEEDS

The Group has been loss making for the recent financial years and as noted from the annual report of the Company for the financial year ended 31 December 2023 ("AR 2023"), the Group recorded a loss of approximately HK\$25.67 million and HK\$27.82 million for the financial years ended 31 December 2023 and 2022 respectively. As noted from the AR 2023, the recent loss of approximately HK\$25.67 million is mainly attributed to a non-cash item of approximately HK\$12.31 million in relation to an imputed interest on the 2025 August CBs. As further set out in the interim report of the Company for the six months ended 30 June 2024, the Group had a net liabilities position of approximately HK\$50.13 million as at 30 June 2024 and it is primarily attributed to the carrying amount of the 2025 August CBs of approximately HK\$84.24 million. Given the Group's existing financial position and the fact that the First 2025 August CB and Second 2025 August CB with an outstanding principal amount of HK\$91,000,000 and HK\$10,000,000 would both be matured in August 2025, it is not expected that the Company would be able to redeem all the 2025 August CBs when they fall due.

The Board is of the view that, since the outstanding principal amount of the 2025 August CBs held by the Subscriber will be principally settled through the issuance of the Convertible Securities on the date of Completion, and the Convertible Securities is considered to be equity of the Company according to accounting standards, the Subscription (i) would not create any immediate cash outflow in the settlement of the 2025 August CBs; and (ii) would turnaround of the existing net liabilities position of the Company to a net asset position and reduce of the amount of noncash item, and thus improve the financial position and performance of the Company. In addition, pursuant to the terms and conditions of the Convertible Securities, the Convertible Securities have no maturity date and the Company may redeem part or all of the Convertible Securities at its own discretion which provides high flexibility to the Company in its future cash management.

The Company has considered other alternatives such as placing of new Shares, rights issue or open offer. However, placing of new Shares will cast immediately dilution effect to the existing shareholders of the Company, while rights issue or open offer may cast dilution effect to shareholders of the Company who do not want to participate. Moreover, given the market capitalisation of the Company of HK\$48.35 million (based on the closing price of HK\$0.08 as at the date of the Subscription Agreement, in order to fully repay the settle the First 2025 August CB and Second 2025 August CB with an aggregate outstanding principal amount of HK\$101,000,000 when they fall due, any equity financing alternatives would have been highly dilutive by increasing both the number of issued Shares and the market capitalisation of the Company by more than 100% even the issue price is set at no discount to the latest closing price of the Share.

Hence, the Directors (including the members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee contained in this circular) consider that the terms and conditions of the Subscription Agreement and the Convertible Securities are fair and reasonable based on the current market conditions and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

POSSIBLE FINANCIAL EFFECTS OF THE SUBSCRIPTION

Earnings

According to the AR 2023, the Group recorded net loss of approximately HK\$25.67 million for the financial year ended 31 December 2023 (“FY 2023”), which is partly contributed to the imputed interests on the 2025 August CBs of approximately HK\$12.31 million for FY 2023, representing an imputed interest rate of approximately 16.83% based on the carrying amount of convertible bonds of the Company of approximately HK\$77.93 million as at 31 December 2023. In contrast, the Convertible Securities bear an annual distribution of 3.00% per annum (to be recognised as interest expenses in the financial statements of the Company), which would only amount to approximately HK\$3.03 million based on the principal amount of the Convertible Securities of HK\$101.00 million. The vast reduction in interest expenses is expected to contribute to improving the loss-making condition of the Group.

Net assets

The outstanding principal amount of the 2025 August CBs held by the Subscriber will be principally settled through the issuance of the Convertible Securities on the date of Completion. As the Convertible Securities is considered to be equity of the Company, the Subscription would result in a turnaround of the existing net liabilities position of the Company to a net asset position and thus improve the financial position of the Company.

Gearing and cashflow

The Group's gearing ratio as at 30 June 2024 was approximately 1.5 (as at 31 December 2023: approximately 1.4), being a ratio of total interest-bearing debts, including convertible bonds, of approximately HK\$84.2 million (as at 31 December 2023: approximately HK\$77.9 million) to the total assets of approximately HK\$54.7 million (as at 31 December 2023: approximately HK\$56.7 million). Upon the Completion, it is expected that the gearing ratio of the Company would improve.

It should be noted that the above analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Subscription.

GEM LISTING RULES IMPLICATIONS

The Subscriber, being wholly and ultimately owned by Mr. Wong, the Chairman, an executive Director and the chief executive officer of the Company, is beneficially interested in 174,421,666 Shares, representing approximately 28.86% of the issued share capital of the Company, and is a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Subscription constitutes a connected transaction on the part of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. In addition, the Convertible Securities and the Conversion Shares will be issued under the Specific Mandate, which is subject to Independent Shareholders' approval at the EGM.

The EGM will be convened and held for the purposes of considering of, and if thought fit, approving, among other things, the Subscription, and the Specific Mandate to allot and issue the Conversion Shares.

Mr. Wong has abstained from voting on the resolutions in relation to the Subscription Agreement proposed to the Board. Save as disclosed above, none of the Directors attended the Board meeting has a material interest in the Subscription.

EGM

The EGM will be held at Room 1108, 11/F, Wing On Centre, 111 Connaught Road Central, Central, Hong Kong on Monday, 25 November 2024 at 11:00 a.m. for the Independent Shareholders to consider and if thought fit, to approve the Subscription and the transactions contemplated thereunder, including but not limited to, the grant of the Specific Mandate for the allotment and issue of the Conversion Shares, by way of poll.

The notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM (i.e. 11:00 a.m. on Saturday, 23 November 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

The Subscriber, being interested in the transactions contemplated under the Subscription Agreement, shall abstain from voting for the resolution to approve the Subscription and the transactions contemplated thereunder at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, no other Shareholder has a material interest in the Subscription Agreement and shall be required to abstain from voting at the EGM in respect of the resolutions to approve the Subscription Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, the Subscriber is interested in 174,421,666 Shares, representing approximately 28.86% of the issued share capital of the Company and the Subscriber is entitled to all underlying voting rights of such Shares.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 20 November 2024 to Monday, 25 November 2024 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for the right to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, at 4:30 p.m. on Tuesday, 19 November 2024.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 29 to 30 of this circular which contains its recommendation to the Independent Shareholders in relation to the Subscription and the transactions contemplated thereunder, and the letter from the Independent Financial Adviser set out on pages 31 to 62 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in this regard.

The Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular) consider that the terms of the Subscription Agreement and the transactions contemplated respectively thereunder, including but not limited to, the grant of the Specific Mandate for the allotment and issue of the Conversion Shares, and as to whether the Subscription Agreement is on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the proposed resolutions in relation to the Subscription Agreement and transactions contemplated thereunder at the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
NOIZ Group Limited

A handwritten signature in black ink, appearing to read 'Wong Hin Shek', is written over a faint circular stamp.

Wong Hin Shek
Chairman and Chief Executive Officer