Nuada Limited

Nuada Limited
Unit 7, 10/F
Hing Yip Commercial Centre
272-284 Des Voeux Road Central
Sheung Wan, Hong Kong
洛爾達有限公司
香港上環德輔道中 272-284 號
興業商業中心 10 樓 7 室

Phone/電話: 2544-9978
Fax/傳真: 2544-0023

31 March 2026

To: The Independent Board Committee and
the Independent Shareholders of
NIU Holdings Limited

Dear Sirs or Madams,

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON RECORD DATE ON A NON-FULLY UNDERWRITTEN BASIS; AND (II) CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder. Details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular of the Company dated 31 March 2026, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in this circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 11 February 2026 regarding, among other things, the Rights Issue. The Company proposes to raise up to approximately HK$30.933 million before expenses by way of the issue to the Qualifying Shareholders of a maximum of 289,090,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK$0.107 per Rights Share on the basis of two (2) Rights Shares for every one (1) existing Share held on the Record Date on a non-fully underwritten basis. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Assuming that there is no change in the number of issued Shares on or before the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full, the gross proceeds from the Rights Issue will be approximately HK$30.933 million. The net proceeds from the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK$0.55 million) are estimated to be approximately HK$30.383 million (assuming no changes in the number of Shares in issue on or before the Record Date). The net price per Rights Share (after deducting the cost and expenses of the Rights Issue) is estimated to be approximately HK$0.105.

Mr. Yuen, a substantial shareholder, a non-executive Director and the Chairman of the Company as at the time of conducting the Rights Issue, will act as the Underwriter. Pursuant to Rule 10.31(2) of the GEM Listing Rules, the Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (if any) by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (if any) to the Independent Placees for the benefit of the No Action Shareholders and Non-Qualifying Shareholders.

After the trading hours of the Stock Exchange on 11 February 2026, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (if any) to the Independent Placees on a best effort basis. Mr. Yuen has (in addition to its obligations under the Irrevocable Undertaking) conditionally agreed to underwrite such number of Rights Shares not taken up under the Compensatory Arrangements (rounded down to the nearest whole number), which together with the Shares already held by Mr. Yuen and the Undertaken Shares, will not reach to a percentage of enlarged issued share capital of the Company at completion of the Rights Issue, which will trigger a general offer obligation in accordance with the note to Rule 10.26(2) of the GEM Listing Rules.

As the Rights Issue, if proceeded with, will increase the number of issued shares of the Company by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue is subject to approval of the Independent Shareholders at the EGM by a resolution on which any controlling Shareholders and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM under 10.29(1) of the GEM Listing Rules.

As at the Latest Practicable Date, there is no controlling Shareholders. As such, Mr. Yuen, who is the Chairman and a non-executive Director of the Company holding 21,823,600 Shares (representing approximately 15.10% of all issued Shares as at the date of the Announcement and the Latest Practicable Date), and his associates shall abstain from voting in favour of the resolutions to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder at the EGM.

As Mr. Yuen, the Underwriter, is a substantial Shareholder and also the Chairman and a non-executive Director of the Company, he is a connected person of the Company under Chapter 20 of the GEM Listing Rules and the Underwriting Agreement and the transactions contemplated thereunder constitute connected transactions for the Company under the GEM Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules. The Underwriter shall abstain from voting in relation to the Underwriting Agreement 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 10.44A of the GEM Listing Rules.

As at the Latest Practicable Date, Mr. Yuen and the parties acting in concert with him are interested in 21,823,600 Shares, representing approximately 15.10% of the issued share capital of the Company. Assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares and assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (other than those subscriptions pursuant to the Irrevocable Undertaking) and none of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (if any) have been placed by the Placing Agent, all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (if any) were subscribed for through the Underwriter up to the Underwritten Shares, Mr. Yuen and parties acting in concert with him will be interested in 52,569,843 Shares, approximately 29.99% of the issued share capital of the Company as enlarged by the issue of the Rights Shares.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Lung Wing Yee, Mr. Leung Man Chun and Mr. Wong Chun Man, has been formed to advise the Independent Shareholders as to whether the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Independent Shareholders as a whole, and whether the transaction contemplated under the Underwriting Agreement is conducted under the Company's ordinary and usual course of business, taking into account our recommendations.

OUR INDEPENDENCE

We, Nuada Limited, have been appointed by the Company, with the approval of the Independent Board Committee, to advise the Independent Board Committee in respect of the Rights Issue, and in particular, as to whether the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Independent Shareholders as a whole, taking into account our recommendations.

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the proposed Rights Issue, there were no other engagements between the Group and us during the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser. Apart from normal professional fees for our services to the Company in connection with this appointment as the Independent Financial Adviser, no other arrangement exists whereby we have received/will receive any fees and/or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties that could reasonably be regarded as hindrance to our independence as defined under Rule 17.96 of the GEM Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Rights Issue. Accordingly, we are independent from, and are not associated with the Company or its substantial shareholder(s) or connected person(s) as defined under the GEM Listing Rules, and accordingly are eligible to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in this circular and the information and representations provided to us by the Company, the Directors, the management of the Company (the "**Management**"). We have no reason to believe that any information or representation relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in this circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date and should there be any material changes after the despatch of this circular, the Shareholders would be notified as soon as possible.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in this circular and have confirmed in this circular, having made all reasonable inquiries, that to the best of their knowledge, opinion expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

Our review and analyses were based upon, among others, the information provided by the Group including this circular, the Underwriting Agreement, the Placing Agreement and certain published information from the public domain, including but not limited to, the annual report of the Company for the year ended 31 March 2025 (the "**Annual Report 2025**") and the interim report of the Company for the six months ended 30 September 2025 (the "**Interim Report 2025**"). We have also discussed with the Directors and the Management with respect to the reasons for the Rights Issue, the terms of the Placing Agreement and the Underwriting Agreement, the businesses and outlook of the Group. We have not, however, for the purpose of this exercise, conducted any in-depth independent investigation into the businesses or affairs and future prospects of the Group nor have we carried out any independent verification of the information supplied.

Your attention is drawn to the responsibility statements as set out in the paragraph headed "1. Responsibility statement" under the section headed "Appendix IV General information" in this circular. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the circular, save and except for this letter of advice.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions and recommendations in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, we have taken into consideration of the following principal factors and reasons:

1. Background and financial information of the Group

(a) Background of the Group

As stated in the Letter from the Board and according to the Management, the Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in consultancy services in structural and geotechnical engineering, civil engineering practice areas and materials engineering. In addition, the Company is also engaged in other related services such as providing registered structural engineer and authorized person services in relation to alteration and addition works, as well as providing expert services from time to time as required by customers. The Company is further engaged in the IT business segment, offering equipment rental services (e.g. rental of fundamental equipment (server racks, cabinets, and monitoring equipment) for data center, storage device leasing (enterprise-level storage arrays and distributed storage nodes)), software and integrated solutions (e.g. ERP system integration solution, BIM platform, and smart home management software), and Device-as-a Service (DaaS) solutions. Such diversification enhances its technological capabilities and providing clients with flexible and cost-efficient IT resources.

(b) *Financial performance of the Group*

Set out below is a summary of the financial performance of the Group for the financial years ended 31 March 2025 ("**FY2025**") and 31 March 2024 ("**FY2024**") respectively as extracted from the Annual Report 2025 and the six months ended 30 September 2025 ("**HY2025**") and 30 September 2024 ("**HY2024**") respectively as extracted from Interim Report 2025 and according to the Management:

	FY2025 *HK$'000* *(Audited)*	**FY2024** *HK$'000* *(Audited)*	**HY2025** *HK$'000* *(Unaudited)*	**HY2024** *HK$'000* *(Unaudited)*
Revenue	104,274	100,981	47,622	59,455
– Construction of new properties	89,316	79,593	38,530	50,831
– Refurbishment/ maintenance of existing properties	7,369	9,693	4,967	5,157
– Others *(Note)*	7,589	11,695	4,125	3,467
Gross profit	24,519	33,314	13,637	4,516
Fair value changes on financial assets at fair value through profit or loss ("**FVTPL**")	77,700	18,307	17,572	38,993
Profit before taxation	64,013	3,584	12,366	19,292
Profit for the year attributable to owners of the Company	64,506	3,718	11,988	19,247

Note: Others represent revenue from the provision of installation services for IT equipment, expert witness services and other minor works services.

FY2024 vs FY2025

Revenue

According to the Annual Report 2025, the revenue of the Group for FY2024 and FY2025 represented revenue generated from provision of (i) comprehensive structural and geotechnical engineering consultancy services; and (ii) equipment rental services in Hong Kong; and (iii) provision of installation services for IT equipment. As set out in the table above, the revenue of the Group for FY2025 increased by approximately HK$3.3 million or 3.3% from approximately HK$100.98 million for FY2024 to approximately HK$104.27 million for FY2025. Such increase was mainly due to increase in revenue contributed from service line from construction of new properties and partially off-set by the decrease in revenue from service lines from refurbishment/ maintenance of existing properties and others.

Gross Profit/Margin

The Group recorded gross profit of approximately HK$24.52 million for FY2025 represented a decrease of approximately HK$8.80 million or 26.4% from approximately HK$33.31 million for FY2024. The decrease in gross profit was mainly caused by increase in cost of services. The cost of services increased from approximately HK$67.7 million for FY2024 to approximately HK$79.8 million for FY2025, representing an increase of approximately HK$12.1 million or 17.9%. The cost of services mainly comprised of staff costs for professional staff (including Directors' remuneration) and sub-consulting costs. The percentage of staff costs to total cost of services for FY2025 was approximately 80.4% (for FY2024: approximately 87.4%). The increase in total cost of services was mainly attributable to the effect of (i) increase in sub-consulting charges incurred for the construction projects related to structural and geotechnical engineering consultancy services; and (ii) increase in staff costs and benefits as a result of additional manpower to support extra work and raises in basic salary and staff welfare for the structural and geotechnical engineering consultancy services for FY2025.

The gross profit margin was decreased from approximately 33.0% for FY2024 to approximately 23.5% for FY2025. The decrease was mainly caused by the decrease in number of small scale projects with higher gross profit margin in general.

Profit

Profit for the year of the Group amounted to approximately HK$64.5 million for the year ended 31 March 2025 (for the year ended 31 March 2024: profit of approximately HK$3.7 million). The profit was primarily attributable to the fair value changes on financial asset at fair value through profit or loss of approximately HK$77.7 million.

HY2024 vs HY2025

Revenue

According to the Interim Report 2025, the revenue of the Group for HY2024 and HY2025 represented revenue generated from provision of (i) comprehensive structural and geotechnical engineering consultancy services; and (ii) equipment rental services in Hong Kong; and (iii) provision of installation services for IT equipment. As set out in the table above, the revenue of the Group for HY2025 decreased by approximately HK$11.83 million or 19.90% from approximately HK$59.46 million for HY2024 to approximately HK$47.62 million for HY2025. Such decrease was mainly due to the decrease in revenue contribution from structural and geotechnical engineering consultancy services of construction of new properties and refurbishment/maintenance of existing properties from decreased number of projects.

Gross Profit/Margin

The Group recorded gross profit of approximately HK$13.64 million for HY2025 represented an increase of approximately HK$9.12 million or 201% from approximately HK$4.52 million for HY2024. The increase in gross profit was mainly caused by decrease in cost of services. The cost of services decreased from approximately HK$54.94 million for HY2024 to approximately HK$33.99 million for HY2025, representing a decrease of approximately HK$20.95 million or 38.14%. The cost of services mainly comprised of staff costs for professional staff (including Directors' remuneration) and sub-consulting costs. Such decrease was mainly attributable to decrease in director remuneration and staff cost. The percentage of staff costs to total cost of services for HY2025 was approximately 90.49% (for the year ended HY2024: approximately 74.0%).

The gross profit margin was increased from approximately 7.6% for HY2024 to approximately 28.6% for HY2025. The increase was mainly caused by the decrease in director remuneration and staff cost.

Profit

Profit for the half year of the Group amounted to approximately HK$11.99 million for HY2025 (for HY 2024: profit of approximately HK$19.25 million). The decreased in profit was primarily attributable to net effect of (i) decrease in the fair value changes on financial asset at fair value through profit or loss from approximately HK$38.99 million for HY2024 to that of HK$17.57 million for HY2025 and (ii) increase of the gross profit from approximately HK$4.52 million for HY2024 to that of approximately HK$13.64 million for HY2025.

(c) Financial position of the Group

Set out below is the consolidated statement of financial position of the Group as at 30 September 2025 and 31 March 2025 respectively as extracted from the Interim Report 2025:

	As at 30 September 2025 *HK$'000* *(Unaudited)*	**As at 31 March 2025** *HK$'000* *(Audited)*
Non-current assets	**136,312**	**112,230**
– Property, plant and equipment	7,940	2,590
– Financial assets at FVTPL	116,903	96,831
Current assets	**122,009**	**131,189**
– Trade and other receivable	62,248	84,987
– Contract assets	32,035	29,844
– Cash and cash equivalent	27,726	16,358
Total assets	**258,321**	**243,419**
Current liabilities	**36,625**	**38,329**
– Trade and other payable	6,537	8,808
– Contract liabilities	27,499	26,726
– Lease liabilities	2,090	2,610
Non-current liabilities	**9,963**	**7,770**
– Lease liabilities	5,723	6,830
– Bond payable	3,300	–
Total liabilities	**46,588**	**46,099**
Net current assets	**85,384**	**92,860**
Net assets	**211,733**	**197,320**

Non-current asset

As set out above, the non-current assets of the Group mainly consist of financial assets at FVTPL. The financial assets held by the Group as at 30 September 2025 and 31 March 2025 was investment in OPS Holdings Limited ("**OPS**"), a company incorporated in the BVI with limited liability which was acquired by the Group on 22 July 2021. At 30 September 2025, the Group owns 2.56% equity interest of the OPS and it is a financial asset at FVTPL of the Group. The OPS's subsidiary Super X AI Technology Ltd. (Formerly known as Junee Limited) has been successfully listed on NASDAQ (Stock Code: SUPX, former Stock Code: JUNE) on 17 April 2024. The movement in market value of Super X AI Technology Ltd. is the main cause for the increase of fair value of the financial assets at FVTPL.

Current assets

The current assets of the Group are mainly (i) trade and other receivables; (ii) contract assets and (iii) cash and cash equivalent. The current assets of the Group are approximately HK$122.01 million as at 30 September 2025 which represents a decrease of approximately HK$9.18 million when compared to that of the Group as at 31 March 2025. The decrease are mainly due to the decrease in trade and other receivables from approximately HK$84.99 million as at 31 March 2025 to that of the Group of approximately HK$62.25 million as at 30 September 2025 and partially off-set by the increase of contract asset from approximately HK$29.84 million as at 31 March 2025 to that of approximately HK$32.04 million as at 30 September 2025 and increase in cash of and cash equivalents from approximately HK$16.36 million as at 31 March 2025 to approximately HK$27.73 million as at 30 September 2025.

Current Liabilities

The current liabilities of the Group are mainly (i) contract liabilities and (ii) trade and other payables. The current liabilities of the Group are approximately HK$36.63 million as at 30 September 2025 which represents a decrease of approximately HK$1.71 million when compared to that of the Group as at 31 March 2025. The decrease are mainly due to the decrease in trade and other payable from approximately HK$8.81 million as at 31 March 2025 to that of the Group of approximately HK$6.54 million as at 30 September 2025 and partially off-set by the increase of contract liabilities from approximately HK$26.73 million as at 31 March 2025 to that of approximately HK$27.50 million as at 30 September 2025.

Non-current liabilities

The non-current liabilities of the Group are mainly (i) lease liabilities and (ii) bond payable. The non-current liabilities of the Group are approximately HK$9.96 million as at 30 September 2025 which represents an increase of approximately HK$2.19 million when compared to that of the Group as at 31 March 2025. The increase is mainly due to the net effect of (i) new bond payable of approximately HK$3.30 million and (ii) decrease of lease liabilities of approximately HK$1.1 million.

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

(a) Intended use of proceeds

Subject to completion of the Rights Issue, it is expected that the maximum gross proceeds and net proceeds (after deduction of professional fees and all related expenses of the Rights Issue) from the Rights Issue will be approximately HK$30.933 million and HK$30.383 million respectively. The Company intends to apply the net proceeds in the following manners:

(i) approximately 27%, i.e. HK$8.203 million for the expansion and improvement of our existing IT and smart building management businesses, including recruitment of additional manpower (15%, HK$4.557 million), acquisition of supplementary IT equipment (7%, HK$2.127 million), and development of various software applications for both internal use and external commercial purposes (5%, HK$1.519 million);

(ii) approximately 15%, i.e. HK$4.557 million for establishing and growing the Group's engineering consultancy services, including recruitment of manpower (5%, HK$1.519 million), targeted marketing and promotional initiatives (5%, HK$1.519 million); and enhancements to our core operating system and platforms (5%, HK$1.519 million);

(iii) approximately 20%, HK$6.077 million for the acquisition of new companies in construction and property development, and IT related segments; or increase our shareholdings in non-wholly owned subsidiaries; or investment in existing subsidiaries;

(iv) approximately 30%, HK$9.115 million for the general working capital of the Company, including but not limited to (a) staff salary (15%, HK$4.557 million); (b) Directors' remuneration (4%, HK$1.217 million); (c) office rent and rates (3%, HK$0.911 million); (d) professional fees (including but not limited to legal advisers and auditors), listing annual fee, and other administrative overheads (8%, HK$2.430 million); and

(v) approximately 8%, i.e. HK$2.430 million for repayment of debt, including (a) 5% (HK$1.519 million) as to an amount due to a director; and (b) 3% (HK$0.911 million) as other payable/accrued expenses.

In the event that there is an undersubscription of the Rights Issue, the use of proceeds raised from the Rights Issue will be allocated on a pro-rata basis for the purposes disclosed above.

As stated in the Annual Report 2025, the Group will make use of existing resources to develop current business of geotechnical engineering consultancy. Also, the Group has successfully introduced IT business with deployed Artifical Intelligence ("**AI**") driven analytics and Building Information Modeling (BIM) in key projects, achieving measurable improvements in design efficiency and real-time monitoring. Notably, the Group's strategic adoption of Modular Integrated Construction (MiC) for major housing developments reduced construction cycles by approximately 20%, validating the Group's commitment to innovation with certain outcomes.

Adoption of AI related technology in construction industry is becoming more popular. According to the Construction Industry Council, it has been committed to promoting innovation and technology. In 2026, Hong Kong construction industry practitioners should take the lead in proactively embracing the changes brought by AI, rather than waiting passively for opportunities. In addition, as stated above, the adoption of Modular Integrated Construction (MiC) for major housing developments reduced construction cycles by approximately 20%, validating the Group's commitment to innovation with certain outcomes. Based on the above, we are of view and concur with the view of the Management that the allocation of proceeds from the Rights Issue to the expansion and improvement its existing IT and smart building management businesses is justifiable.

As stated in Annual Report 2025, the Group is a construction engineering consultant and all of the revenue are derived from consultancy services related to the construction related area. Therefore, the allocation of proceeds from the Rights Issue for establishing and growing our engineering consultancy services is in line with business development of the Company.

As stated in the Letter from the Board, upon reviewing the Group's latest financial position, the Board confirms the need for the Rights Issue. From the perspective of capital allocation, existing resources are mainly deployed on operational commitments, limiting flexibility for strategic initiatives. From the perspective of financial prudency, it avoids incremental leverage and strengthens liquidity buffers amid rising costs and market volatility. Leveraging current market sentiment, the Rights Issue addresses funding needs timely, mitigating risks of delayed financing such as cost escalations or missed opportunities while safeguarding long-term corporate interests.

In order to assess the latest level of cash and cash equivalent of the Company, we requested the Company to provide its latest level of cash and cash equivalent. Based on our request, the Company provided the level of the cash and cash equivalent as at 28 February 2026. According to the information provided by the Company and discussion with the Management, the cash and cash equivalent of the Company as at 28 February 2026 is approximately HK$12.5 million of which approximately HK$6.1 million is required for monthly staff payroll disbursements and approximately HK$3.3 million is required for cash in advanced to consultancy fees for potential new projects. Given the amount of the use of proceeds from the Right Issue as stated above and the intended use of the cash on hand as stated above, the Company does not have enough internal resources to satisfy the funding needs of the plan as stated above. In addition, according to the Management, it is prudent for the Company to maintain sufficient cash level for business operation and unexpected incident. Based on the above, we are of the view and concur with the view of the Management that given the current financial position of the Group, the conduct of Rights Issue is justifiable.

Given the reason stated above, the allocation of proceeds from the Rights Issue for the acquisition of new companies in construction and property development, and IT related segments; or increase the Group's shareholdings in non-wholly owned subsidiaries; or investment in existing subsidiaries is in line with the business development of the Company.

(b) Alternative sources of financing

We have discussed with the management of the Company that the Board has considered the pros and cons of alternative fund-raising methods, including but not limited to debt financing and equity financing such as the placing of new Shares and open offer, before resolving to the Rights Issue, which are summarized as follows:

In respect of debt financing, the Board considered that debt financing will result in additional interest burden, higher gearing ratio of the Group and may not be achievable on favourable terms in a timely manner. We consider that debt financing from financial institutions is not in the interests of the Company as it will increase the gearing of the Group and result in additional interest burden. Based on our analysis on the financial information of the Group as discussed in the section headed "1. Background and financial information of the Group" above, most of the Group's non-current assets is securities investment in a US stock. The Management considered asset pledging may be required by financial institutions for debt financing. However, majority of the Company's investment portfolio consists of securities, which are illiquid in nature and generally not regarded by banks as acceptable collateral. As per our discussion with the Management, the Company considers it is prudent to support the Group's long-term growth through long-term financing, preferably in the form of equity, as this would not result in an increase in the Group's financing costs.

In respect of equity financing, we note that the Group had conducted fund raising through placing of new shares under general mandate in March 2025 and the proceeds has already been fully utilised as intended. Placing of new Shares, when compared with the Rights Issue, would be less favourable as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. As for open offer, although it is similar to the Rights Issue, it does not allow the trading of rights entitlements. The Rights Issue allows the Qualifying Shareholders to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). The Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market. Therefore, the Board considered that the Rights Issue would be more preferrable to an open offer as it offers the Qualifying Shareholders an option to sell their entitlement rights. Accordingly, after discussing with the Management and after considering the advantages of flexibility of the Rights Issue, we concur with the Directors' view that fund-raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

In light of the above, we consider that the Rights Issue is most appropriate fund raising method available to the Company and it is in the interests of the Company and the Independent Shareholders as a whole to proceed with the Rights Issue.

3. Principal terms of the Rights Issue

(a) Terms of the Rights Issue

Set out below is the summary of the principal terms of the Rights Issue, further details of which are set out in the Letter from the Board:

Rights Issue statistics

Basis of the Rights Issue	:	two (2) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$0.107 per Rights Share
Net price (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK$0.105 per Rights Share, if fully subscribed
Number of Shares in issue at the Latest Practicable Date	:	144,545,000 Shares As at the Latest Practicable Date, the Company does not hold any treasury shares and there is no repurchased Share pending cancellation.
Maximum number of Rights Shares to be issued under the Rights Issue (assuming the Rights Issue is fully subscribed)	:	289,090,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Maximum total number of issued Shares as enlarged by the Rights Issue (assuming the Rights Issue is fully subscribed)	:	433,635,000 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue (before expenses)	:	No more than approximately HK$30.933 million
Net proceeds from the Rights Issue	:	No more than approximately HK$30.383 million
Rights of excess application	:	There will be no excess application arrangements in relation to the Rights Issue

Compensatory arrangements	:	Any Unsubscribed Rights Shares and NQS Unsold Rights Shares (if any) will be placed to the Independent Placees on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares (if any) which are not placed under the Compensatory Arrangements will be underwritten by Mr. Yuen up to 43,647,200 Rights Shares.
Number of Underwritten Shares	:	Mr. Yuen has (in addition to its obligations under the Irrevocable Undertaking) conditionally agreed to underwrite such number of Rights Shares not taken up under the Compensatory Arrangements (rounded down to the nearest whole number), which together with the Shares already held by Mr. Yuen and the Undertaken Shares, will not reach to a percentage of enlarged issued share capital of the Company at completion of the Rights Issue, which will trigger a general offer obligation in accordance to the note to Rule 10.26(2) of the GEM Listing Rules

Saved as a total of 4,480,895 share options the Company granted to its Directors and employees on 27 October 2025, as at the Latest Practicable Date, the Company has no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

Assuming that there is no change in the number of issued Shares on or before the Record Date and no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 289,090,000 Rights Shares proposed to be provisionally allotted and issued pursuant to the Rights Issue represents approximately 200% of the number of issued Shares as at the Latest Practicable Date and will represent approximately 66.67% of the total number of issued Shares of the Company as enlarged by the issue of the Rights Shares (assuming the Rights Issue is fully subscribed).

(b) Terms of the Placing Agreement

Set out below is the summary of the principal terms of the Placing Agreement:

Date	:	11 February 2026 (after trading hours of the Stock Exchange)
Issuer	:	The Company

Placing Agent	:	First Shanghai Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO. The Placing Agent is a third party independent of and not connected with the Company and any of its connected persons, and confirms that it is independent of and not acting in concert with the Underwriter and parties acting in concert with any of them.
Commission and expenses	:	The Company shall pay to the Placing Agent a nonrefundable fee of HK$15,000 within three Business Days upon execution of the Placing Agreement. Subject to the satisfaction of the conditions of the Placing, the Company shall pay to the Placing Agent a placing commission of HK$85,000 or 1% of the gross placing proceeds (i.e. the placing price multiplied by the number of the Unsubscribed Rights Shares and NQS Unsold Rights Shares successfully placed by the Placing Agent), whichever is higher.
Placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares	:	The placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares shall not be less than the Subscription Price (exclusive of any brokerage, SFC transaction levy, Stock Exchange trading fee or the AFRC transaction levy as may be payable), and the final placing price shall be determined based on the demand for and the prevailing market conditions of the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the placement process.
Independent 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) are Independent Third Party(ies).

The Placing Agent will use reasonable endeavour to, and the Company will ensure that (i) the Company will continue to comply with public float requirement under Rule 11.23(7) of the GEM Listing Rules upon the completion of the Rights Issue and the Placing; and (ii) that the Placing shall not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

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 then in issue and be free from all encumbrances and with all rights attaching thereto on and after the date of their allotment.

For details of the terms and conditions of the Placing Agreement, please refer to the section headed "Placing Agreement" in the Letter from the Board.

As stated in the Letter from the Board, the engagement between the Company and the Placing Agent for the placing of the Unsubscribed Rights Shares and the NQS Unsold Right Shares (including the commission payable) was determined after arm's length negotiations between the Placing Agent and the Company with reference to the market comparable case (the Placing commission quoted by the Placing Agent to the IRC Limited (Stock code: 1029)). By further considering the size of the Rights Issue, and the current market conditions of the Company, the Directors (other than members of the Independent Board Committee whose opinion will be set forth in the Circular after considering the advice from the Independent Financial Advisor) consider the terms of the Placing Agreement (including the commission payable) are on normal commercial terms and are fair and reasonable. Please refer to "(h) Placing commission rate in the Placing Agreement" for our analysis regarding the fairness of the placing commission rate in the Placing Agreement.

In order to assess the fairness and reasonableness of the placing commission rate in the Placing Agreement, we have compared the placing commission rate in the Placing Agreement with the placing commission rates provided by the placing agents of recent rights issue transactions, the details of which are set out in the sub-section headed "(h) Placing commission rate in the Placing Agreement" below in this letter.

(c) Terms of the Underwriting Agreement

Set out below is the summary of the principal terms of the Underwriting Agreement:

Date	:	11 February 2026 (after trading hours of the Stock Exchange)
Issuer	:	The Company
Underwriter	:	Mr. Yuen As at the Latest Practicable Date, Mr. Yuen is beneficially interested in 21,823,600 Shares, representing approximately 15.10% of the total number of issued Shares of the Company and is a substantial Shareholder, a non-executive Director and the Chairman of the Company. As such, the Underwriter complies with Rule 10.24A(2) of the GEM Listing Rules. The Underwriter is a qualified lawyer in both Hong Kong and England & Wales and does not engage in securities underwriting as part of his ordinary course of business.
Number of Rights Shares underwritten by the Underwriter	:	Mr. Yuen has (in addition to its obligations under the Irrevocable Undertaking) conditionally agreed to underwrite such number of Rights Shares not taken up under the Compensatory Arrangements (rounded down to the nearest whole number), which together with the Shares already held by Mr. Yuen and the Undertaken Shares, will not reach to a percentage of enlarged issued share capital of the Company at completion of the Rights Issue, which will trigger a general offer obligation in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

For the avoidance of doubt, in the event that the number of Shares already held by Mr. Yuen together with the Undertaken Shares reached to a percentage of enlarged issued share capital of the Company at completion of the Rights Issue, which will trigger a general offer obligation in accordance to the note to Rule 10.26(2) of the GEM Listing Rules, no further Rights Share will be underwritten by Mr. Yuen under the Underwriting Agreement.

Commission	:	The Underwriter will not receive any underwriting commission.

For details of the terms and conditions of the Underwriting Agreement, please refer to the section headed "The Underwriting Agreement" in the Letter from the Board.

As stated in the Letter from the Board, the terms of the Underwriting Agreement were determined after arm's length negotiations between the parties, by reference to the financial position of the Group, the identity of the Underwriter as the substantial Shareholder of the Group, the size of the Rights Issue and the current market condition.

We are of the view and concur with the view of the Management that, although the Rights Issue will be conducted on a non-fully underwritten basis, (i) the arrangement can undertake the minimum level of subscription of Rights Share; (ii) the underwriting commission is fair and reasonable as stated above; and (iii) pursuant to Rule 10.31(2) of the GEM Listing Rules, the Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (if any) by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (if any) to the Independent Placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue, the Rights Issue and its structure are fair and reasonable and be in the interests of the Company.

In order to assess the fairness and reasonableness of the underwriting commission rate in the Underwriting Agreement, we have compared the underwriting commission rate in the Underwriting Agreement with the underwriting commission rates provided by the underwriters of recent rights issue transactions, which the details are set out in the sub-section headed "(i) Underwriting commission rate in the Underwriting Agreement" below in this letter.

(d) Analysis on the Subscription Price

The Subscription Price is HK$0.107 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 57.2% to the closing price of HK$0.250 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 33.5% to the closing price of HK$0.161 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 35.9% to the average closing price of approximately HK$0.167 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 35.7% to the average closing price of approximately HK$0.166 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

(v) a discount of approximately 20.5% to the theoretical ex-rights price of approximately HK$0.128 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK$0.161 per Share as quoted on the Stock Exchange on the Last Trading Day;

(vi) theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 24.8%, represented by the theoretical diluted price of HK$0.128 per Share to the benchmarked price of approximately HK$0.170 per share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the five (5) previous consecutive trading days prior to the Last Trading Date; and

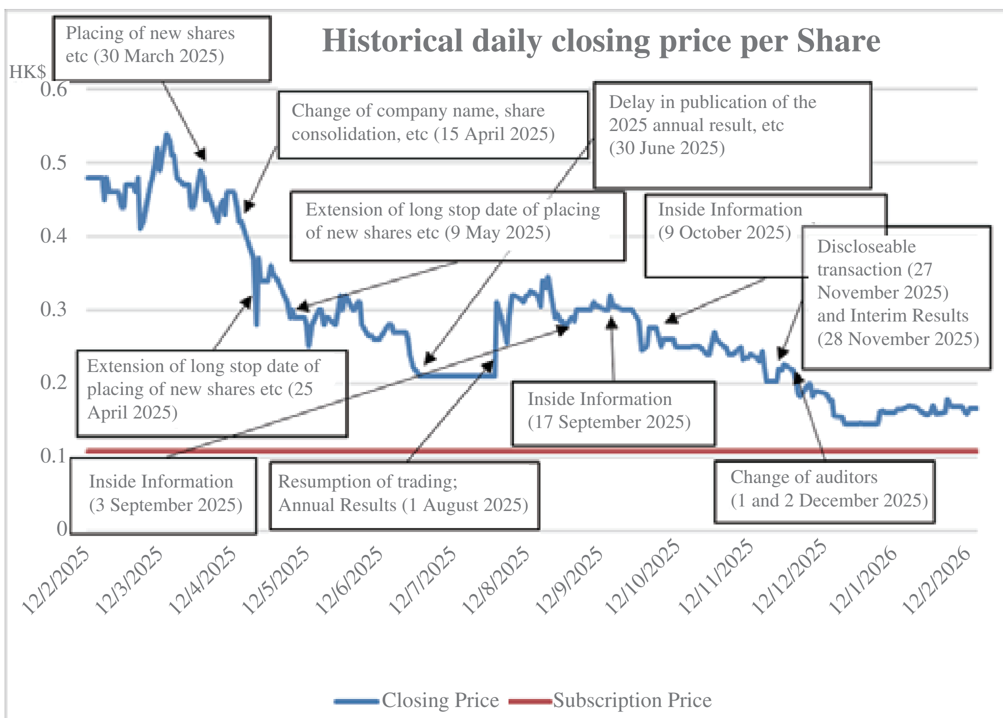
(vii) a discount of approximately 92.7% to the net asset value per Share as at 30 September 2025 of approximately HK$1.465 (based on a total of 144,545,000 Shares in issue as at the Latest Practicable Date and the Group's unaudited total equity attributable to owners of the Company of approximately HK$211,733,000 as at 30 September 2025 as disclosed in the interim report of the Company for the six months ended 30 September 2025).

The Subscription Price was determined by the Company with reference to the recent market prices of the Shares, the current market conditions, the financial position of the Group and the reasons and benefits of the Rights Issue as discussed in the section headed "Reasons for the Rights Issue and the Use of Proceeds" below in this Circular.

(e) ***Comparison with adjusted historical closing prices of the Shares***

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the closing prices of the Shares from 12 February 2025 to the Last Trading Day (the "**Share Price Review Period**") (being a period of approximately 12 months prior to and including the Last Trading Day) and compared with the Subscription Price. We consider that the Share Price Review Period is a reasonably long period covering the annual operating cycle of the Company for analysis purpose to illustrate the general trend and level of movement of the adjusted closing price of the Shares and thus the Share Price Review Period is fair and representative to reflect the market assessment on the financial performance of the Group and the general market sentiment.

Chart 1: Historical closing prices of the Shares



Source: website of the Stock Exchange

As shown in Chart 1, the closing price of the Shares showed a downward trend in general during the Share Price Review Period. The closing price of the Shares decreased from the highest closing price of HK$0.54 per Share on 17 March 2025 to the lowest closing price of HK$0.145 per Share on 24 December 2025, 29 December 2025, 31 December 2025, 2 January 2026 and 5 January 2026, which represents a decrease of approximately 73.1% from the highest closing price of the Shares.

The closing price of the Shares decreased from HK$0.54 on 17 March 2025 to HK$0.21 on 30 June 2025, being the trading day before the suspension of trading due to the delay in publication of the 2025 annual result. During the aforesaid period, the Company published (i) the announcement in relation to placing of new Shares under general mandate on 30 March 2025; (ii) the announcement in relation to (1) proposed change of company name and stock short name; (2) proposed share consolidation; (3) proposed changed in board lot size; and (4) proposed increase in authorised share capital on 15 April 2025; (iii)_the announcements in relation to extension of long stop date of placing of new shares under general mandate on 25 April 2025 and 9 May 2025 respectively; and (iv) the inside information announcement in relation to the (1) possible delay in publication of the 2025 annual results; (2) possible delay in despatch of 2025 annual report; (3) postponement of board meeting and (4) possible suspension of trading on 30 June 2025.

And the closing price of the Shares rebounded to HK$0.31 on 1 August 2025 after the resumption of trading of the Shares on 1 August 2025 and fluctuated thereafter. Subsequently increased to HK$0.345 on 22 August 2025. After that, the closing price of the Shares experienced a downward trend and reached the lowest closing price of HK$0.145 per Share on 24 December 2025, 29 December 2025, 31 December 2025, 2 January 2026 and 5 January 2026. During the aforesaid period, the Company published (i) the annual results announcement on 1 August 2025 and interim results announcement on 28 November 2025, (ii) the announcement in relation to resumption of trading on 1 August 2025; (iii) the inside information announcements in relation to update on the winding up petition filed by National Resources Corporate Finance Limited on 3 September 2025 and 17 September 2025; (iv) the inside information announcement in relation to withdrawal of the winding up petition filed by National Resources Corporate Finance Limited on 9 October 2025 (v) the announcement in relation to the discloseable transaction regarding the acquisition of 60% issued share capital of Smart Building Management System Limited on 27 November 2025; and (vi) announcement in relation to the change of auditor of the Company on 1 December 2025 and the relevant supplemental announcement on 2 December 2025 Except for the abovementioned announcements, there is no particular reason and we are not aware of any information/reason causing the fluctuations on the closing price of the Shares during the Share Price Review Period. The average closing price over the Share Price Review Period is approximately HK$0.28 per Share.

The Subscription Price of HK$0.107 represents (i) a discount of approximately 80.2% to the highest closing price of HK$0.54 per Share; (ii) a discount of approximately 26.2% to the lowest closing price of HK$0.145 per Share; and (iii) a discount of approximately 61.8% to the average closing price of HK$0.28 per Share over the Share Price Review Period. Although the Subscription Price is out of range of the closing price of the Shares during the Share Price Review Period as mentioned above, after considering that (i) the closing price of the Shares has been decreasing during the Share Price Review Period; (ii) the low liquidity of the Shares as discussed in sub-section headed "(f) Historical trading liquidity of the Shares" below; (iii) the funding needs as discussed in the section headed "2. Reasons for and benefits of the Rights Issue and use of proceeds" above; and (iv) the Subscription Price is within the range in the comparable analysis as discussed in the sub-section headed "(g) Comparison with recent rights issue exercises" below; and (v) it is a common market practice to set the subscription price at a discount to the prevailing market prices of the relevant shares to attract the shareholders to participate in the rights issue, we consider that the discount of the Subscription Price is fair and reasonable and the Rights Issue is in the interests of the Company and the Shareholders as a whole.

(f) Historical trading liquidity of the Shares

Month	**Number of trading days** *(days)*	**Average daily trading volume of Shares during the months/periods**	**% of average daily turnover over total number of Shares in issue** *(Note 1)*
2025			
February	13	108,692	0.079%
March	21	381,209	0.276%
April	19	180,578	0.133%
May	20	195,640	0.135%
June	21	290,723	0.201%
July (Note 2)	0	–	–
August	21	750,800	0.519%
September	22	512,183	0.354%
October	20	50,380	0.035%
November	20	80,320	0.056%
December	21	125,009	0.086%
2026			
January	21	106,666	0.074%
1 February to Last Trading Day	8	171,250	0.1185%
Total	**231**		

Source: website of the Stock Exchange

Note 1: Calculated based on the total number of the Shares at the end of each month.

Note 2: The trading of the Share was suspended from 2 July 2025 and resume on 1 August 2025 due to the delay in publication of annual result of the Company for the year ended 31 March 2025. Please refer to the Company's announcements dated 2 July 2025 and 1 August 2025 respectively for detailed information.

As demonstrated in the table above, the average daily trading volume of the Shares during the Share Price Review Period ranged from approximately 0.035% to 0.519% of the number of Shares in issue as at the end of relevant month. We noted that the liquidity of the Shares is thin during the Share Price Review Period and only one month of the the average daily trading volume of the Share during the Share Review Period is over 0.5%. Except for the announcement in relation to resumption of trading on 1 August 2025, there is no particular reason and we are not aware of any information/reason causing the increase in trading of the Shares in August 2025.

Given the thin trading volume and the downward trend in the closing price of the Shares during the Share Price Review Period, we consider that it is reasonable for the Subscription Price to be set at a discount to the historical closing prices of the Shares in order to attract the Qualifying Shareholders to participate in the Rights Issue and to maintain their respective shareholdings in the Company.

(g) Comparison with recent rights issue exercises

In order to further assess the fairness and reasonableness of the terms of the Rights Issue, we intended to search rights issue transactions conducted by other listed companies in the Stock Exchange with similar business, i.e. engaged in consultancy services in structural and geotechnical engineering, civil engineering practice areas and materials engineering and with market capitalisation not more than HK$45 million (as the market capitalisation of the Company is approximately HK$23.3 million as at the date of the Announcement) during the period from 12 August 2025 to the date of the Announcement, being the past six months period before the date of the Announcement (the "**Comparable Review Period**"). Based on the aforesaid selection criteria, only one listed company is identified that engaged in similar business of the Company, i.e. consultancy services in construction business. However, the aforesaid listed company did not conduct rights issue during the Comparable Review Period. If we relax the selection criteria in relation to the nature of business, only seven listed companies is identified, which we are of the view that the size of comparable is not enough. Based on the above situation, we relax our selection criteria to rights issue transactions conducted by other listed companies in the Stock Exchange during the Comparable Review Period and we have identified an exhaustive list of 44 rights issue transactions (the "**Comparables**") announced by other companies listed on the Stock Exchange during Comparable Review Period. Although the Comparables include rights issue in different basis, engaged in different business or have different financial performance and funding needs from the Company, having considered that (i) all of the Comparables and the Company are listed on the Stock Exchange; (ii) our analysis is mainly focus on the principal terms of the rights issue and we are not aware of any established evidence showing any correlation between the entitlement basis of the rights issue and its underlying principal terms; (iii) including transactions conducted by the Comparables with different funding needs and business represent a more comprehensive overall market sentiment in our comparable analysis; (iv) an approximately six months period for the selection of the Comparables has generated a reasonable samples size to reflect the market practice regarding rights issue in the recent period; and (v) the Comparables were included without any artificial selection or filtering on our part so the Comparables represent a true and fair view of the recent market trends for similar rights issue transactions conducted by other issuers listed on the Stock Exchange, we consider that the list of Comparables are fair and representative samples. In addition, we consider that the Comparable Review Period is adequate and fair and representative given that (i) such period would provide us with the recent and relevant information in relation to the rights issue to demonstrate the prevailing market practices prior to the Last Trading Day under the prevailing market conditions; and (ii) we are able to identify sufficient number of samples of 44 representative Comparables that meet the aforesaid criteria for comparison analysis in such period.

No.	Date of initial announcement	Stock code	Company name	Basis of entitlement	Premium/(discount) of the subscription price over/to the closing price on the last trading day as stated in the relevant announcement	Premium/(discount) of the subscription price to the theoretical ex-rights price	Premium/(discount) of the subscription price over/to the consolidated net asset value per share *(Note 1)*	Theoretical dilution effect *(Note 2)*	Excess application (Yes/No)	Placing commission	Underwriting arrangement	Underwriting commission	Maximum dilution on the shareholding (Approx. %)
1.	6 February 2026	8021	WLS Holdings Limited	1 for 1	(40.0)%	(25.0)%	(77.10)%	21.60%	No	2.5%	No	N/A	50%
2.	5 February 2026	1991	Ta Yang Group Holdings Limited	2 for 1	(2.44)%	(0.83)%	297.69% *(Note 4)*	4.80%	Yes	N/A	No	N/A	66.67%
3.	29 January 2026	2623	Add New Energy Investment Holdings Group Limited	1 for 2	(37.66)%	(28.72)%	65.57%	12.55%	Yes	N/A	No	N/A	33.33%
4.	27 January 2026	8547	Pacific Legend Group Limited	1 for 2	25.0%	16.28%	4.09%	4.60%	No	2.0%	No	N/A	33.33%
5.	26 January 2026	1559	Kwan On Holdings Limited	1 for 2	(17.65)%	(12.50%)	79.09%	5.88%	Yes	N/A	No	N/A	33.33%
6.	15 January 2026	770	Shanghai International Shanghai Growth Investment Limited	3 for 8	(60)%	(52.19)%	47.44%	16.33%	No	1.0%	No	N/A	27.27%
7.	14 January 2026	1592	Anchorstone Holdings Limited	4 for 1	(42.86)%	8.57%	51.61%	24.0%	No	1.25%	No	N/A	80%
8.	14 January 2026	3303	Jutal Offshore Oil Services Limited	1 for 6	(69.23)%	(66.10)%	(85.13)%	9.92%	No	1.0%	No	N/A	14%
9.	13 January 2026	689	EPI (Holdings) Limited	2 for 1	(17.10)%	(8.57)%	(75.04)%	14.38%	Yes	N/A	Fully underwritten	1.8%	66.67%
10.	2 January 2026	248	HKC International Holdings Limited	1 for 2	(25.50)%	(18.60)%	(79.10)%	8.50%	No	N/A	No	N/A	33.33%
11.	30 December 2025	401	Wanja Group Holdings Limited	1 for 1	(31.62%)	(18.78)%	(33.33)%	15.81%	No	2.0%	No	N/A	50%
12.	23 December 2025 *(Note 5)*	8611	Mindtell Technology Limited	1 for 2	(32.40)%	(24.20)%	8100%	10.80%	No	2.0%	No	N/A	33.33%
13.	19 December 2025	810	China Castson 81 Finance Company Limited	5 for 2	(26.62)%	(9.41)%	(27.14)%	22.73%	No	2.50%	Non-fully underwritten *(Note 7)*	0.00%	71.43%
14.	12 December 2025	1591	Shun Wo Group Holdings Limited	1 for 3	(6.70)%	(5.08)%	(54.80)%	1.67%	Yes	N/A	No	N/A	25.00%
15.	11 December 2025	1894	Hang Yick Holdings Company Limited	4 for 1	(28.13)%	(7.26)%	(84.67)%	22.50%	No	1.0%	No	N/A	80.00%
16.	21 November 2025	727	Crown International Corporation Limited	3 for 1	(19.75)%	(5.80)%	(44.85)%	19.53%	Yes	N/A	No	N/A	75.00%
17.	19 November 2025	471	SILKWAVE INC	3 for 1	(31.06)%	(10.13)%	(62.81)%	24.51%	Yes	N/A	No	N/A	75.00%
18.	12 November 2025	442	Domaine Power Holdings Limited	1 for 2	(17.44)%	(12.35)%	65.12%	5.81%	Yes	N/A	No	N/A	33.33%
19.	6 November 2025	8238	Winto Group (Holdings) Limited	3 for 1	(6.98)%	(1.96)%	(52.23)%	5.12%	No	3.00%	No	N/A	75.00%
20.	4 November 2025	8283	Zhongshi Minan Holdings Limited	5 for 1	(23.91)%	(4.89)%	(64.68)%	21.67%	No	2.50%	No	N/A	83.33%
21.	2 November 2025	1025	KNT Holdings Limited	1 for 1	(9.09)%	(4.76)%	48.15%	9.39%	No	3.00%	No	N/A	50.00%
22.	24 October 2025	1029	IRC Limited	1 for 2	(16.39)%	(12.17)%	(61.10)%	9.76%	No	HK$85,000 or 1.25% of the gross placing proceeds whichever is higher *(Note 6)*	No	N/A	33.33%
23.	24 October 2025	482	Sandmartin International Holdings Limited	1 for 1	2.70%	(6.37)%	N/A *(Note 3)*	5.99%	Yes	N/A	No	N/A	50.00%
24.	24 October 2025	8153	Jiading International Group Holdings Limited	1 for 2	(38.78)%	(29.69)%	(78.26)%	12.93%	No	2.00%	No	N/A	33.33%
25.	22 October 2025	122	Crocodile Garments Limited	1 for 2	(22.68)%	(16.34)%	(92.46)%	7.56%	Yes	N/A	No	N/A	33.33%

No.	Date of initial announcement	Stock code	Company name	Basis of entitlement	Premium/ (discount) of the subscription price over/to the closing price on the last trading day as stated in the relevant announcement	Premium/ (discount) of the subscription price to the theoretical ex-rights price	Premium/ (discount) of the subscription price over/to the consolidated net asset value per share *(Note 1)*	Theoretical dilution effect *(Note 2)*	Excess application (Yes/No)	Placing commission	Underwriting arrangement	Underwriting commission	Maximum dilution on the shareholding (Approx. %)
26.	17 October 2025	8612	World Super Holdings Limited	3 for 1	23.46%	5.26%	669.23% *(Note 4)*	0.0%	No	2.50%	No	N/A	75.00%
27.	15 October 2025	1613	Synertone Communication Corporation	2 for 1	(35.71)%	(15.63)%	(43.75)%	23.81%	No	1.00%	No	N/A	66.67%
28.	15 October 2025	209	Winshine Science Company Limited	7 for 1	(23.50)%	(4.10)%	N/A *(Note 3)*	21.10%	Yes	N/A	Fully underwritten	2.50%	87.50%
29.	9 October 2025	8431	Hao Bai International (Cayman) Limited	4 for 1	(19.23)%	(4.55)%	59.09%	23.24%	No	1.50%	No	N/A	80.00%
30.	9 October 2025	145	CCIAM Future Energy Limited	1 for 2	(18.62)%	(13.07)%	(6.13)%	6.63%	No	HK$100,000	No	N/A	33.33%
31.	5 October 2025	1909	Fire Rock Holdings Limited	1 for 2	(20.20)%	(14.59)%	195.74% *(Note 4)*	9.13%	No	HK$100,000	Non-fully underwritten *(Note 7)*	0.00%	33.33%
32.	3 October 2025	1680	Macau Legend Development Limited	1 for 2	(45.45)%	(36.17)%	(88.46)%	15.79%	Yes	N/A	Fully underwritten	3.00%	33.33%
33.	2 October 2025	80	China New Economy Fund Limited	1 for 2	(29.29)%	(21.70)%	775.0% *(Note 4)*	9.70%	Yes	N/A	No	N/A	33.33%
34.	26 September 2025	765	Perfectech International Holdings Limited	1 for 2	(18.06)%	(12.72)%	152.14% *(Note 4)*	6.99%	Yes	N/A	No	N/A	33.33%
35.	22 September 2025	8282	Gameone Holdings Limited	1 for 2	1.69%	1.12%	(3.23)%	0.55%	Yes	N/A	Fully underwritten	0.50%	33.33%
36.	19 September 2025	6978	Immunotech Biopharm Ltd	1 for 5	(47.70)%	(43.18)%	N/A *(Note 3)*	8.05%	Yes	N/A	Fully underwritten	1.45%	16.67%
37.	15 September 2025	899	Zhong Jia Guo Xin Holdings Company Limited	2 for 1	(33.64)%	(14.45)%	(97.87)%	24.78%	No	5.00%	No	N/A	66.67%
38.	10 September 2025	48	China Automotive Interior Decoration Holdings Limited	3 for 2	(29.73)%	(14.47)%	(88.13)%	17.84%	No	1.50%	Fully underwritten	4.50%	60.00%
39.	4 September 2025	8341	Aeso Holding Limited	2 for 1	(25.70)%	(10.35)%	(83.00)%	17.12%	No	2.50%	No	N/A	66.67%
40.	4 September 2025	6696	Many Idea Cloud Holdings Limited	6 for 1	(22.08)%	(4.94)%	(90.53)%	20.63%	No	0.20%	No	N/A	85.71%
41.	26 August 2025	8133	Jisheng Group Holdings Limited	3 for 1	(14.29)%	(4.15)%	(45.45)%	10.57%	No	1.5%	No	N/A	75%
42.	14 August 2025	228	China Energy Development Holdings Limited	1 for 2	(19.90)%	(14.21)% *(Note 8)*	(73.34)%	6.63%	Yes	N/A	No	N/A	33.33%
43.	13 August 2025	8178	China Information Technology Development Limited	3 for 8	(55.05)%	(47.11)%	(63.0)%	15.12%	Yes	N/A	Fully underwritten	7.07	27.27%
44.	13 August 2025	2324	Capital VC Limited	1 for 1	(27.30)%	(15.79)% *(Note 8)*	(82.0)%	13.60%	No	HK$100,000 or 3% whichever is higher	No	N/A	50%
				Maximum	25.0%	16.28%	79.09%	24.78					87.50%
				Minimum	(69.23)%	(66.10)%	(97.87)%	0.00%					14.0%
				Average	(23.82)%	(14.58%	(36.50)%	13%					51.08%
	11 February 2026	8619	The Company	2 for 1	(35.9)%	(20.50)%	(92.70)%	24.80%	No	HK$85,000 or 1% of the gross placing proceeds whichever is higher	Non-fully underwritten	0.00%	66.67%

Source: website of the Stock Exchange

Note 1: The net asset value per share was extracted from the relevant announcement or circular of the Comparables, where such information is not available from the above published sources, computed based on the reported net asset value as shown in the latest interim results or annual results of the Comparables divided by the number of issued shares as at the date of the relevant announcement of the Comparables.

Note 2: The theoretical dilution effect is calculated in according to Rule 10.44A of the Rules Governing of the Listing of Securities on GEM or Rule 7.27B of the Listing Rules.

Note 3: It is not applicable due to the net liabilities position in the relevant public financial results.

Note 4: The premium of the subscription price over the net asset value per share of this comparable is exceptionally high and considered an outlier.

Note 5: The relevant rights issue (Comparable number 12) was terminated according to its announcement dated 2 January 2026 and the relevant analysis did not take into account this comparable company.

Note 6: The relevant Comparable also have to pay to the Placing Agent a non-refundable fee of HK$15,000 upon execution of the relevant placing agreement.

Note 7. The relevant underwriting arrangement is underwritten by the connected person (as defined under chapter 14A of the main board listing rules) of the relevant Comparable.

Note 8. According to the announcements of the relevant Comparable (i.e. Comparable number 42 and Comparable number 44), there is no information regarding the discount rate of the subscription price to the theoretical ex-rights price of the relevant rights issue. The relevant discount is based on our calculation based on the average closing price of the relevant Comparable as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the last trading day

There are 39 out of 43 Comparables (The rights issue of the Comparable number 12 was terminated, therefore, we exclude the aforesaid in our analysis) that the pricing of a rights issue represents a discount to the closing share prices on the last trading day and 39 out of 43 Comparables that the pricing of a rights issue represents a discount to the theoretical ex-entitlement prices of the shares. Except for three Comparables that were in net liabilities position (i.e. Comparable number 23, Comparable number 28 and Comparable number 36) and five Comparables where the premium of the subscription price over the net asset value is exceptionally high and considered as outliers (i.e. Comparable 2, Comparable 26, Comparable 31, Comparable 33 and Comparable 34), there are 27 out of 35 Comparables that the pricing of a rights issue represents a discount to the consolidated net asset value per share. It is a common market practice to set the subscription price of a rights issue at a discount to the closing share prices on the last trading day and the theoretical ex-entitlement prices in order to enhance the attractiveness of the rights issue for encouraging qualifying shareholders to participate in the rights issue.

The subscription prices of the Comparables:

(i) ranged from a discount of approximately 69.23% to a premium of approximately 25% (the "**Last Trading Day Range**"), with an average of a discount of approximately (23.82)% (the "**Last Trading Day Average Discount**") to their respective closing prices per share on the last trading day as stated in the relevant announcements of the Comparables;

(ii) ranged from a discount of approximately (66.10)% to a premium of approximately 16.28% (the "**Theoretical Ex-Right Price Range**"), with an average of a discount of approximately 14.58% (the "**Theoretical Ex-Right Price Average Discount**") for their respective average theoretical ex-rights prices per share based on the closing prices on the last trading day as stated in the relevant announcements of the Comparables; and

(iii) ranged from a discount of approximately (97.87)% to a premium of approximately 79.09% (together, the "**NAV Range**"), with an average of a discount of approximately (37.64)% (the "**NAV Average Discount**") for their respective subscription price to the net asset value per share of the Comparables.

As stated in the Letter from the Board, the Subscription Price of HK$0.107 per Rights Share represents (i) a discount of approximately 33.5% to the closing price on the Last Trading Day (the "**Last Trading Day Discount**"); (ii) a discount of approximately 20.5% to the theoretical ex-rights price (the "**Theoretical Ex-Right Price Discount**"); and (iii) a discount of approximately 92.7% to the consolidated net asset value per Share (the "**NAV Discount**").

We note that, although each of the Last Trading Day Discount, Theoretical Ex-Right Price Discount and NAV Discount is lower than the Last Trading Day Average Discount, the Theoretical Ex-Right Price Average Discount and the NAV Average Discount, it is within the Last Trading Day Range, the Theoretical Ex-Right Price Range and the NAV Range respectively.

Given (i) the NAV Discount is within the range of NAV Range (although it is ranked in lower end of the NAV Range); (ii) the closing price of the Shares within the Share Price Review Period is below the net asset value per Share as at 30 September 2025 of approximately HK$1.465 as shown in Chart 1 above (with maximum discount of approximately 90.1%); and (iii) the liquidity of the Shares is thin during the Share Price Review Period and only one month of the the average daily trading volume of the Share during the Share Review Period is over 0.5% of the number of Shares in issue as at the end of relevant month, the NAV Discount is justifiable.

We noted that the theoretical dilution effect of the Comparables ranged from discount of approximately 24.78% to nil. The theoretical dilution effect of the Rights Issue is slightly higher than that of the Comparables (The maximum theoretical dilution effect of the Comparable is approximately 24.78% whereas that of the Rights Issue is approximately 24.80%).

Given (i) each of the Last Trading Day Discount, Theoretical Ex-Right Price Discount and NAV Discount is within the Last Trading Day Range, the Theoretical Ex-Right Price Range and the NAV Range respectively; (ii) the dilution on the shareholding of the Rights Issue is within the range of that of the Comparables; (iii) the use of proceeds of the Rights Issue is fair and reasonable as stated in " (a) Intended use of proceeds" above; and (iv) the theoretical dilution effect of the Rights Issue is 0.02% more that the range of that of the Comparables, we are of the view that the theoretical dilution effect of the Rights Issue is justifiable.

Having considered that (i) a discount to the prevailing historical closing prices of the Shares may attract the Qualifying Shareholders to participate in the Rights Issue; (ii) the Last Trading Day Discount, Theoretical Ex-Right Price Discount and the NAV Discount is within the Last Trading Day Range, Theoretical Ex-Right Price Range and NAV Range, respectively; (iii) the closing price of the Shares within the Share Price Review Period is below the net asset value per Share as at 30 September 2025 of approximately HK$1.465 and (iv) the theoretical dilution effect of the Rights Issue is only slightly higher than the range of the Comparables and does not result in a theoretical dilution effect of 25% or more, which is in compliance with Rule 10.44A of the GEM Listing Rules, we are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Shareholders as a whole.

(h) Placing commission rate in the Placing Agreement

With reference to the Letter from the Board, the terms of the Placing Agreement, including the commission payable, were determined after arm's length negotiation between the Company and the Placing Agent with reference to the size of the Rights Issue and the prevailing market rate of commission and are on normal commercial terms.

As set out in table under the sub-section headed "(g) Comparison with recent rights issue exercises" above, we note that the placing commission rate of HK$85,000 or 1% of the gross placing proceeds (whichever is higher) under the Placing Agreement. The 1% is within the range of the placing commission rates provided by the placing agents of the Comparables, which was ranged from 0.20% to 5.00% of the fund raised. We also note that some of the placing agents of the Comparables would require a fixed fee ranged from HK$85,000 to HK$100,000 and that of the Placing Agreementof HK$85,000 is also within the range of that of the aforesaid.

The Company also has to pay the Placing Agent a non-refundable fee of HK$15,000 upon execution of the Placing Agreement. We noted that one of the Comparables, i.e. Comparables number 22, also has the non-refundable fee of HK$15,000 upon execution of the relevant placing agreement. Accordingly, we consider that the aforesaid documentation fee is justifiable.

Taking into account the above principal terms of the Rights Issue and the Placing Agreement, we consider that the terms of the Rights Issue and the Placing Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

(i) Underwriting commission rate in the Underwriting Agreement

With reference to the Letter from the Board, the terms of the Underwriting Agreement, including the underwriting commission were determined after arm's length negotiations between the parties, taking into account the financial position of the Group, the size of the Rights Issue, the current and expected market conditions and the prevailing market rates of underwriting commission.

Pursuant to the Underwriting Agreement, the Underwriter will not receive any underwriting commission. From the comparison with recent rights issue exercises, where the selection criteria were set as the same under the comparable analysis under the sub-section headed "(f) Comparison with recent rights issue exercises" above, we observe that the underwriting commission received by the underwriters of the Comparables ranged from nil to 7.07%. Among these comparables, two underwriters (i.e. Comparable number 13 and Comparable number 31) are a connected person and did not receive underwriting commission, which is common for connected transaction under the underwriting agreement. We consider that zero-commission arrangement under the Underwriting Agreement is beneficial to the Company as it can avoid any additional transaction cost to be incurred should the Company appoint a willing independent underwriter for the Rights Issue.

Pursuant to the Irrevocable Undertaking, Mr. Yuen has provided irrevocable undertakings to the Company that, among other things, (i) to take up all of the assured entitlements to the Rights Shares in respect of Shares beneficially owned by him as at the date of the Irrevocable Undertaking pursuant to the terms of the Rights Issue provided that the total number of Rights Shares to be subscribed by Mr. Yuen under the Rights Issue will be scaled down to the extent that Mr. Yuen will not trigger a general offer obligation in accordance to the note to Rule 10.26(2) of the GEM Listing Rules; (ii) not dispose of, or agree to dispose of, any of the 21,823,600 Shares owned by it as at the date of the Underwriting Agreement up to and including the Record Date; and (iii) lodge or procure the acceptance of the 43,647,200 Rights Shares which will be the number of Rights Shares provisionally allotted (on nil-paid basis) to him under the Rights Issue, with the Registrar with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents. We consider that Irrevocable Undertaking indicate Mr. Yuen's support for the Rights Issue and the Group's business development.

Taking into account the above principal terms of the Underwriting Agreement, we consider that the terms of the Underwriting Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

4. Dilution effect of the Rights Issue on the shareholding of the Company

As at the Latest Practicable Date, the Company has 144,545,000 Shares in issue. On the assumption that there is no change in the shareholding structure of the Company from the Latest Practicable Date to the completion of the Rights Issue other than the allotment and issue of Rights Shares pursuant to the Rights Issue, the table below depicts, for illustrative purposes only, the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Rights Issue assuming (a) full acceptance of the Rights Shares by all Qualifying Shareholders; (b) nil acceptance of the Rights Shares by the Qualifying Shareholders (other than the Underwriter pursuant to the Irrevocable Undertaking) and all of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are placed to the independent placees under the Compensatory Arrangements; and (c) assuming nil acceptance of the Rights Shares by the Qualifying Shareholders (other than the Underwriter pursuant to the Irrevocable Undertaking) and none of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are placed under the Compensatory Arrangements and, to the extent underwritten by the Underwriter under the Underwriting Agreement, are taken up by the Underwriter:

	(i) As at the Latest Practicable Date		Immediately upon completion of the Rights Issue (assuming full acceptance of the Rights Shares by all Qualifying Shareholders		Immediately upon completion of the Rights Issue (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders (other than the Underwriter pursuant to the Irrevocable Undertaking) and all of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are placed to the Independent Placees		Immediately upon completion of the Rights Issue (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders (other than the Underwriter pursuant to the Irrevocable Undertaking), none of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are placed under the Compensatory Arrangements and, to the extent underwritten by the Underwriter under the Underwriting Agreement, are taken up by the Underwriter	
	No. of Shares	*Approximate % of total no. of Shares in issue*	*No. of Shares*	*Approximate % of total no. of Shares in issue*	*No. of Shares*	*Approximate % of total no. of Shares in issue*	*No. of Shares*	*Approximate % of total no. of Shares in issue*
Shareholders								
Mr. Yuen (the Underwriter)	21,823,600	15.10	65,470,800	15.10	65,470,800	15.10	52,569,843	29.99 *(Note 4)*
Manning Properties Limited *(Note 1, 2, 3)*	10,903,200	7.54	32,709,600	7.54	10,903,200	2.51	10,903,200	6.22
Independent Placees	–	–	–	–	245,442,800	56.60	–	–
Public shareholders	111,818,200	77.36	335,454,600	77.36	111,818,200	25.79	111,818,200	63.79
Total	144,545,000	100.00	433,635,000	100.00	433,635,000	100.00	175,291,243	100.00

Note 1: Manning Properties Limited is owned as to approximately 68.2% by Dr. Chan Yin Nin ("**Dr. Chan**") and approximately 31.8% by Mr. Kwong Po Lam ("**Mr. Kwong**"), which in turn holds 10,903,200 Shares, representing approximately 7.54% of the total share capital of the Company. As the concerted group, Dr. Chan and Mr. Kwong restrict their ability to exercise direct control over the Company by holding their interests through Manning Properties Limited, a common investment holding company. Accordingly, Dr. Chan and Mr. Kwong are deemed to be interested in the 10,903,200 Shares held by Manning Properties Limited.

Note 2: Ms. Julia Gower Chan is the spouse of Dr. Chan. By virtue of the SFO, Ms. Julia Gower Chan is deemed to be interested in the shares of the Company interested by Dr. Chan.

Note 3: Ms. Leung Kwai Ping is the spouse of Mr. Kwong. By virtue of the SFO, Ms. Leung Kwai Ping is deemed to be interested in the shares of the Company interested by Mr. Kwong.

Note 4: Mr. Yuen has provided, under the Undertaking Agreement, an Irrevocable Undertaking to underwrite such number of Rights Shares not taken up under the Compensatory Arrangements (rounded down to the nearest whole number), which together with the Shares already held by him and the Undertaken Shares, will not reach to a percentage of enlarged issued share capital of the Company at completion of the Rights Issue, which will trigger a general offer obligation in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

Note 5: Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their provisional allotments in full under the Rights Issue, their shareholding interests in the Company will remain unchanged upon completion of the Rights Issue (assuming full acceptance of the Rights Issue). Qualifying Shareholders who do not accept the Rights Issue entitlements can, subject to the then prevailing market conditions, consider selling their nil-paid Rights Shares in the market. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and their aggregate shareholding interests in the Company may be reduced by a maximum of approximately 66.67%.

We note that, assuming no subscription by the Qualifying Shareholders under the Rights Issue, the shareholding interests of the existing public Shareholders would be diluted from approximately 77.36% to 25.79% of the total number of issued Shares immediately before and after the Rights Issue respectively. However, such dilution effect may only arise when Qualifying Shareholders do not subscribe for their pro-rata Rights Shares. Those Qualifying Shareholders who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company and have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market. Furthermore, the Rights Issue is subject to Independent Shareholder's approval at the EGM. The Independent Shareholders have the opportunity to express their views on the terms of the Rights Issue through their votes at the EGM. The maximum dilution effect of the Rights Issue was approximately 66.67%, which fall within the range of the Comparables, ranging from approximately 14% to 87.50%.

Having considered that (i) the Rights Issue offers the Qualifying Shareholders an opportunity to subscribe for the Rights Shares for maintaining their respective existing shareholding interests in the Company; (ii) the Qualifying Shareholders have the opportunity to sell their nil-paid Rights Shares in the market if they do not wish to take up the Rights Issue entitlements; (iii) the reasons for and benefits of the Rights Issue and the funding needs as stated in the section headed "2. Reason for and benefits of the Rights Issue and use of proceeds" above; (iv) the principal terms of the Rights Issue, the Placing Agreement and the Underwriting Agreement are consistent with prevailing market practices; and (v) the positive impact on the financial position of the Group as stated in the section headed "5. Possible financial effects of the Rights Issue" below, we are of the view that the potential dilution effect on the shareholding interest of the Shareholders (who decide not to take up their assured entitlements in full) as a result of the Rights Shares is acceptable.

5. Possible financial effects of the Rights Issue

It should be noted that the analysis below is for illustrative purpose only and does not purport to represent how the financial position of the Group will become upon completion of the Rights Issue.

Upon completion of the Rights Issue in full and before the utilization of net proceeds as intended by the Company, the estimated net proceeds from the Rights Issue are expected to enhance the Group's net tangible assets, from approximately HK$208.5 million (the Group's net tangible assets as at 30 September 2025, i.e. approximately HK$211.7 million and adjusted by the estimate impact of goodwill of approximately HK$3.2 million arising from disclosable transaction announced by the Group on 27 November 2025) to approximately HK$238.9 million and the Rights Issue is expected to strengthen the Group's liquidity position immediately after its completion. As such, the Rights Issue is expected to have a positive impact on the financial position of the Group.

RECOMMENDATION

Having taken into account the principal factors and reasons as discussed above, in particular,

(i) the use of proceeds from the Rights Issue is fair and reasonable as stated in the sub-section headed "(a) Intended use of proceeds";

(ii) the Rights Issue is the most appropriate fund-raising method over the other financing alternatives as discussed in the sub-section headed "(b) Alternative sources of financing";

(iii) the principal terms of the Rights Issue, the Placing Agreement and the Underwriting Agreement are consistent with prevailing market practices as discussed in sub-section headed "(g) Comparison with recent rights issue exercises";

(iv) the Rights Issue is expected to have a positive impact on the financial position of the Group; and

(v) Irrevocable Undertaking provided by Mr. Yuen demonstrate Mr. Yuen confidence and support for the Group's business development and zero-commission arrangement under the Underwriting Agreement is favourable to the Group;

Having considered the above principal factors and reasons, we are of the opinion that although the entering into of the Underwriting Agreement were not in the ordinary and usual course of business of the Group, the terms of the Rights Issue (together with the Underwriting Agreement and the Placing Agreement) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue including the transactions contemplated thereunder are in the interests of the Company and the Shareholder as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the relevant resolution for approving the Rights Issue at the EGM.

Yours faithfully,
For and on behalf of
Nuada Limited
Kim Chan
Director

Mr. Kim Chan is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 18 years of experience in the corporate finance industry.