



24 April 2026

To: The Independent Board Committee and the Independent Shareholders of China Health Technology Group Holding Company Limited

Dear Sirs,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES FOR EVERY
ONE (1) EXISTING SHARE HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS; AND
(2) PLACING OF PLACING SHARES IN CONNECTION
WITH THE RIGHTS ISSUE**

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the terms of the Rights Issue 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 (the “**Circular**”) of the Company to the Shareholders dated 24 April 2026, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Company proposes to raise gross proceeds of up to approximately HK\$51.5 million (assuming full subscription under the Rights Issue) by issuing up to 205,848,440 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) by way of Rights Issue at the Subscription Price of HK\$0.25 per Rights Share on the basis of two (2) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. If the Rights Issue is not fully subscribed, the number of Rights Shares that are not subscribed by the Qualifying Shareholders or renounces or transferees of the Nil-paid Rights under the PALs (i.e. the Unsubscribed Rights Shares) will be placed to independent Placees on a best effort basis through the Placing. There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. On 27 March 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to, on a best effort basis, procure Placee(s), who and whose ultimate beneficial owner(s) are Independent Third Party(ies), to subscribe for the Placing Shares (i.e. the Unsubscribed Rights Shares and the ES Unsold Rights Shares). Any Unsubscribed Rights Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within the 12-month period immediately preceding the date of the Announcement, the Rights Issue must be made conditional on, amongst other things, the approval by the Independent Shareholders at the EGM, and any controlling Shareholder(s) (as defined under the Listing Rules) and their respective associates, or where there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

As at the Latest Practical Date, the Company has no controlling Shareholder. Accordingly, Ms. Huang, being a substantial Shareholder, and her associate(s) shall abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM. As at the Latest Practical Date, none of the Directors or chief executives of the Company had any interest in the Shares.

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

The Placing Shares, forming part of the Rights Issue will be allotted and issued pursuant to the approval of the Rights Issue to be obtained from the Shareholders at the EGM. As the Placing is conditional upon, among other things, the passing of necessary resolution(s) relating to the Rights Issue at the EGM, Ms. Huang, being a substantial Shareholder with beneficial interest in the Company as aforesaid, shall abstain from voting in favour of the resolution(s) relating to the Placing at the EGM.

Save as disclosed above, to the best knowledge of the Directors, as at the Latest Practicable Date, no other Shareholders have a material interest in the Rights Issue, the Placing and the transactions contemplated thereunder and are required to abstain from voting on any resolutions relating to the Rights Issue and the transactions contemplated thereunder and the Placing at the EGM.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising Mr. Chau Wing Nam, Ms. Liu Shuhua and Mr. Li Liangjie (all being independent non-executive Directors) has been formed to advise the Independent Shareholders on whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote. We, Zijing Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practical Date, we do not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees in connection with this appointment as the independent financial adviser, no other arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. We have not acted as an independent financial adviser or financial adviser to the Company's other transactions in the last two years prior to the date of our appointment, and accordingly, we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and the management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the dispatch of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading.

In formulating our opinion, we have obtained and reviewed, among others, (i) the Group's annual report for the year ended 30 June 2024 (the "**2023/2024 Annual Report**"); (ii) the Group's interim report for the six months ended 31 December 2024 (the "**2024 Interim Report**"); (iii) the Group's annual report for the year ended 30 June 2025 (the "**2024/2025 Annual Report**"); (iv) the Group's interim report for the six months ended 31 December 2025 (the "**2025 Interim Report**"); (v) the Placing Agreement; and (vi) the market information obtained from the website of the Stock Exchange. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion, and we have discussed with the management of the Company so as to assess the fairness and reasonableness of the Right Issues and the transactions contemplated thereunder. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted any independent investigation into the business affairs, financial position or future prospects of the Group. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations, we have considered the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in the businesses of forestry management, ginseng plantation and trading, horny goat weed plantation and trading, health products trading and investment holding.

As stated in the Letter from the Board, the Group's forestry management business generates revenue primarily from the sale of timber logs harvested from the Group's forests located in Sichuan Province, the PRC. The Group commenced its ginseng plantation business in August 2022 and has been expanding its ginseng trading operations since then. In June 2024, the Group commenced the plantation of horny goat weed in its forest land. The Group commenced its health products manufacturing and trading business in November 2024 and has opened a retail store in Hong Kong selling ginseng gift boxes and other health products.

Set out below is a summary of the consolidated statement of profit or loss and other comprehensive income of the Group for the two years ended 30 June 2025, which are extracted from the 2024/2025 Annual Report, and for the six months ended 31 December 2024 and 31 December 2025 respectively as extracted from the 2025 Interim Report.

Consolidated statement of profit or loss and other comprehensive income of the Group

	For the six months ended 31 December 2025 (unaudited) RMB'000	For the six months ended 31 December 2024 (unaudited) RMB'000	For the year ended 30 June 2025 (audited) RMB'000	For the year ended 30 June 2024 (audited) RMB'000
Revenue	34,393	31,112	90,215	47,606
Gross profit	4,137	2,777	8,213	1,897
Profit for the period/year	5,252	4,978	22,711	200,013

As stated in the 2024/2025 Annual Report, the Group's revenue is generated from (i) forestry business; (ii) ginseng business; and (iii) health products manufacturing and trading business. For the year ended 30 June 2025, the revenue of the Group was approximately RMB90.2 million, representing an increase of approximately RMB42.6 million or 89.5% as compared to the year ended 30 June 2024 of approximately RMB47.6 million. We note from the 2023/2024 Annual Report and the 2024/2025 Annual Report, the increase in revenue for the year ended 30 June 2025 as compared to the year ended 30 June 2024 was mainly attributable to (i) the increased revenue of approximately RMB4.1 million or 12.6% from the forestry business; (ii) the increased revenue of approximately RMB24.4 million or 161.6% from the ginseng business; and (iii) the increased revenue of approximately RMB14.1 million from the health products manufacturing and trading business of the Group which was a new business segment for the year ended 30 June 2025 as the Group commenced its business in manufacturing and trading of health products since November 2024.

For the year ended 30 June 2025, the Group recorded gross profit of approximately RMB8.2 million, representing an increase of approximately RMB6.3 million or 331.6% as compared to the year ended 30 June 2024 of approximately RMB1.9 million. The gross profit margin of the Group for the year ended 30 June 2025 was approximately 9.1% while the gross profit margin of the Group for the year ended 30 June 2024 was approximately 4.0%. The increase in gross profit was mainly attributed to the overall increase in revenues of all three business segments of the Group. Furthermore, the increase in the gross profit

margin was primarily driven by the contribution from the Group's new health products business, which was launched in November 2024 and operated with a higher gross profit margin.

The Group recorded a profit of approximately RMB22.7 million for the year ended 30 June 2025 as compared to approximately RMB200.0 million for the year ended 30 June 2024. The substantial decrease was mainly due to the one-off gain of approximately RMB202.0 million on debt restructuring recorded for the year ended 30 June 2024. By excluding the gain on debt restructuring of approximately RMB202.0 million, the Group recorded a loss of approximately RMB2.0 million for the year ended 30 June 2024.

As stated in the 2025 Interim Report, the revenue of the Group was approximately RMB34.4 million for the six months ended 31 December 2025, representing an increase of approximately RMB3.3 million or 10.6% as compared to the six months ended 31 December 2024 of approximately RMB31.1 million. We note from the 2024 Interim Report and the 2025 Interim Report, the increase in revenue for the six months ended 31 December 2025 as compared to the six months ended 31 December 2024 was mainly attributable to (i) the increased revenue of approximately RMB0.7 million or 4.0% from the ginseng business; (ii) the increased revenue of approximately RMB7.1 million or 208.8% from the health products manufacturing and trading business; and (iii) partly offset by the decreased revenue of approximately RMB4.5 million or 38.6% from the forestry management business of the Group due to the decrease in sales of logging quantity of approximately 3,297 cubic meters for the six months ended 31 December 2025 as compared to the previous period in 2024.

As a result of the foregoing, the Group recorded gross profit of approximately RMB4.1 million for the six months ended 31 December 2025, representing an increase of approximately RMB1.3 million or 46.4% as compared to the six months ended 31 December 2024 of approximately RMB2.8 million.

The Group recorded a profit of approximately RMB5.3 million for the six months ended 31 December 2025, representing an increase of approximately RMB0.3 million or 6.0% as compared to approximately RMB5.0 million for the six months ended 31 December 2024. The increase was mainly due to the increased total revenues by partially offsetting the decreased net gain on change in fair value less costs to sell of plantation forest assets for the six months ended 31 December 2025.

Meanwhile, the unaudited condensed consolidated assets and liabilities of the Group as at 31 December 2025 and the audited condensed consolidated assets and liabilities of the Group as at 30 June 2025 as extracted from the 2025 Interim Report, are summarised as follows:

	As at 31 December 2025 (unaudited) <i>RMB'000</i>	As at 30 June 2025 (audited) <i>RMB'000</i>
Non-current Assets	160,940	145,376
Current Assets	40,378	60,041
– Bank balances and cash	2,601	4,490
Non-current Liabilities	114,357	115,624
Current Liabilities	<u>30,075</u>	<u>43,073</u>
Net Assets	<u>56,886</u>	<u>46,720</u>

It is noted that the net asset value of the Group as at 31 December 2025 increased approximately 21.8% as compared to the net asset value of the Group as at 30 June 2025, however, the bank balances and cash of the Group decreased from approximately RMB4.5 million as at 30 June 2025 to approximately RMB2.6 million as at 31 December 2025, representing a decrease of approximately 42.2%.

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

As stated in the Letter from the Board, taking into consideration (i) the Group's established and growing forestry management, ginseng and health products businesses; (ii) the anticipated increase in logging quota for the Group's forests; (iii) the Group's plans to expand its ginseng plantation and reduce reliance on external suppliers; and (iv) the Group's intention to expand its health products business into the PRC market, the Group plans to continue developing and expanding its existing businesses and to diversify into a new business area, namely, the medical aesthetics industry, in order to enhance the overall financial performance of the Group and generate greater returns for the Shareholders.

Assuming there will be no change in the number of Shares in issue on or before the Record Date and full subscription of the Rights Issue, the maximum net proceeds from the Rights Issue (after deducting the estimated expenses of approximately HK\$1.5 million) is expected to be approximately HK\$50.0 million. The Company intends to apply the net proceeds from the Rights Issue in the following manner:

- (a) approximately HK\$22.0 million (being approximately 44.00% of the net proceeds) is intended to be used for the expansion of the scale of ginseng plantation by various means, including but not limited to acquisition of forests and other plantation sites and related marketing and promotion activities to support the Group's expansion in the ginseng business;
- (b) approximately HK\$18.0 million (being approximately 36.00% of the net proceeds) is intended to be used for investment in the medical aesthetics industry, including but not limited to the acquisition of equipment, establishment of operational facilities and related business development; and
- (c) approximately HK\$10.0 million (being approximately 20.00% of the net proceeds) is intended to be used for general working capital of the Group, including but not limited to salary expenses and other office and corporate expenses.

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

In assessment of the Group's reasons for and benefits to the Rights Issue and the intended use of proceeds, we have discussed with the management of the Company and are given to understand that the Group's overall strategic planning is to (i) further expand its ginseng plantation business by acquiring additional ginseng plantation land; (ii) invest in the medical aesthetics industry as a new business segment of the Group; and (iii) strengthen the general working capital of the Group to support its ongoing business operations. The management of the Group anticipates that the Group's business strategies will significantly increase its working capital requirement. Having considered the Group's current scale of operations, recurrent working capital requirement and current available cash resources, the management of the Company considers that the Group has genuine needs to raise funds for financing its expansion plans.

In respect of the ginseng plantation business of the Group, we have searched from the public domain and note that the global ginseng market size reached approximately US\$7.43 billion in 2024 and is expected to reach approximately US\$14.29 billion by 2031, growing with a compound annual growth rate (the "CAGR") of approximately 10% during the period from 2025 to 2031. In particular, the ginseng market size in the PRC had exceeded RMB29.9 billion in 2024 and is expected to grow at a CAGR of approximately 9.6% over the next five years^(Note 1). Based on the 2024 Interim Report and the 2025 Interim Report, we note that the revenue derived from the sale of ginseng purchased from suppliers under the ginseng business segment of the Group was decreased from approximately RMB10.77 million for the six months ended 31 December

2024 to approximately RMB8.85 million for the six months ended 31 December 2025, representing a decrease of approximately 17.83%, however, the revenue derived from the Group's self-grown ginseng under the ginseng business segment of the Group was increased from approximately RMB5.38 million for the six months ended 31 December 2024 to approximately RMB7.95 million for the six months ended 31 December 2025, representing an increase of approximately 47.77%. We also understand from the management of the Group that expansion of its ginseng plantation business by acquiring additional ginseng plantation land can further reduce the reliance on its supplier for the plantation of ginseng, which is in line with the Group's prospects in respect of its ginseng business as stated in the 2025 Interim Report.

In respect of the medical aesthetics industry, we have also searched from the public domain and note that the PRC medical aesthetics market size increased from approximately RMB227.4 billion in 2021 to RMB364.0 billion in 2025^(Note 2), representing a CAGR of approximately 9.87%, and it is expected that the PRC medical aesthetics market size will further increase to approximately RMB429.2 billion in 2026^(Note 3), representing an increase of approximately 17.91%. As advised by the management of the Company, the Group plans to invest in the medical aesthetics industry in the PRC as a new business segment mainly because of (i) the demand from the customers of the Group's existing ginseng and health products businesses and thus the medical aesthetics business segment can share the customer base with the existing business segments of the Group; (ii) the medical aesthetics business will have a synergy effect with the existing businesses of the Group as the Group can use its own ginseng or horny goat weed as raw materials for making the medical aesthetic products or its own health products which can be used in the medical aesthetics business; and (iii) the medical aesthetics business segment is expected to have a higher profit margin than the existing businesses of the Group. Therefore, the new business segment of medical aesthetics business will be a good opportunity to increase profitability and enhance the financial performance of the Group. In addition, we have obtained the budget plan in relation to a project of the medical aesthetics industry prepared by the Company and note that the total investment amount on such project by the Company is approximately RMB18.40 million which will be fully utilized on July 2026.

Note 1:

Source – 2025年人參行業發展現狀分析：人參全球市場規模約為74.26億美元, 2025-07-07, [www.chinabgao.com \(https://cht.chinabgao.com/freereport/104111.html\)](https://cht.chinabgao.com/freereport/104111.html)

Note 2:

Source – 2025年醫美行業統計資料：結構性調整下的市場分化與增長新機遇, 2025-11-19, [www.chinabgao.com \(https://m.chinabgao.com/freereport/110310.html\)](https://m.chinabgao.com/freereport/110310.html)

Note 3:

Source – 2026年醫美行業政策分析：醫美行業將逐步進入規範化, 2026-04-09, [www.chinabgao.com \(https://m.chinabgao.com/freereport/115241.html\)](https://m.chinabgao.com/freereport/115241.html)

As stated in the Letter from the Board, in connection with the expansion into the medical aesthetics industry, the Group intends to establish a new branch in the PRC to operate the medical aesthetics business. The Board is of the view that the Group has the necessary foundation to pursue this new business direction. Although the Directors do not have direct experience in the medical aesthetics industry, they have extensive experience in managing and operating businesses across different industries, which the Board considers sufficient to oversee the proposed business at its initial stage. The Directors will also consider appointing a new Director with relevant expertise in the medical aesthetics industry should the business further expand in the future. In addition, the Directors confirm that they have no intention to dispose of or downsize any of the Group's existing businesses, including its forestry management and ginseng businesses, both of which will continue to be operated as core business segments of the Group.

Moreover, as discussed in the above section headed "1. Background information of the Group", it is noted that the bank balances and cash of the Group decreased from approximately RMB4.5 million as at 30 June 2025 to approximately RMB2.6 million as at 31 December 2025, representing a decrease of approximately 42.2%. Taking into consideration the funding needs of the Group as stated in the Letter from the Board, including the expansion plans and the interests incurred from the promissory notes, and we are advised by the management of the Company that the bank balances and cash of the Group was further decreased to approximately RMB1.3 million as at 31 March 2026, we concur with the Directors' view that the Group has genuine needs to raise funds to support and maintain the business operations of the Group.

As stated in the Letter from the Board, apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing, or an open offer.

In respect of debt financing, the Group has considered obtaining banking facilities from licensed banks in Hong Kong for funding its business expansion. Based on preliminary discussions with licensed banks, such banking facilities would be required to be secured by the Group's assets. Taking into consideration the existing carrying amount of the property, plant and equipment of the Group, the Directors consider that the Group may not have sufficient assets for fulfilling the security requirements for obtaining banking facilities. The Directors also note that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders. Debt financing will also result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner. As stated in the Letter from the Board, the Group had outstanding promissory notes in the principal amount of HK\$120.0 million (equivalent to approximately RMB110.03 million) which were issued on 28 July 2023 and the remaining balance of the promissory notes was approximately RMB115.6 million as at 30 June 2025. As advised by the management of the Company, the next payment of

the interest of HK\$3.6 million incurred from the promissory notes by the Group will be on 28 July 2026, being the stepped interest rate of 3% per annum for the third year of the outstanding promissory notes.

As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. We note that the Company had conducted equity fund raising activities by placing of 17,000,000 new Shares with net proceeds of approximately HK\$4.63 million in the past twelve months immediately prior to the Announcement which had been fully utilized as intended, hence we concur with the Directors' view that, in the event that placing of new Shares will be conducted again, the shareholding interest of the existing Shareholders will be further diluted.

As opposed to an open offer, the Rights Issue enables the Shareholders to sell the Nil-paid Rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company. The Placing arrangement, which involves the placement of the Placing Shares at the Subscription Price, serves to maximise the funds to be raised.

Having considered the abovementioned alternatives, we concur the Directors' view that raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

In view of the above, in particular, (i) the ginseng market size in the PRC is expected to grow at a CAGR of approximately 9.6% over the next five years, and the expansion of its ginseng plantation business by acquiring additional ginseng plantation land can further reduce the reliance on its supplier for the plantation of ginseng, which is in line with the Group's prospects in respect of its ginseng business; (ii) the PRC medical aesthetics market size is expected to have a growth of approximately 17.91% to reach approximately RMB429.2 billion in 2026, and the new business segment of medical aesthetics business will be a good opportunity to increase profitability and enhance the financial performance of the Group; (iii) the bank balances and cash of the Group decreased from approximately RMB4.5 million as at 30 June 2025 to approximately RMB2.6 million as at 31 December 2025 and further decreased to RMB1.3 million as at 31 March 2026; and (iv) raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company, we are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole and the intended use of proceeds is fair and reasonable.

3. Principal terms of the Rights Issue

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

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
Maximum number of Rights Shares to be issued:	205,848,440 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Subscription Price:	HK\$0.25 per Rights Share
Net subscription price per Rights Share (i.e. Subscription Price less Rights Issue expenses):	Approximately HK\$0.24 per Rights Share
Maximum gross proceeds to be raised from the Rights Issue before expenses:	Approximately HK\$51.5 million
Maximum net proceeds to be raised from the Rights Issue after expenses:	Approximately HK\$50.0 million
Number of Shares in issue (excluding treasury shares, if any) as at the Latest Practicable Date:	102,924,220 Shares
Number of Shares in issue upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed):	308,772,660 Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares:	HK\$20,584,844 (assuming no change in the number of Shares in issue on or before the Record Date)

Assuming there is no change to the total issued share capital of the Company on or before the Record Date, 205,848,440 Rights Shares to be issued pursuant to the terms of the Rights Issue represent (i) approximately 200.00% of the total issued share capital of the Company (excluding treasury shares, if any) as at the date Latest Practicable Date; and (ii) approximately

66.67% of the total issued share capital of the Company (excluding treasury shares, if any) as enlarged by the allotment and issuance of the Rights Shares immediately upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed).

As at the Latest Practicable Date, the Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date. As at the Latest Practicable Date, the Company has no outstanding derivatives, warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares.

3.1 The Subscription Price

The Subscription Price is HK\$0.25 per Rights Share, which shall be payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares or when a transferee of the Nil-paid Rights applies for the Rights Share(s).

The Subscription Price represents:

- (i) a discount of approximately 20.63% to the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 19.35% to the average closing price of approximately HK\$0.310 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 24.24% to the average closing price of Approximately HK\$0.33 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 7.98% to the theoretical ex-rights price of approximately HK\$0.272 per Share based on the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 13.76% of the theoretical diluted price of approximately HK\$0.272 per Share to the benchmarked price of approximately HK\$0.315 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of the closing price of HK\$0.315 per Share on the Last Trading Day and the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the Last Trading Day of HK\$0.309 per Share; and

- (vi) a discount of approximately 54.79% to the net asset value of the Company of approximately HK\$0.553 per Share based on the latest published unaudited net asset value attributable to owners of the Company of approximately HK\$56.89 million as at 31 December 2025 as set out in the interim results of the Company for the six months ended 31 December 2025 and the total number of issued Shares of 102,924,220 Shares as at the date of the Circular.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.24 (assuming no change in the number of Shares in issue on or before the Record Date).

During the 12-month period immediately preceding the date of the Latest Practicable Date, the Company has not undertaken any rights issue, open offer or specific mandate placing. The theoretical diluted price, the benchmarked price and theoretical dilution effect (as those terms are defined under Rule 7.27B of the Listing Rules) for the Rights Issue are approximately HK\$0.272 per Share, HK\$0.315 per Share and 13.76%, respectively. The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was determined by the Board with reference to, among others, (i) the market price of the Shares under the prevailing market conditions in Hong Kong; (ii) the latest financial position of the Group; (iii) the reasons for and benefits of the Rights Issue as discussed in the Letter from the Board.

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the daily closing prices and trading volume of the Shares as quoted on the Stock Exchange from 28 March 2025 up to and including the Last Trading Day (the "**Review Period**"), being a period of approximately 12 months up to and including the Last Trading Day. We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices prior to the Announcement and such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price, as the share price before the Announcement represent a fair market value of the Company the Shareholders expected, while the value of the share price after the Announcement may have taken into account the potential upside of the Rights Issue which may distort the analysis.

Historical closing prices of the Shares

The chart below illustrates the daily closing prices of the Shares versus the Subscription Price of HK\$0.25 per Rights Share during the Review Period:



Source: website of the Stock Exchange

Notes:

Event A – Publication of 2024 Interim Report on 28 March 2025

Event B – Voluntary announcement in relation to strategic cooperation memorandum published on 13 May 2025

Event C – Announcement in relation to the placing of new shares under general mandate published on 22 July 2025

Event D – Publication of 2024/2025 Annual Report on 31 October 2025

Event E – Announcement in relation to the interim results for the six months ended 31 December 2025 on 27 February 2026

As shown in the chart above, during the Review Period, the average closing price of the Shares was approximately HK\$0.45 per Share (the “**Average Closing Price**”). The daily closing price of the Shares ranged from HK\$0.305 per Share recorded on 23 March 2026 (the “**Lowest Closing Price**”) to HK\$0.75 per Share recorded on 3 April 2025 (the “**Highest Closing Price**”). We note that Shares were traded above the Subscription Price in the whole Review Period. The Subscription Price of HK\$0.25 represents (i) a discount of approximately 18.03% to the Lowest Closing Price; (ii) a discount of approximately 66.67% to the Highest Closing Price; and (iii) a discount of approximately 44.44% to the Average Closing Price. As discussed in the paragraph headed “Comparison with recent rights issue transactions” below, we note that it is a common practice (52 out of 58 Comparables) to set the subscription price at a discount to the prevailing trading prices of the relevant shares on the last trading day prior to their respective announcements of rights issue in order to increase the attractiveness and encourage shareholders to participate in the rights issue.

In addition, we note that the closing price of the Shares shows a general downward trend over the Review Period. Although there was a short uptrend at the start of the Review Period and reached the highest (i.e. HK\$0.75) on 3 April 2025, the closing price gradually declined from the highest to HK\$0.40 on 8 May 2025 and then a short rebound was observed and reached HK\$0.68 on 14 May 2025. The closing price started to decline gradually and reached HK\$0.325 on 17 July 2025 and 22 July 2025 respectively. Two rebounds were observed and reached HK\$0.56 on 19 August 2025 and HK\$0.55 on 8 October 2025. After that, the closing price was relatively fluctuated between HK\$0.50 and HK\$0.40 in the period from 9 October 2025 to 5 March 2026, and then continued to drop to the lowest (i.e. HK\$0.305) on 23 March 2026 and remained relatively stable in the low level till the Last Trading Day.

After reviewing the Company’s announcements and reports disclosed in the website of the Stock Exchange during the Review Period, save for the possible market reactions on the announcements or reports as set out in the above chart made by the Company, we do not notice any specific reasons for the abovementioned movements of the closing price of the Shares during the Review Period. As discussed with the management of the Company, they were not aware of any particular reasons that contributed to the fluctuations in the closing price of the Shares during the Review Period aside from the abovementioned events indicated in the chart.

Historical trading volume of the Shares

The table below sets out the average daily trading volume of the Shares per month/period and the respective percentages of the average daily trading volume as compared to the total number of issued Shares during the Review Period:

Month/Period		Total trading volume of the Shares in the month/period	Number of trading days in the month/period	Average daily volume of the Shares in the month/period <i>(Note 1)</i> <i>(approximately)</i>	Percentage of average daily trading volume to total number of issued Shares <i>(Note 2)</i> <i>(approximately)</i>
2025	March <i>(Note 3)</i>	1,723,200	2	861,600	0.1003%
	April	20,688,060	19	1,088,845	0.1267%
	May	28,223,300	20	1,411,165	0.1642%
	June	5,222,840	21	248,707	0.0289%
	July <i>(Note 4)</i>	9,789,380	22	444,972	0.5179%
	August <i>(Note 5)</i>	35,947,842	21	1,711,802	1.6632%
	September	18,048,002	22	820,364	0.7971%
	October	18,147,708	20	907,385	0.8816%
	November	11,301,887	20	565,094	0.5490%
	December	3,445,705	21	164,081	0.1594%
2026	January	5,278,640	21	251,364	0.2442%
	February	3,840,520	17	225,913	0.2195%
	March <i>(Note 6)</i>	7,564,482	20	378,224	0.3675%

Source: website of the Stock Exchange

Notes:

- 1. Average daily trading volume is calculated by dividing the total trading volume of the Shares for the month/period by the number of trading days in the respective month/period.*
- 2. Based on the total number of issued Shares at the end of each month/period.*
- 3. Represents trading volume of the Shares for the period from 28 March 2025, being the first trading day of the Review Period, to 31 March 2025, both days inclusive.*
- 4. Due to the share consolidation of Company announced on 27 May 2025 became effective on 8 July 2025, the total number of issued Shares adjusted from 859,242,204 Shares to 85,924,220 Shares at the end of July 2025.*

5. *Due to the completion of the placing of new shares of the Company on 1 August 2025, the total number of issued Shares increased from 85,924,220 Shares to 102,924,220 Shares at the end of August 2025.*
6. *Represents trading volume of the Shares for the period from 2 March 2026 to 27 March 2026, being the Last Trading Day, both days inclusive.*

As illustrated in the above table, taking into consideration of the shares consolidation and the placing of new shares of the Company which led to different total number of issued Shares throughout the Review Period, we note that the average trading volume of the Shares ranged from the lowest of approximately 248,707 Shares on June 2025 to the highest of approximately 1,711,802 Shares on August 2025 during the Review Period, representing approximately 0.0289% to 1.6632% of a total Shares in issued as at the respective month with an average on the percentage of average daily trading volume throughout the Review Period of approximately 0.4477% of the total number of issued Shares as at the respective month or period. We also note that the relatively high average daily trading volume of the Shares on August 2025 was due to the result of the placing of 17,000,000 new Shares under general mandate of the Company which was completed on 1 August 2025. As such, excluding the percentage of average daily trading volume to total number of issued Shares on August 2025 due to the result of the placing of new Shares, we consider that the trading liquidity of the Shares during the Review Period were relatively thin as the average daily trading volume of the Shares was below 1% of the total number of issued Shares during the Review Period, we thus concur with the Directors' view that it would be difficult for the Company to raise equity funds from third parties without a discount on the prevailing Share prices, and hence conducting a fund raising exercise by way of Rights Issue with Subscription Price with reference to the market price of Shares under the prevailing market conditions in Hong Kong is appropriate and reasonable.

Comparison with recent rights issue transactions

In order to assess the fairness and reasonableness of the Subscription Price, we have also exhaustively conducted search and review of recent proposed rights issue of other companies listed on the Stock Exchange which announced in the nine months preceding the Last Trading Day, i.e. from 28 June 2025 and up to the Last Trading Day, to understand the trend of the recent market practice. We have identified 58 comparable companies (the “**Comparables**”) and consider that the selection of such nine months period to be appropriate and representative for our analysis because the Comparables are considered for the purpose of taking a general reference for the recent market practice in relation to the rights issue exercise in the recent market conditions, and reasonable and sufficient number of comparables were identified during such nine months period. Nevertheless, Shareholders should note that the businesses, operations and prospects of the Company are not exactly the same as the Comparables and we have not conducted any in-depth investigation into the businesses, operations and prospects of the Comparables. Although the Comparables may differ from the Company in terms of (i) their principal activities, market capitalisation, profitability and financial position; (ii) the subscription prices and the amounts of proceeds raised; and (iii) the background of the respective rights issue, we consider that the Comparables are fair and reasonable as they can provide a general reference to the Independent Shareholders on the most recent conditions of the relevant shares of rights issue transactions in the equity capital market in Hong Kong.

The details of our findings are summarised in the table below (the “Comparable Table”):

Date of announcement	Company name	Stock code	Basic of entitlement	Maximum dilution on the shareholding	Premium/(discount) of subscription price per rights issue to announcement	Premium/(discount) of the subscription price to the average closing price per share for the last five (5) consecutive trading days immediately up to and including the last trading day prior to announcement of rights issue	Premium/(discount) of the subscription price to the average closing price per share for the last ten (10) consecutive trading days immediately up to and including the last trading day prior to announcement of rights issue	Premium/(discount) of the subscription price per rights issue to the average closing price per share for the last ten (10) consecutive trading days immediately up to and including the last trading day prior to announcement of rights issue	Theoretical dilution effect	Excess Application (Yes/No)	Placing Commission	Underwriting arrangement	Underwriting fee
				(%)	(%)	(%)	(%)	(%)	(%)	(Yes/No)	(%)		(%)
					(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)	(Note 7)	(Note 8)	(Note 9)
7 July 2025	Sinergy Group Limited	2459	1 for 2	33.33	(55.60)	(56.30)	(56.70)	(59.00)	18.80	No	3.50	Non-underwritten	N/A
8 July 2025	Alco Holdings Limited	328	4 for 1	80.00	(19.00)	(19.00)	(12.79)	N/A	15.52	No	1.50	Non-underwritten	N/A
10 July 2025	XJ International Holdings Co., Ltd.	1765	1 for 8	11.11	5.82	6.95	9.89	(83.61)	N/A	No	0.50	Fully underwritten	0.00
23 July 2025	Fuair Machine Limited	1401	1 for 2	33.33	(72.20)	(72.20)	(72.20)	(28.61)	24.09	No	1.00	Non-underwritten	N/A
25 July 2025	Shu Hwa World Limited	582	1 for 1	50.00	(34.21)	(33.97)	(33.99)	(97.30)	17.11	Yes	N/A	Non-fully underwritten	1.00
30 July 2025	Da Yu Financial Holdings Limited	1073	1 for 2	33.33	(16.67)	(18.92)	(18.37)	(48.45)	6.67	Yes	N/A	Non-underwritten	N/A
4 August 2025	TOMO Holdings Limited	6928	1 for 2	33.33	(62.10)	(61.30)	(63.40)	35.00	21.30	No	1.00	Non-underwritten	N/A
6 August 2025	Value Convergence Holdings Limited	821	2 for 1	66.67	(42.56)	(5.86)	(1.21)	(71.06)	3.11	Yes	2.50	Non-underwritten	N/A
13 August 2025	Capital VC Limited	2324	1 for 1	50.00	(27.30)	(24.80)	(25.00)	(82.00)	13.60	No	3.00	Non-underwritten	N/A
13 August 2025	China Information Technology Development Limited	8178	3 for 8	27.27	(55.95)	(55.24)	(55.43)	(47.11)	15.12	Yes	N/A	Fully underwritten	7.07
14 August 2025	China Energy Development Holdings Limited	228	1 for 2	33.33	(19.90)	(19.90)	(21.50)	(73.34)	6.63	Yes	N/A	Non-underwritten	N/A
26 August 2025	Jubeiq Group Holdings Limited	8113	3 for 1	75.00	(14.29)	(14.29)	(16.67)	(48.45)	10.57	No	1.50	Non-underwritten	N/A
4 September 2025	Mary Jeka Cloud Holdings Limited	6696	6 for 1	85.71	(22.00)	(24.56)	(26.00)	(91.29)	20.63	No	0.20	Non-underwritten	N/A
4 September 2025	AISO Holdings Limited	8341	2 for 1	66.67	(25.70)	(23.10)	(26.00)	(83.00)	17.12	No	2.50	Non-underwritten	N/A
10 September 2025	China Automotive Inceptor Decoration Holdings Limited	48	3 for 2	60.00	(29.71)	(29.23)	(28.81)	(88.11)	17.84	No	1.50	Fully underwritten	4.50
15 September 2025	Zhong Jia Gao Xin Holdings Company Limited	899	2 for 1	66.67	(33.64)	(35.23)	(42.59)	(97.87)	24.78	No	5.00	Non-underwritten	N/A
19 September 2025	Immunotech Biopharm Ltd	6978	1 for 5	16.66	(47.70)	(47.79)	(50.23)	N/A	8.05	Yes	N/A	Non-underwritten	1.45
22 September 2025	Gameone Holdings Limited	8382	1 for 2	33.33	1.69	(0.99)	(2.91)	(3.23)	0.55	Yes	N/A	Non-fully underwritten	0.50
26 September 2025	Perferech International Holdings Limited	765	1 for 2	33.33	(18.86)	(20.70)	(19.84)	(12.72)	6.99	Yes	N/A	Non-underwritten	N/A
2 October 2025	China New Economy Fund Limited	80	1 for 2	33.33	(29.29)	(27.23)	(28.13)	(21.70)	9.70	Yes	N/A	Non-underwritten	N/A
3 October 2025	Micron Legend Development Limited	1680	1 for 2	33.33	(45.45)	(44.44)	(46.45)	(56.17)	15.79	Yes	N/A	Fully underwritten	3.00
5 October 2025	Pris Rock Holdings Limited	1909	1 for 2	33.33	(20.20)	(27.58)	(24.40)	(14.59)	9.13	No	HK\$100,000	Non-fully underwritten	N/A
9 October 2025	CUAM Future Energy Limited	145	1 for 2	33.33	(18.62)	(18.05)	(19.90)	(6.13)	6.63	No	0.54	Non-underwritten	N/A
15 October 2025	Winshire Sweets Company Limited	269	2 for 1	87.50	(23.50)	(24.30)	(27.10)	N/A	21.10	Yes	N/A	Fully underwritten	2.50
15 October 2025	Synercom Communication Corporation	1613	2 for 1	66.67	(35.71)	(35.71)	(36.68)	(43.75)	23.81	No	1.00	Non-underwritten	N/A
17 October 2025	World Super Holdings Limited	8612	3 for 1	75.00	23.46	19.05	N/A	5.26	N/A	No	2.50	Non-underwritten	N/A
22 October 2025	Civocidic Garments Limited	122	1 for 2	33.33	(22.80)	(22.44)	(22.92)	(16.34)	7.56	Yes	N/A	Non-underwritten	N/A

Date of announcement	Company name	Stock code	Basic of entitlement	Maximum dilution on the shareholding	Premium/(discount) of subscription price per rights issue share over to closing price per share on the last trading day prior to announcement of rights issue	Premium/(discount) of subscription price to the average closing price per share for the last five (5) consecutive trading days immediately up to and including the last trading day prior to announcement of rights issue	Premium/(discount) of the subscription price to the average closing price per share for the last ten (10) consecutive trading days immediately up to and including the last trading day prior to announcement of rights issue	Premium/(discount) of the subscription price per rights issue share to the net asset value per share	Theoretical dilution effect (%)	Application (Yes/No)	Placing Commission (%)	Underwriting arrangement	Underwriting fee (%)
			(%)	(%)	(%)	(%)	(%)	(Note 2)	(Note 4)	(Note 5)	(Note 5)	(Note 5)	(Note 5)
24 October 2025	Jialing International Group Holdings Limited	8153	1 for 2	33.33	(38.78)	(37.11)	N/A	(29.69)	12.95	No	2.00	Non-underwritten	N/A
24 October 2025	Sarimarta International Holdings Limited	482	1 for 1	50.00	2.70	(9.00)	N/A	N/A	5.99	Yes	N/A	Non-underwritten	N/A
24 October 2025	IBC Limited	1029	1 for 2	33.33	(16.59)	(17.21)	(61.10)	(12.17)	9.76	No	1.25	Non-fully underwritten	0.00
2 November 2025	KST Holdings Limited	1025	1 for 1	50.00	(9.09)	(10.71)	48.15	(4.76)	9.39	No	3.00	Non-underwritten	N/A
4 November 2025	Zhongshi Meian Holdings Limited	8283	5 for 1	16.66	(24.91)	(25.69)	(64.68)	(4.89)	21.67	No	2.50	Non-underwritten	N/A
6 November 2025	Wintan Group (Holdings) Limited	8238	3 for 1	75.00	(6.98)	(6.10)	N/A	(1.96)	5.12	No	3.00	Non-underwritten	N/A
12 November 2025	Dominic Power Holdings Limited	442	1 for 2	33.33	(17.44)	(15.88)	65.12	(12.35)	5.81	Yes	N/A	Non-underwritten	N/A
19 November 2025	Silwave Inc	471	3 for 1	75.00	(31.06)	(32.29)	(62.81)	(10.13)	19.51	Yes	N/A	Non-underwritten	N/A
21 November 2025	Crown International Corporation Limited	727	3 for 1	75.00	(19.75)	(26.14)	(44.85)	(5.80)	19.51	Yes	N/A	Non-underwritten	N/A
11 December 2025	Hong Yick Holdings Company Limited	1894	4 for 1	80.00	(28.13)	(21.67)	(85.35)	(7.26)	22.50	No	1.00	Non-underwritten	N/A
12 December 2025	Shan Wo Group Holdings Limited	1591	1 for 3	25.00	(6.70)	(3.40)	(60.00)	N/A	1.67	Yes	N/A	Non-underwritten	N/A
19 December 2025	China Caisoon 31 Finance Company Limited	810	5 for 2	71.43	(26.62)	(30.80)	(45.66)	(9.41)	22.73	No	2.50	Non-fully underwritten	0.00
23 December 2025	Mindell Technology Limited	8611	1 for 2	33.33	(32.40)	(29.70)	8,100.00	(24.20)	10.80	No	2.00	Non-fully underwritten	N/A
30 December 2025	Wanta Group Holdings Limited	401	1 for 1	50.00	(31.62)	(27.27)	(33.33)	(18.78)	15.81	No	2.00	Non-underwritten	N/A
2 January 2026	HKC International Holdings Limited	248	1 for 2	33.33	(25.50)	(25.50)	(79.10)	(18.60)	8.50	Yes	N/A	Non-underwritten	N/A
13 January 2026	EPI (Holdings) Limited	689	2 for 1	66.67	(17.10)	(21.57)	(76.80)	(8.57)	14.38	Yes	N/A	Non-fully underwritten	1.80
14 January 2026	AnshuStone Holdings Limited	1592	4 for 1	80.00	(42.86)	(39.81)	N/A	(8.57)	34.00	No	1.25	Non-underwritten	N/A
14 January 2026	Jinai (Offshore Oil Services) Limited	3303	1 for 6	14.29	(69.23)	(69.35)	(85.13)	(66.10)	9.92	No	1.00	Non-underwritten	N/A
15 January 2026	Shaogha International Shaogha Growth Investment Limited	770	3 for 8	27.27	(60.00)	(60.00)	47.44	(52.19)	16.33	No	1.00	Non-underwritten	N/A
26 January 2026	Kwan On Holdings Limited	1559	1 for 2	33.33	(17.65)	(15.00)	79.09	(12.50)	5.88	Yes	N/A	Non-underwritten	N/A
27 January 2026	Pacific Legend Group Limited	8547	1 for 2	33.33	36.54	31.23	4.09	16.28	4.60	No	2.00	Non-underwritten	N/A
29 January 2026	Add New Energy Investment Holdings Group Limited	2623	1 for 2	33.33	(37.66)	(34.81)	65.57	N/A	12.55	Yes	N/A	Non-underwritten	N/A
4 February 2026	Ta Yang Group Holdings Limited	1991	2 for 1	66.67	(2.44)	(4.53)	297.69	(0.83)	4.80	Yes	N/A	Non-underwritten	N/A
6 February 2026	WLS Holdings Limited	8021	1 for 1	50.00	(40.00)	(41.20)	(77.10)	(25.00)	21.60	No	2.50	Non-underwritten	N/A
11 February 2026	Nia Holdings Limited	8619	2 for 1	66.67	(33.50)	(35.70)	(92.70)	(21.10)	24.00	No	1.00	Non-fully underwritten	N/A
16 February 2026	Mindell Technology Limited	8611	1 for 1	50.00	(40.00)	(41.60)	3,900.00	(25.50)	21.70	No	2.00	Non-underwritten	N/A
16 February 2026	Xinming China Holdings Limited	2699	6 for 1	85.71	(20.00)	(20.00)	N/A	N/A	17.14	No	2.00	Non-underwritten	N/A
5 March 2026	Malison Holdings Group Limited	8057	3 for 2	60.00	(40.00)	(39.10)	(79.83)	(21.10)	24.00	No	2.00	Non-underwritten	N/A

Date of announcement	Company name	Stock code	Basic of entitlement	Maximum dilution on the shareholding (%)	Premium/(discount) of subscription price per rights issue share over to closing price per share on the last trading day prior to announcement of rights issue (%)	Premium/(discount) of the subscription price to the average closing price per share for the last five (5) consecutive trading days immediately up to and including the last trading day prior to announcement of rights issue (%)	Premium/(discount) of the subscription price to the average closing price per share for the last ten (10) consecutive trading days immediately up to and including the last trading day prior to announcement of rights issue (%)	Premium/(discount) of the subscription price per rights issue share to the net asset value per share (%)	Theoretical dilution effect (%)	Excess Application (Yes/No)	Placing Commission (%)	Underwriting arrangement	Underwriting fee (%)
6 March 2026	Kingland Group Holdings Limited	1751	1 for 3	25.00	0.00	(2.30)	(3.10)	1,875.00	1.00	No	3.00	Non-underwritten	N/A
9 March 2026	Haed Pin Living Technology Company Limited	682	1 for 1	50.00	(27.97)	(27.72)	(16.26)	(22.73)	13.98	No	1.00	Non-underwritten	N/A
26 March 2026	Zhongcha Juayr Holding Limited	2503	2 for 1	66.67	(33.63)	(35.18)	(14.45)	(72.22)	23.45	No	0.50	Non-underwritten	N/A
	Maximum			87.50	26.53	31.23	24.51	79.09	24.78		5.00		
	Minimum			11.11	(72.28)	(72.28)	(66.10)	(97.87)	0.53		0.20		
	Average			46.90	(23.69)	(26.22)	(27.75)	(46.59)	13.65		1.93		
	Median			33.33	(25.60)	(25.92)	(26.75)	(63.84)	13.79		2.00		
	The Company		2 for 1	66.67	(28.63)	(19.35)	(7.98)	(54.79)	13.76	No	4.00	Non-underwritten	

Source: website of the Stock Exchange

Notes:

- Information shown in the above table has been extracted from the relevant announcements of the rights issue of the respective Comparables.
- "N/A" denotes that the relevant information was not disclosed in the respective announcements of the rights issue of the respective Comparables.
- The respective Comparables recorded net liabilities according to its respective latest published audited/unaudited consolidated financial statements, and hence the respective net asset value cannot be calculated.
- "NA" denotes that the subject rights issue was no theoretical dilution effect.
- "N/A" denotes that the subject rights issue was conducted without the involvement of any placing or underwriting, and hence no placing commission or underwriting fee was disclosed in the relevant announcements of the rights issue of the respective Comparables.
- The respective Comparables are considered as outliers (the "Outliers") due to the significant premium of subscription price per rights issue share over its respective net asset value per share, and hence these outliers are disregarded and excluded in the calculation of the maximum, minimum, average and median discount/premium of the subscription price per rights issue share to the net asset value per share.
- Fire Rock Holdings Limited (stock code: 1909) disclosed a placing commission at a fixed fee and hence it is excluded for the calculation of the maximum, minimum, average and median placing commission.

As shown in the above Comparables Table, we note that

- (i) 52 out of 58 Comparables conducted the rights issue at a discount to the closing price on the last trading day prior to their respective announcements of rights issue, and 55 out of 58 Comparables conducted at a discount to the average closing price per share for the last five (5) consecutive trading days immediately up to and including the last trading day prior to their respective announcements of rights issue;
- (ii) the Comparables had subscription prices at a discount/premium to their respective closing price per share on the last trading day prior to their respective announcements of rights issue within the range from a discount of approximately 72.28% to a premium of approximately 26.58%, with an average discount of approximately 25.69% and median discount of approximately 25.60%. As such, the Subscription Price has a discount of approximately 20.63% to the closing price per Share as quoted on the Stock Exchange on the Last Trading Day, which falls within the range of the Comparables and above the average and median of the Comparables;
- (iii) the Comparables had subscription prices at a discount/premium to their respective average closing price per share for the last five (5) consecutive trading days immediately up to and including the last trading day prior to their respective announcements of rights issue within the range from a discount of approximately 72.28% to a premium of approximately 31.23%, with an average discount of approximately 26.22% and median discount of approximately 25.92%. As such, the Subscription Price has a discount of approximately 19.35% to the average closing price per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day (the "**5 Days Average Price**"), which falls within the range of the Comparables and above the average and median of the Comparables;
- (iv) the Comparables had subscription prices at a discount/premium to their respective average closing price per share for the last ten (10) consecutive trading days immediately up to and including the last trading day prior to their respective announcements of rights issue within the range from a discount of approximately 72.28% to a premium of approximately 30.55%, with an average discount of approximately 27.73% and median discount of approximately 26.75%. As such, the Subscription Price has a discount of approximately 24.24% to the average closing price per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and

including the Last Trading Day (the “**10 Days Average Price**”), which falls within the range of the Comparables and above the average and median of the Comparables;

- (v) the Comparables had subscription prices at a discount/premium to their respective ex-rights price within the range from a discount of approximately 66.10% to a premium of approximately 24.51%, with an average discount of approximately 12.53% and median discount of approximately 12.61%. As such, the Subscription Price has a discount of approximately 7.98% to the theoretical ex-rights price, which falls within the range of the Comparables and above the average and median of the Comparables;
- (vi) the Comparables had subscription prices at a discount/premium to their respective net asset value per share within the range from a discount of approximately 97.87% to a premium of approximately 79.09%, with an average discount of approximately 46.59% and median discount of approximately 63.84%, by excluding the Outliers. As such, the Subscription Price has a discount of approximately 54.79% to the net asset value of the Company based on the latest published unaudited net asset value attributable to owners of the Company as at 31 December 2025, which falls within the range of the Comparables and above the median of the Comparables but below the average of the Comparables; and
- (vii) the theoretical dilution effect of the rights issue conducted by the Comparables ranged from a discount of approximately 0.53% to 24.78% with an average and median discounts of approximately 13.65% and 13.79% respectively. The theoretical dilution effect of the Rights Issue of approximately 13.76% falls within the range of the Comparables and above the median of the Comparables but below the average of the Comparables.

In view of the above and taking into account that (i) in general, it is common for listed issuers in Hong Kong to conduct rights issue at a discount to the market price in order to enhance the attractiveness of a rights issue transaction; (ii) the Subscription Price generally falls below the daily closing prices of the Shares during the Review Period; (iii) the trading liquidity of the Shares during the Review Period were relatively thin; and (iv) the discounts of the Subscription Price to the closing price on the Last Trading Day, the 5 Days Average Price, the 10 Days Average Price, the net asset value per Share and the theoretical dilution effect of the Rights Issue fall within the ranges of the Comparables and above the average and median of the Comparables, despite the theoretical dilution effect of the Rights Issue is slightly below the average of the Comparables as well as a discount to the net asset value of the Company is below the average of the Comparables due to the fact that, as stated in the Letter from

the Board, the Shares were traded at a relatively large discount to the net asset value attributable to the Shareholders per Share for the one month preceding the Last Trading Day and the share price is on the downward trend which reflected the current market sentiment and thus the Board is of the view that the net asset value per Share may not be a meaningful reference to determine the Subscription Price, we consider that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

3.2 Absence of excess application arrangement and non-underwritten basis

As stated in the Letter from the Board, on a best efforts basis through the Placing under Rule 7.21(1) of the Listing Rules, there will be no excess application arrangements in relation to the Rights Issue. Subject to the fulfilment of conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares that are not subscribed by the Qualifying Shareholders or renounees or transferees of the Nil-paid Rights under the PALs (i.e. the Unsubscribed Rights Shares) together with the ES Unsold Rights Shares (collectively, the Placing Shares) will be placed to independent Placees on a best effort basis through the Placing. Any Placing Shares which are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Based on our findings in the Comparables Table, we note that it is common for rights issue to be conducted on a non-underwritten basis and no excess application arrangements as there are 53 out of 58 Comparables conducted rights issue on a non-underwritten basis (eight of them conducted on a non-fully underwritten basis) and 36 out of 58 Comparables conducted rights issue with no excess application arrangements.

3.3 Placing Agreement and placing commission

As stated in the Letter from the Board, on 27 March 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to appoint and the Placing Agent has conditionally agreed to act as the Placing Agent for the Company to procure on a best effort basis not less than six (6) Placees, who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies), to subscribe for the Placing Shares at the Subscription Price during the Placing Period on and subject to the terms and conditions set out in the Placing Agreement. The Placing Shares, forming part of the Rights Issue, will be allotted and issued subject to the listing approval of the Stock Exchange and the EGM.

Under the terms of the Placing Agreement, if all the Rights Shares are already fully taken up in the Rights Issue, i.e. all the Rights Shares are fully subscribed by the Qualifying Shareholders or renounee(s) or transferee(s) under the PAL(s), the Placing will not proceed.

For further details of the Placing Agreement, please refer to the section headed “The Placing Agreement” in the Letter from the Board.

According 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 Placing Agent and the Company with reference to the size of the Rights Issue and the market conditions. The Board considers the terms of the Placing for the Placing Shares (including the commission payable) are on normal commercial terms and are fair and reasonable. Given that the Placing would provide (i) a distribution channel of the Placing Shares for the Company; and (ii) a channel of participation in the Rights Issue for independent investors, so that the Placing would allow the Company to raise the shortfall of funds required where possible after the Rights Issue, the Board considers that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Based on our findings in the Comparables Table, we note that it is also common for the rights issue with no excess application arrangements to be conducted with the involvement of placing as all the Comparables which had no excess application arrangements (i.e. 36 Comparables) conducted with the involvement of placing, and hence we concur with the Directors’ view that the Placing would provide an alternative channel for the Company to raise the shortfall of funds required after the Rights Issue if the Rights Issue is not fully subscribed. Thus, we consider that the Placing after the Rights Issue in the event that the Rights Issue is not fully subscribed is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As shown in the Comparables Table, the placing commission of the Comparables ranged from 0.20% to 5.00% with an average and median of approximately 1.93% and 2.00% respectively. We note that the placing commission of the Placing equivalent to 4.00% of the amount which is equal to the Placing Price multiplied by the total number of the Placing Shares which are successfully placed by the Placing Agent, which falls within the range of the Comparables and close to the high end of the Comparables. As stated in the Letter from the Board, the placing commission was determined after arm’s length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and the market conditions. As discussed with the management of the Company, we understand that a relatively high placing commission can encourage the Placing Agent to place the Unsubscribed Rights Shares together with the ES Unsold Rights Shares and thus increase the chance to raise the shortfall of funds required in the event that the Rights Issue is not fully subscribed.

Taking into consideration that (i) the placing commission of the Placing falls within the range of the Comparables; (ii) the daily closing prices of the Shares shows a general downward trend particularly in March 2026, being the month of the publication of the Announcement, as shown in the above paragraph headed “Historical closing prices of the Shares” in this letter; (iii) the trading liquidity of the Shares during the Review Period were

relatively thin as discussed in the above paragraph headed “Historical trading volume of the Shares” in this letter; and (iv) a relatively high placing commission can encourage the Placing Agent to complete the Placing and thus increase the chance to raise the shortfall of funds required by the Company in the event that the Rights Issue is not fully subscribed, we are of the view that the placing commission of the Placing is reasonable and justified.

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

All Qualifying Shareholders are entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company held on the Record Date so as to maintain their proportionate interests in the Company and participate in the future growth of the Group. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain unplaced under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Details of the change in shareholding structure of the Company arising from completion of the Rights Issue, please refer to the section headed “Change in Shareholding Structure of the Company” in the Letter from the Board.

Immediately upon the completion of the Rights Issue, assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all the remaining Placing Shares having been placed by the Placing Agent, we note that the shareholding interests of the Qualifying Shareholders will be diluted by up to a maximum of approximately 66.67%, which falls within the range of the Comparables from approximately 11.11% to 87.50% as shown in the Comparables Table.

Despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole as discussed in the section headed “3. Principal terms of the Rights Issue” in this letter. In view of (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the Nil-paid Rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group; (iv) the potential dilution impact of the Rights Issue falls within the range of the Comparables; (v) the Rights Issue would enhance the Group’s financial position and strengthen its capital base for its business operation; and (vi) potential dilution to the shareholding interests of the Shareholders only happens to the Qualifying Shareholders who decide not to accept their assured entitlements in full and not to sell the Nil-paid Rights in the market, we are of the opinion that the potential dilution impact to the Shareholders who do not participate in the Rights Issue as a result of the Rights Issue is acceptable.

5. Possible financial effects of the Rights Issue

Our analysis on the financial effects of the Rights Issue on the Group's net tangible assets value, gearing ratio and liquidity position are set out below. However, it should be noted that the below analysis is for illustrative purpose only and does not purport to represent how the financial position of the Group would be upon the completion of the Rights Issue, and does not provide any assurance or indication that any event will take place in the future.

5.1 Net tangible assets value

Taking into account the net proceeds from the Rights Issue, it is expected that the net tangible assets value of the Group will increase as a result of the Rights Issue. We note from the section headed "Unaudited Pro Forma Financial Information of the Group" as set out in Appendix II to the Circular that the unaudited consolidated net tangible assets value of the Group attributable to the owners of the Company as at 31 December 2025 was approximately RMB56.9 million, while the unaudited consolidated net tangible assets value per Share as at 31 December 2025 before the completion of the Rights Issue was approximately RMB0.553 per Share. Assuming there will be no change in the number of Shares in issue on or before the Record Date and full subscription of the Rights Issue, the maximum net proceeds from the Rights Issue (after deducting the estimated expenses of approximately HK\$1.5 million) is expected to be approximately HK\$50.0 million (equivalent to approximately RMB43.4 million). After pro forma adjustments, the unaudited pro forma adjusted consolidated net tangible assets value of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue would increase to approximately RMB100.3 million, while the unaudited pro forma adjusted consolidated net tangible assets value of the Group per Share attributable to the owners of the Company immediately after the completion of the Rights Issue would decrease to RMB0.325 per Share. Such decrease is due to the fact that approximately HK\$50.0 million (after deducting the estimated expenses) (equivalent to approximately RMB43.4 million) would be raised upon completion of the Rights Issue and enhance the cash position of the Group.

5.2 Gearing ratio and liquidity position

According to the 2025 Interim Report, the unaudited bank balances and cash was approximately RMB2.6 million as at 31 December 2025. Immediately upon completion of the Rights Issue, the bank balances and cash of the Group is expected to increase by the expected net proceeds from the Rights Issue of approximately HK\$50.0 million (equivalent to approximately RMB43.4 million). In addition, the gearing ratio of the Group, which is calculated as total liabilities divided by total assets of the Group was approximately 71.7% as at 31 December 2025. Upon completion of the Rights Issue, the total equity of the Group

will be enlarged by the expected net proceeds from the Rights Issue of approximately HK\$50.0 million (equivalent to approximately RMB43.4 million), and thus the gearing ratio of the Group will be lower and the liquidity position of the Group will be improved.

RECOMMENDATION

Having considered the principal factors and reasons discussed above, in particular, (i) the bank balances and cash of the Group decreased of approximately 42.2% to approximately RMB2.6 million as at 31 December 2025 and further decreased to approximately RMB1.3 million as at 31 March 2026; (ii) the benefits of the Rights Issue and the funding needs of the Group as discussed; (iii) the Rights Issue being considered as a more attractive option as compared with other alternatives in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position; (iv) all Qualifying Shareholders are entitled to subscribe for the Rights Shares at the same price so as to maintain their proportionate interests in the Company and participate in the future growth of the Group; and (v) the positive financial impact of the Rights Issue on the net tangible assets value, gearing ratio and liquidity position of the Group, we are of the view that the terms of the Rights Issue are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue and the transactions contemplated thereunder are in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and recommend the Independent Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM to approve the Rights Issue and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Zijing Capital Limited



Lu Ting Pong Johnny
Executive Director

Mr. Lu Ting Pong Johnny is a licensed person and the responsible officer of Zijing Capital Limited registered with the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 20 years of experience in corporate finance industry.