

LETTER FROM THE BOARD

PACIFIC LEGEND GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8547)

Executive Directors:

Ms. Wong Wing Man (*Chairperson*)
Mr. Wong Sui Chi
Mr. Law Sai Kit
Mr. Lam Chun Hin

Registered office in the Cayman Islands:

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

Independent non-executive Directors:

Mr. So Alan Wai Shing
Mr. Lee Kwong Ming
Mr. Chan Kin Sun

Principal place of business in Hong Kong:

6/F, Horizon Plaza
2 Lee Wing Street
Ap Lei Chau, Hong Kong

13 February 2026

To the Shareholders

Dear Sir/Madam,

**(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (1) SHARES HELD
ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) further details of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; and (iv) a notice convening the EGM for the purpose of considering and, if thought fit, approving, among other things, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

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PROPOSED RIGHTS ISSUE

The Board proposes the Rights Issue with the terms set out as follows:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.10 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.095 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	591,159,500 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	up to 295,579,750 Rights Shares (assuming there is no change to the total issued Shares of the Company on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	up to HK\$29,557,975 (assuming there is no change to the total issued Shares of the Company on or before the Record Date)
Total number of Shares in issue upon completion of the Rights Issue	:	up to 886,739,250 Shares (assuming there is no change to the total issued Shares of the Company on or before the Record Date)
Number of Rights Shares being undertaken by Century Great	:	19,052,750 Rights Shares undertaken by Century Great
Gross proceeds from the Rights Issue	:	up to approximately HK\$29.6 million before expenses (assuming there is no change to the total issued Shares of the Company on or before the Record Date)

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As at the Latest Practicable Date, apart from the 9,450,000 share options granted to the Directors and certain employees of the Group to subscribe for an aggregate of 9,450,000 Shares under the Share Option Scheme which are exercisable during 13 June 2026 to 12 June 2027, the Company has no other outstanding derivatives, warrants, options or convertible securities in issue or other similar rights which confer any right to convert into or subscribe for Shares. The Company has no intention to issue any new Shares or issue or grant any options, warrants or other convertible securities which confer any right to convert into or subscribe for Shares on or before the Record Date.

Since the exercise period of the Share Options are later than the Record Date as set out in the expected timetable, no share option will be exercised before the Record Date and the Share Options will not change the total issued Shares of the Company on or before the Record Date.

Assuming there is no change to the total issued Shares of the Company on or before the Record Date, the 295,579,750 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 50.0% of the total number of issued Shares and approximately 33.3% of the total number of issued Shares as enlarged by the issue of the Rights Shares.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Unsubscribed Shares (including NQS Unsold Rights Shares) will be placed to independent places under the Compensatory Arrangements on a best effort basis. Any Unsubscribed Shares (including NQS Unsold Rights Shares) which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s), or transferees of nil-paid Rights Shares (or either of them, whichever shall be appropriate), may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or result in the Company's non-compliance of the Public Float Requirement of the GEM Listing Rules. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (i) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 10.26(2) of the GEM Listing Rules; and (ii) does not result in the non-compliance of the Public Float Requirement. Any subscription monies not utilised due to the scaled-down application of entitled Rights Shares will be refunded to the affected applicants.

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The Irrevocable Undertakings

As at the Latest Practicable Date, the Board has received from Century Great, which is wholly-owned by Ms. Wong, an executive Director of the Company, who holds 38,105,500 Shares (representing approximately 6.45% of the issued share capital of the Company as at the Latest Practicable Date), the Irrevocable Undertakings. Pursuant to the Irrevocable Undertakings, Ms. Wong and Century Great have provided irrevocable and unconditional undertakings to the Company to (i) accept, or procure Century Great to accept their entitlements to the provisional allotment of an aggregate of 19,052,750 Rights Shares; (ii) not to sell or transfer the Shares held by themselves in any manner before the completion or lapse of the Rights Issue; and (iii) submit the PAL together with the full amount payable in relation to the acceptance of the 19,052,750 Rights Shares in accordance with the instructions set out in the Prospectus and the PAL in no event later than the time specified in the PAL. As at the Latest Practicable Date, save for Ms. Wong and Century Great, the Board has not received any indication 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 Subscription Price

The Subscription Price of HK\$0.10 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of the Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a premium of approximately 31.58% to the closing price of HK\$0.0760 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 25.00% to the closing price of HK\$0.0800 per Share as quoted on the Stock Exchange on the date of the Announcement;
- (iii) a premium of approximately 26.58% to the closing price of HK\$0.0790 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a premium of approximately 31.23% to the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0762;
- (v) a premium of approximately 30.55% to the average closing price per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0766;
- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of a discount of approximately 4.60% after taking into account the rights issue announced by the Company within the 12 months period immediately preceding the date of the Announcement;

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- (vii) a premium of approximately 16.28% to the theoretical ex-rights price of approximately HK\$0.0860 per Share based on the closing price of HK\$0.0790 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (viii) a premium of approximately 4.09% to the consolidated net asset value per Share attributable to the Shareholders as at 30 June 2025 of approximately HK\$0.0961 calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$56,794,000 as set out in the annual report of the Company for the eighteen months ended 30 June 2025 and 591,159,500 Shares in issue as at the Latest Practicable Date.

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.

The Subscription Price was determined taking into consideration (i) the lowest Subscription Price is HK\$0.10 per Share given the par value of the Shares is HK\$0.10 per Share; (ii) the general downward trend of the daily closing price of the Shares during the past three months immediately before the date of the Announcement which is a decrease of approximately 68.6% from a closing price of HK\$0.255 per Share on 27 October 2025 (being the date three months prior to the date of the Announcement) to HK\$0.08 per Share on 27 January 2026 (being the date of the Announcement), as compared to the general increase of Hang Seng Index during the same period of approximately 2.6% from 26,433.7 on 27 October 2025 to 27,126.95 on 27 January 2026; (iii) the loss making position of the Group in the latest annual report of the Company and the prior three years (being the three years ended 31 December 2021, 2022 and 2023); (iv) the low trading volume of the Shares with approximately 9.9 million average daily trading volume of the Shares over the past year immediately before the Announcement, representing approximately 1.7% of the total number of issued Shares as at the Last Trading Day; and (v) the amount of funds the Company intends to raise under the Rights Issue for the purposes described in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” of this circular.

The Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) consider that, the terms of the Rights Issue, including the Subscription Price, are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of the Rights Shares will be approximately HK\$0.095 per Rights Share.

Basis of provisional allotment

Under the Rights Issue, the basis of the provisional allotment will be one (1) Right Shares for every two (2) Shares held by the Shareholders as at the close of business on the Record Date at the Subscription Price. Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a cheque or a banker’s cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

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If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details as to how to split the PALs will be set out in the Prospectus.

Fractional provisional allotment of the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of Rights Shares. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and all Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved.

Odd lot arrangement

In order to facilitate the trading of odd lots (if any) of the Shares arising from the Rights Issue, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share on a best effort basis. Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers. Further details of the odd lot arrangement will be set out in the Prospectus.

Status of the Rights Shares

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

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Excluded Shareholders for their information only but will not send any PAL to them.

To qualify for the Rights Issue, a Shareholder must be (i) registered as a member of the Company at the close of business on the Record Date; and (ii) not an Excluded Shareholder.

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

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer documents of the Shares (together with the relevant share certificates) with the Registrar by no later than 4:00 p.m. on Friday, 13 March 2026.

The Company expects to send the Prospectus Documents to the Qualifying Shareholders on Monday, 23 March 2026.

Qualifying Shareholders who take up their pro-rata entitlement in full under the Rights Issue will not suffer any dilution to their interests in the Company.

If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Certificates of the Rights Shares and refund cheques

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent on or about Tuesday, 5 May 2026 by ordinary post to those entitled thereto, at their own risk, to their registered addresses.

If the Rights Issue does not become unconditional, refund cheques are expected to be sent on or about Tuesday, 5 May 2026 by ordinary post to the applicants, at their own risk, to their registered addresses.

Taxation

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

Application for listing in nil-paid and fully-paid forms

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges. Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 10,000 Rights Shares.

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Rights Shares will be eligible for admission into CCASS

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

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Rights of Overseas Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. If there are Overseas Shareholders at the close of business on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

Based on the register of members of the Company as at the Latest Practicable Date, there were 12 Overseas Shareholders with registered addresses located in the PRC, which were interested in an aggregate of 83,000 Shares, representing approximately 0.01% of the Company's issued share capital as at the Latest Practicable Date. Save for the 12 Overseas Shareholders with registered addresses located in the PRC, there were no other Overseas Shareholders based on the register of members of the Company as at the Latest Practicable Date.

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Company has made enquiry in respect of the legal restrictions under the laws of the relevant places and the requirements of the relevant regulatory body or stock exchange in those places for the Company to extend the Rights Issue to the Overseas Shareholders. Based on the relevant legal advice on the laws of the PRC, the Board is of the view that it is not necessary or expedient to exclude the Overseas Shareholders with the registered address in the PRC. In particular, under the currently effective legislations of the jurisdiction, there is no regulatory restriction or requirement of any regulatory body or stock exchange with respect to the extending of the Rights Issue by the Company to the Overseas Shareholders in the relevant jurisdiction, provided that such Overseas Shareholders shall comply with and fulfill the provisions of the relevant laws and regulations as well as the policies and requirements of the relevant government authorities.

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Accordingly, the Rights Issue will be extended to such Overseas Shareholders in the PRC and there are no Excluded Shareholders for the Rights Issue as at the Latest Practicable Date. Save for the aforesaid Overseas Shareholders, all Shareholders on the Company's register of members as at the Latest Practicable Date have Hong Kong registered addresses.

The Company will continue to ascertain whether there are any other Overseas Shareholders as at the Record Date and will make further enquiries with legal advisers in other overseas jurisdictions regarding the feasibility of extending the Rights Issue to such Overseas Shareholder as at the Record Date.

The Company will comply with Rule 17.41(1) of the GEM Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders, if any, under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on the legal advices to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders. The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

It is the responsibility of the Qualifying Shareholders outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself before acquiring any rights to subscribe for the Rights Shares as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connected therewith. Any acceptance of or application for Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the relevant Excluded Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company.

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Any unsold entitlement of the Excluded Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will, if possible, be placed by the Placing Agent under the Placing to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Shareholders and beneficial owners of the Shares (including, without limitation, their respective agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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

Pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, the Company must make arrangements to dispose of any Unsubscribed Shares (including NQS Unsold Rights Shares) Shares by offering such Unsubscribed Shares (including NQS Unsold Rights Shares) to independent places for the benefit of those Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue as stipulated by Rule 10.31(1)(a) of the GEM Listing Rules.

The Company has appointed the Placing Agent to place the Unsubscribed Shares (including NQS Unsold Rights Shares) after the Latest Time for Acceptance to independent places on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the “**Net Gain**”) will be paid to the relevant No Action Shareholders and Excluded Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Thursday, 23 April 2026, acquirers for all (or as many as possible) of those Unsubscribed Shares (including NQS Unsold Rights Shares) at a price not less than the Subscription Price.

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Net Gain (if any but rounded down to the nearest cent) will be paid on a pro-rata basis to the relevant No Action Shareholders and Excluded Shareholders as set out below:

- (i) for No Action Shareholders, the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for, and where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL and where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS; and
- (ii) for Excluded Shareholders, the relevant Excluded Shareholders whose name and address appeared on the register of members of the Company on the Record Date with reference to their shareholdings in the Company on the Record Date.

It is proposed that if the Net Gain to any of the No Action Shareholder(s) and Excluded Shareholder(s) mentioned above (i) is more than HK\$100, the entire amount will be paid to them; or (ii) is HK\$100 or less, such amount will be retained by the Company for its own benefit.

CLOSURE OF REGISTER OF MEMBERS FOR EGM

The register of members of the Company will be closed from Wednesday, 4 March 2026 to Tuesday, 10 March 2026 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

CLOSURE OF REGISTER OF MEMBERS FOR RIGHTS ISSUE

The register of members of the Company will be closed from Monday, 16 March 2026 to Friday, 20 March 2026 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

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PLACING AGREEMENT

Principal terms of the Placing Agreement are as follow:

Placing Agent : Constance Capital Limited

The Placing Agent is a licensed corporation to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

To the best knowledge, information and belief of the Directors, after making reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are independent of and not connected with the Company and its connected persons within the meaning of the GEM Listing Rules.

Placing commission : Subject to completion of the Placing taking place, the Company shall also pay a placing commission in Hong Kong dollars, of 2.0% of the amount (the “**Placing Commission**”) which is equal to the placing price multiplied by the number of the Unsubscribed Shares (including NQS Unsold Rights Shares) that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

Placing Price : Not less than HK\$0.10 per Unsubscribed Share (including NQS Unsold Rights Shares).

Placing Period : A period commencing from the first (1st) Business Day immediately after the date of announcement of the number of the Unsubscribed Shares (including NQS Unsold Rights Shares) (i.e. Friday, 17 April 2026 under the current timetable) and ending on 4:00 p.m. on the fifth (5th) business after the date of announcement of the number of the Unsubscribed Shares (including NQS Unsold Rights Shares) (both days inclusive).

Placees : The Unsubscribed Shares (including NQS Unsold Rights Shares) be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties.

The Placing Agent shall also ensure that the Public Float Requirement remains to be fulfilled by the Company upon completion of the Rights Issue.

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

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

- (i) the Rights Issue having become unconditional;
- (ii) the Company's warranties contained in the Placing Agreement remaining true and accurate and not misleading in all material respects at all times prior to the date of completion of the Placing;
- (iii) the GEM Listing Committee granting the listing of, and permission to deal in, the Unsubscribed Shares (including NQS Unsold Rights Shares) with or without conditions;
- (iv) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

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

As at the Latest Practicable Date, none of the conditions have been fulfilled.

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

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industry, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or

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- (iv) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control), which has or may affect the business or financial position of the Group and which in the Placing Agent's absolute opinion would affect the success of the Placing; or
- (v) any breach of any of the representations and warranties given by the Company as set out in the Placing Agreement having come to the knowledge of the Placing Agent or any event having occurred or any matter having arisen on or after the date of the Placing Agreement and prior to the completion of the Rights Issue which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (vi) the Unsubscribed Shares (including NQS Unsold Rights Shares) are not approved by the relevant regulatory bodies and/or regulatory authorities to be placed to any places as contemplated in the Placing Agreement.

The above termination event (i) represents a force majeure clause.

The terms of the Placing Agreement were determined after arm's length negotiation between the Placing Agent and the Company with reference to (i) the prevailing market rate for rights issues, including the underwriting or placing commissions of recent proposed rights issues announced by companies listed on GEM of the Stock Exchange with relevant listing documents issued within 6 months prior to the Last Trading Day (as further elaborated in next paragraph) which are ranged from 0.5% to 7.07% and with a median and average of 2.5% and approximately 2.8% respectively; (ii) the existing financial position of the Group including gearing ratio of 30.7% as at 30 June 2025 and the continued losses attributable to owners of the Company for the past five years; (iii) the size of the Rights Issue when aggregated with the rights issue conducted within the past twelve months before the date of the Announcement, which potentially enlarging the total number of issued Shares by 50%; (iv) the placing price of HK\$0.10 per Share which is at a premium to the latest trading price per Share before signing of the Placing Agreement; and (v) the general downward trend of the daily closing price of the Shares of the Company during the past 3 months, as noted by the decrease of closing price of the Shares from HK\$0.255 per Share on 27 October 2025 to HK\$0.08 on the date of the Announcement. The Directors consider that the terms of the Placing Agreement are fair and reasonable and on normal commercial terms.

LETTER FROM THE BOARD

The Company has conducted a search of recent proposed rights issues announced by companies listed on GEM of the Stock Exchange with relevant listing documents issued within the 6 months prior to the Last Trading Day. The Company has identified an exhaustive list of a total of seven (7) rights issues comparables (“**Rights Issues Comparables**”) during the respective period. The Board considered that notwithstanding that the businesses, operations, prospects and funding needs of the Company are not the same as the subject companies of the Rights Issues Comparables, the Rights Issues Comparables illustrate recent rights issues transactions conducted by companies listed on the GEM of the Stock Exchange during a period close to and including the Last Trading Day.

Details of the seven (7) Rights Issues Comparables are set out below:

Stock Code	Listing document date	Company Name	Placing/ underwriting commission, as the case may be (%)
8178	11 September 2025	China Information Technology Development Limited	7.07
8282	24 October 2025	Gameone Holdings Limited	0.50
8341	21 November 2025	Aeso Holding Limited	2.50
8516	15 December 2025	Zhong Ying International Group Ltd	3.00
8431	2 January 2026	Hao Bai International (Cayman) Ltd	1.50
8283	5 January 2026	Zhongshi Minan Holdings Limited	2.50
8612	21 January 2026	World Super Holdings Ltd	2.50
Min			0.50
Max			7.07
Median			2.50
Average			2.80

The Placing Agent will, on a best effort basis during the Placing Period, seek to procure subscribers who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties for all (or as many as possible) of the Unsubscribed Shares (including NQS Unsold Rights Shares).

If all or any of the Unsubscribed Shares (including NQS Unsold Rights Shares) are successfully placed, any Net Gain will be distributed to the relevant No Action Shareholders and Excluded Shareholders. Any Unsubscribed Shares (including NQS Unsold Rights Shares) that are not placed by the Placing Agent will not be issued by the Company. As at the Latest Practicable Date, the Placing Agent has not identified any placee(s). In any case, any placees will be independent among themselves and will be independent of and not acting at the direction of any connected person of the Company. As such, the Company considers that the Compensatory Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Independent Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

As the Company has put in place the above Compensatory Arrangements as required by Rule 10.31(1)(b) of the GEM Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. There are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue. In the event of an undersubscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly.

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon the fulfilment of the following conditions:

- (i) the delivery to the Stock Exchange, and filing and registration with Companies Registry in Hong Kong of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and in compliance with the GEM Listing Rules, the Companies (WUMP) Ordinance and the Companies Ordinance;
- (ii) the despatch of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the despatch of the Prospectus and a letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date. The Prospectus Documents will be published on the website of the Stock Exchange and the Company;
- (iii) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Rights Shares, in both nil-paid and fully-paid forms and such listing not being withdrawn or revoked;
- (iv) the Independent Shareholders having approved at the EGM of the Rights Issue and the Placing Agreement no later than the Prospectus Posting Date; and
- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof, and remaining in full force and effect.

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

LETTER FROM THE BOARD

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

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

The Group is principally involved in (i) the sale of home furniture and accessories; (ii) rental of home furniture and accessories; and (iii) project and hospitality services, which typically involve designing, styling, decorating and furnishing commercial or residential properties such as hotels, serviced apartments and showflats.

Assuming that there is no change in the number of issued Shares on or before the Record Date, the gross proceeds from the Rights Issue will be approximately HK\$29.6 million and the net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be approximately HK\$28.1 million. The net price per Rights Shares (i.e. Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.095 per Rights Share.

The Company intends to use the net proceeds from the Rights Issue as follows: (i) approximately 34% or HK\$9.5 million for repayment of both principal and interest of borrowing in relation to an unsecured bond payable with a principal amount of RMB10 million, (equivalent to HK\$10,630,000 based on the Fixed Exchange Rate) of which approximately RMB1.4 million has been repaid, (equivalent to approximately HK\$1.5 million based on the Fixed Exchange Rate) subscribed from an Independent Third Party and maturing on 27 March 2026 (the “**Bond Payable**”), which is expected to be refinanced or extended prior to the completion of the Rights Issue, and the net proceeds will be applied to repay such refinanced or extended borrowing thereafter; (ii) approximately 18% or HK\$5.0 million for payment of rental expenses including accrued rental expenses; (iii) approximately 18% or HK\$5.0 million for Dubai project, which is a project to provide furniture for an international airline company’s staff accommodation for at least 3 years; (iv) approximately 7% or HK\$2.0 million for opening a new retail store in Hong Kong; and (v) remaining approximately 23% or HK\$6.6 million for general working capital of the Group for payments of salary, suppliers and other operating and administrative expenses.

LETTER FROM THE BOARD

Repayment of borrowing

Based on the Company's current funding planning and subject to the outcome of discussions with the relevant lender(s) and prevailing market conditions, the Company intends to address its short-term funding needs upon maturity of the Bond Payable by seeking a short-term extension of the Bond Payable, or by refinancing the Bond Payable with other short-term borrowings. The Company also intends to repay the refinanced or extended borrowing after receipt of the proceeds from the Rights Issue. As at the Latest Practicable Date, the Company is in discussion with the lender regarding a proposed extension of the Bond Payable and the lender has indicated it will consider offering extension if the Rights Issue are conducted as scheduled. The Company is also in discussion with financial institutions in Hong Kong for possible other debt financing or borrowings to refinance the Bond Payable. No financing arrangement has been signed with any banks to refinance the Bond Payable as at the Latest Practicable Date.

Approximately RMB1.4 million (equivalent to approximately HK\$1.5 million based on the Fixed Exchange Rate) of the RMB10 million Bond Payable has been repaid and the current outstanding principal amount of the Bond Payable is approximately RMB8.6 million (equivalent to approximately HK\$9.1 million based on the Fixed Exchange Rate). The amount of interest arising from the Bond Payable is approximately RMB86,000 (equivalent to approximately HK\$91,000 based on the Fixed Exchange Rate) which is payable on maturity, and the total principal and accrued interest payable on maturity date of 27 March 2026 is approximately RMB8.7 million (equivalent to approximately HK\$9.2 million based on the Fixed Exchange Rate). The repayment of the Bond Payable includes the outstanding interest. The Company expects the allocated proceeds of approximately HK\$9.5 million is sufficient to repay the Bond Payable including the potential interest arising from possible extension. In the event that the allocated proceeds is insufficient for repayment of the principal and interest of Bond Payable, the Company expects to utilise cash and cash equivalents and the cash flows generated from operating activities to finance the remaining portion of the Bond Payable.

The interest expense arising from the Bond Payable is approximately RMB86,000 (equivalent to approximately HK\$91,000 based on the Fixed Exchange Rate). In the event the Group repays the Bond Payable, such interest expenses will be reduced.

Dubai project

The Group has been engaged by an international airline company to supply and install furniture for the airline's staff accommodation located in Dubai for at least 3 years. The service to be provided by the Group includes supplying and installing furniture according to the work order and ensuring the design, workmanship and materials used are new and of high-quality, and conform with the quality and description specified in the work order.

LETTER FROM THE BOARD

Expected timeline of the proposed use of net proceeds and other potential ways to finance the capital requirement

Sets out below are the timeline for each of the proposed use of net proceeds, and other potential ways to finance the capital requirement in the event that the Rights Issue is not approved by the Independent Shareholders and the Group does not generate enough operating cash flows to fulfill the relevant obligations:

Use of Proceeds	Amount (approximately)	Expected timeline of the proposed use of net proceeds	Other potential ways to finance the capital requirement
Repayment of both principal and interest of borrowing	HK\$9.5 million	By the first half of 2026	Discuss with the lender to extend the Bond Payable or obtain new borrowing from banks in Hong Kong to refinance the Bond Payable
Payment of rental expenses	HK\$5.0 million	By the end of 2026	Obtain new borrowings from banks in Hong Kong or Dubai, or conduct other fund raising activities (including but not limited to placing or subscription of new shares under specific mandate or general mandate after refreshment of general mandate (as the case may be))
Dubai project	HK\$5.0 million	By the end of 2026	Obtain new borrowings from banks in Hong Kong or Dubai, or discuss with the airline the possibility of delaying the commencement of the project, or conduct other fund raising activities (including but not limited to placing or subscription of new shares under specific mandate or general mandate after refreshment of general mandate (as the case may be))

LETTER FROM THE BOARD

Use of Proceeds	Amount (approximately)	Expected timeline of the proposed use of net proceeds	Other potential ways to finance the capital requirement
Opening a new retail store in Hong Kong	HK\$2.0 million	By the end of 2026	Obtain new borrowings from banks in Hong Kong or Dubai, or reallocate the rental expense budgeted for other retail store should the Group decided not to renew certain existing leases upon expiry following reassessment of its retail store portfolio, or conduct other fund raising activities (including but not limited to placing or subscription of new shares under specific mandate or general mandate after refreshment of general mandate (as the case may be))
General working capital	HK\$6.6 million	By the end of 2026	Obtain new borrowings from banks in Hong Kong or Dubai, or conduct other fund raising activities (including but not limited to placing or subscription of new shares under specific mandate or general mandate after refreshment of general mandate (as the case may be))

LETTER FROM THE BOARD

As at 31 December 2025, the Group has approximately HK\$3.6 million cash and cash equivalents based on the unaudited management account. The Group intends to use the existing cash and cash equivalent to continue its ordinary business operations and meeting the short-term obligations as they fall due, including the procurement of goods and services in connection with our sale of furniture and designing projects, the settlement of trade and other payables, and the servicing of interest obligations on the Group's interest-bearing bank and other borrowings.

As disclosed in the annual report of the Group for the eighteen months ended 30 June 2025, despite challenging operating conditions, the Group recorded revenue of approximately HK\$383.5 million for the eighteen months ended 30 June 2025 ("**18M2025**"), representing an increase of approximately 53.0% from approximately HK\$250.6 million for the year ended 31 December 2023 ("**FY2023**") (or approximately 2.0% increase on a pro-rata basis).

The Group recorded gross profit of approximately HK\$159.4 million in 18M2025 as compared to approximately HK\$127.1 million in FY2023, representing an increase of approximately 25.4% (or a decrease of approximately 16.4% on a pro-rata basis). Gross profit margin declined due to a higher contribution from lower-margin business including large projects with developers to provide furniture to first-hand residential properties, increased retail discounts and higher cost of sales.

The Group's loss attributable to owners narrowed substantially to approximately HK\$5.6 million for the 18M2025 from approximately HK\$33.5 million for the FY2023, representing a decrease of approximately 83.3% (or a decrease of approximately 88.9% on a pro-rata basis). On a twelve months pro-rata basis by dividing the 18M2025 figures by 18 months and then multiplying it by 12 months ("**Pro-rata 18M2025**"), the Group's loss attributable to owners of approximately HK\$5.6 million for 18M2025 is equivalent to approximately HK\$3.7 million on a pro-rata basis, representing a decrease of approximately HK\$29.8 million as compared FY2023. Such approximately HK\$29.8 million decrease is primarily as a result of (i) the Group's effort in controlling its administrative and other operating expenses from approximately HK\$93.1 million in FY2023 to approximately HK\$70.0 million for the Pro-rata 18M2025, representing a cost saving of approximately HK\$23.1 million; (ii) the decrease in provision for allowance of expected credit losses and impairment losses on non-financial assets from approximately HK\$18.8 million in FY2023 to approximately HK\$3.4 million for the Pro-rata 18M2025, representing a reduction of loss of approximately HK\$15.4 million; (iii) the increase in fair value gain on an investment in an unlisted equity securities from a loss of approximately HK\$2.9 million in FY2023 to a gain of approximately HK\$8.4 million for the Pro-rata 18M2025, representing an increase of other income of approximately HK\$11.3 million; being partially offset by (iv) the decrease in gross profit from approximately HK\$127.1 million in FY2023 to approximately HK\$106.3 million for the Pro-rata 18M2025, representing a decrease of gross profit of approximately HK\$20.8 million.

For the eighteen months ended 30 June 2025, the second-hand property market in Hong Kong remained weak amid demographic changes and prolonged economic downturn. As a result of the decrease in Hong Kong market sentiment, together with the fierce market competition in Dubai, the Board has strategically shifted the focus on project business.

LETTER FROM THE BOARD

Looking ahead, the Group plans to continue to manage cash flows and operating costs prudently and optimize its retail footprint including reassessing retail store leases and locations. Following Hong Kong government's removal of residential property demand-side management measures for residential properties including special stamp duty, buyer's stamp duty or new residential stamp duty with effect from 28 February 2024 and increased housing supply initiative, the Group anticipates rising demand for property renovation and furnishing services.

The reassessment to the retail store leases and locations is intended to evaluate the benefits and costs that each retail store brings to the Group. While the Group may consider not renewing certain leases upon expiry, the Group will also adopt a cautious approach in evaluating new store locations, including the new retail store in Hong Kong for which part of the net proceeds will be used. In relation to the reassessment to the retail store leases and locations, the Group will focus on, amongst others, customer traffic, store layout, rental expense, ongoing maintenance spend when assessing the retail store portfolio. In relation to the new retail store in Hong Kong, the Group will monitor the capital expenditure on the new retail store and compare it against the expected future economic benefits to be generated by the new retail store in determining the new retail store plan and location.

The Company considers the Rights Issue and the use of the net proceeds from the Rights Issue will enable the Group to support its planned business initiatives, including (i) enhancing cash flow and improving profitability by reducing interest expenses through repayment of bank and other borrowings; (ii) meeting rental payments and settling accrued rental expenses from ongoing operations while implementing retail network optimization measures; (iii) deploying capital to support the development of the project business in Dubai; (iv) allocating capital to the Group's Hong Kong retail operations to capture potential recovery in local demand; and (v) providing general working capital to support the Group's operations.

As the Rights Issue will proceed on a non-underwritten basis, the actual amount of the net proceeds from the Rights Issue cannot be ascertained as at the Latest Practicable Date. In the event that there is an under-subscription of the Rights Issue and the Placing (as the case may be), the net proceeds of the Rights Issue and the Placing (as the case may be) will be allocated and utilized in proportion to the above uses.

LETTER FROM THE BOARD

Fundraising alternatives

The Board has considered various fundraising alternatives before resolving to the Rights Issue, including debt financing and equity financing alternatives such as open offer and placing of new shares.

The Board is of the view that debt financing will increase the gearing ratio of the Group and increase the ongoing interest expenses of the Group which may in turn affect the profitability of the Group.

With respect to equity financing alternatives, the Board considers that placing of new Shares would be a sub-optimal fundraising means 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, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market.

The Directors are of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing the overall working capital to fulfill the development plan of the Group without further increase the interest burden to the Group. The Rights Issue also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid shareholding dilution for those Shareholders who take up their entitlement under the Rights Issue in full.

Having considered the above, the Directors consider that the terms of the Rights Issue are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no change in the total issued Shares of the Company from the Latest Practicable Date up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders; (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than Century Great pursuant to the Irrevocable Undertakings) have taken up any entitlements of the Rights Shares and none of the Unsubscribed Shares (including NQS Unsold Rights Shares) are placed to the independent places; and (iv) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than Century Great pursuant to the Irrevocable Undertakings) have taken up any entitlements of the Rights Shares and all the Unsubscribed Shares (including NQS Unsold Rights Shares) are placed to the independent places:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders		Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than Century Great pursuant to the Irrevocable Undertakings) have taken up any entitlements of the Rights Shares and none of the Unsubscribed Shares (including NQS Unsold Rights Shares) are placed to the independent places		Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than Century Great pursuant to the Irrevocable Undertakings) have taken up any entitlements of the Rights Shares and all the Unsubscribed Shares (including NQS Unsold Rights Shares) are placed to the independent places	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Century Great Investments Limited (Note 1)	38,105,500	6.45	57,158,250	6.45	57,158,250	9.37	57,158,250	6.45
Double Lions Limited (Notes 2, 3, 4, 5 and 6)	17,410,000	2.95	26,115,000	2.95	17,410,000	2.85	17,410,000	1.96
Zheng Jing (Note 7)	66,800,000	11.30	100,200,000	11.30	66,800,000	10.95	66,800,000	7.53
<i>Public Shareholders</i>								
Other public Shareholders	468,844,000	79.31	703,266,000	79.31	468,844,000	76.83	468,844,000	52.87
Places	—	—	—	—	—	—	276,527,000	31.18
Total	591,159,500	100.00	886,739,250	100.00	610,212,250	100.00	886,739,250	100.00

LETTER FROM THE BOARD

Notes:

1. Century Great Investments Limited is 100% owned by Ms. Wong.
2. Double Lions Limited is owned as to 40.48% by Mr. John Warren McLennan, 20.00% by Ms. Tracy-Ann Fitzpatrick, 14.88% by Ms. Alison Siobhan Bailey, 14.88% by Mr. John Martin Rinderknecht and 9.76% by Mr. James Seymour Dickson Leach (collectively, with Double Lions Limited, the “**Double Lions Shareholders**”). Each of the Double Lions Shareholders executed the deed of acting in concert dated 12 February 2018 confirming the existence of their acting in concert and are deemed to be interested in all the Shares owned by Double Lions Limited.
3. As at the Latest Practicable Date, Double Lions Limited is owned as to 40.48% by Mr. John Warren McLennan, a director of a subsidiary of the Company. Double Lions Limited is therefore a close associate of Mr. John Warren McLennan and thus the shares held by it are not regarded as being in public hands.
4. Mrs. Jennifer Carver McLennan is the spouse of Mr. John Warren McLennan and is deemed to be interested in the Shares held by Mr. John Warren McLennan by virtue of the SFO.
5. Mr. David Frances Bulbeck is the spouse of Ms. Tracy-Ann Fitzpatrick and is deemed to be interested in the Shares held by Ms. Tracy-Ann Fitzpatrick by virtue of the SFO.
6. Ms. Alison Siobhan Bailey and Mr. James Seymour Dickson Leach are married to each other and each of them is deemed to be interested in the Shares held by her/his spouse via Double Lions Limited by virtue of the SFO.
7. Other than being a substantial shareholder of the Company, Zheng Jing has no other relationship with the Company and its connected persons.
8. The percentage figures shown in the table above have been subject to rounding adjustments. Any discrepancies between totals and sums of the amounts listed herein are due to rounding adjustments.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

LETTER FROM THE BOARD

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST TWELVE MONTHS

Date of the announcements	Fund raising activity	Net proceeds	Intended use of the net proceeds as announced	Actual use of proceeds
19 March 2025, 25 April 2025 and 12 May 2025	Rights Issue of 136,843,500 rights shares	Approximately HK\$13.3 million	General working capital of (i) approximately HK\$2.3 million for payment of salary and remuneration expenses; (ii) approximately HK\$3.0 million for payment of rental expenses; and (iii) approximately HK\$8.0 million for trade related expenses including payments to suppliers, warehouse and logistics teams.	Fully utilized as intended
14 November 2025 and 25 November 2025	Subscription of 65,000,000 shares	Approximately HK\$11.0 million	General working capital of (i) approximately HK\$6.0 million for payment of salary, remuneration, rental, and trade related expenses; (ii) approximately HK\$2.0 million for other operating & administrative expenses; and (iii) approximately HK\$3.0 million for payment of the accrued expenses of the Group, including accrued rental expenses in Hong Kong, repayment of bank loan in Dubai and other borrowings by the end of 2025.	Fully utilized as intended
18 November 2025 and 25 November 2025	Subscription of 17,100,000 shares	Approximately HK\$2.9 million	General working capital of (i) approximately HK\$1.0 million for payment of salary, remuneration, rental, and trade related expenses; (ii) approximately HK\$1.0 million for other operating & administrative expenses; and (iii) approximately HK\$0.9 million for payment of the accrued expenses of the Group, including accrued rental expenses in Hong Kong, repayment of bank loan in Dubai and other borrowings by the end of 2025.	Fully utilized as intended
10 December 2025 and 19 December 2025	Placing of 98,520,000 shares	Approximately HK\$11.4 million	General working capital of (i) approximately HK\$6.0 million for payment of salary, remuneration, rental, and trade related expenses; (ii) approximately HK\$4.4 million for other operating & administrative expenses; and (iii) approximately HK\$1.0 million for payment of the accrued expenses of the Group, including accrued rental expenses in Hong Kong, repayment of bank loan in Dubai and other borrowings.	Fully utilized as intended

LETTER FROM THE BOARD

Save as disclosed above, there has not been any equity fund raising activity conducted by the Company in the past twelve months immediately preceding the Latest Practicable Date.

GEM LISTING RULES IMPLICATIONS

The Rights Issue standalone may increase the market capitalization of the Company by 50%. In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue, together with other rights issue announced by the Company within the 12 months period immediately preceding the date of the Announcement, will increase the issued Shares by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. The Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the Latest Practicable Date, the Company does not have any controlling shareholder. However, Century Great Investments Limited, which is wholly owned by Ms. Wong Win Man, an executive Director, holds 38,105,500 Shares, representing approximately 6.45% of the issued share capital of the Company as at the Latest Practicable Date. As such, Century Great Investments Limited shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM.

The theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) is approximately 4.60% after taking into account the rights issue announced by the Company within the 12 months period immediately preceding the date of the Announcement. 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.

GENERAL

The EGM will be convened and held to consider, and if thought fit, to approve, among other things, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. So Alan Wai Shing, Mr. Lee Kwong Ming and Mr. Chan Kin Sun, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transaction contemplated thereunder. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee set out on pages IBC-1 to IBC-2 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, and as to the voting action therefor, and the letter from Independent Financial Adviser set out on pages IFA-1 to IFA-34 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The notice convening the EGM to be held at 10:00 a.m. on Tuesday, 10 March 2026 is enclosed with this circular.

The register of members of the Company will be closed from Wednesday, 4 March 2026 to Tuesday, 10 March 2026 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Subject to the fulfilment of certain conditions of the Rights Issue including the approval of the Shareholders at the EGM, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL to the Excluded Shareholders.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional upon fulfilment of the conditions set out in the section headed "Letter from the Board — Conditions of the Rights Issue" of this circular, including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

Any Shareholders or potential investors contemplating selling or purchasing the Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed.

LETTER FROM THE BOARD

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

RECOMMENDATION

The Directors (including the independent non-executive Directors) believe that the terms of the Rights Issue, the Placing Agreement and the transaction contemplated therein are fair and reasonable and in the interests of the Group and the Shareholders as a whole, therefore, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular. In case of any inconsistency between the English and Chinese versions of this circular, the English version will prevail.

For and on behalf of the Board
Pacific Legend Group Limited
Wong Wing Man
Chairperson and Executive Director

