



WLS Holdings Limited
滙隆控股有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8021)

Executive Directors:

Mr. Li Zhenxing
Mr. Ma Pun Fai

Independent non-executive Directors:

Mr. Lo Ka Ki
Ms. Gong Qiuyun
Ms. Chan Ka Yee

Registered office:

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Hamilton HM 11, Bermuda

Principal place of business:

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10th Floor, Tower A, Southmark,
No. 11 Yip Hing Street,
Wong Chuk Hang, Aberdeen,
Hong Kong

20 March 2026

To: the Qualifying Shareholders and, for information purpose only, the Excluded Shareholders

Dear Sir or Madam,

**(1) PROPOSED CAPITAL REORGANISATION; AND
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY ONE (1) ADJUSTED SHARE HELD
AT THE CLOSE OF BUSINESS ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

References are made to the Announcement in relation to, among other matters, the Capital Reorganisation, 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 Capital Reorganisation and the Rights Issue and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue 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 relation to the Rights Issue and the transactions contemplated thereunder; (iv) other information required under the GEM Listing Rules; and (v) a notice convening the SGM.

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation in the following manner:

- (i) the Share Consolidation on the basis that every forty (40) issued and unissued Existing Shares of par value of HK\$0.01 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.40 each (any fraction in the issued share capital of the Company which may arise from the Share Consolidation will be cancelled);
- (ii) immediately following the Share Consolidation becoming effective, the Capital Reduction whereby the issued share capital of the Company will be reduced by (a) rounding down the total number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by eliminating any fraction of a Consolidated Share in the issued share capital of the Company; and (b) cancelling the paid-up share capital of the Company to the extent of HK\$0.39 on each of the then issued Consolidated Share such that the par value of each issued Consolidated Share will be reduced from HK\$0.40 to HK\$0.01;
- (iii) immediately following the Share Consolidation becoming effective, the Sub-division whereby each authorised but unissued Consolidated Share will be sub-divided into forty (40) Adjusted Shares of HK\$0.01 each so that immediately following the Capital Reorganisation, the authorised share capital of the Company shall be HK\$400,000,000 divided into 40,000,000,000 Adjusted Shares;
- (iv) immediately following the Capital Reduction and Sub-division becoming effective, the Share Premium Reduction whereby the entire amount standing to the credit of the Share Premium Account will be reduced to nil; and
- (v) immediately following the Share Premium Reduction becoming effective, the transfer of all the credits arising from the Capital Reduction and the Share Premium Reduction of approximately HK\$700.31 million (being HK\$140.08 million from the Capital Reduction and approximately HK\$560.23 million from the Share Premium Reduction) to the contributed surplus account of the Company within the meaning of the Companies Act be applied in full to set off the accumulated losses of the Company or be applied by the Board in a manner as permitted by the Bye-Laws and all applicable laws of Bermuda from time to time without further authorisation from the Shareholders.

Effects of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$400,000,000.00 divided into 40,000,000,000 Existing Shares of par value of HK\$0.01 each, and there are 14,367,101,072 Existing Shares in issue which are fully paid or credited as fully paid. Upon the Share Consolidation becoming

effective and on the basis that no further Shares will be allotted, issued or repurchased prior thereto, the issued share capital of the Company will be HK\$143,671,010.72 divided into 359,177,526 Consolidated Shares of par value of HK\$0.40 each.

Any fractional Consolidated Share to which an individual Shareholder is entitled to will not be issued by the Company to such Shareholder, but will be aggregated, sold and retained for the benefit of the Company. Any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Adjusted Shares.

Upon the Capital Reduction becoming effective, the par value of all the issued Consolidated Shares shall be reduced from HK\$0.40 each to HK\$0.01 each by cancelling the paid-up share capital to the extent of HK\$0.39 per Consolidated Share in issue, and any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation will be cancelled.

Upon the Sub-division becoming effective, each of the authorised but unissued Consolidated Shares of par value of HK\$0.40 each will be subdivided into forty (40) authorised but unissued Adjusted Shares of par value of HK\$0.01 each.

The Adjusted Shares will rank *pari passu* in all respects with each other in accordance with the Bye-Laws. The issued share capital will be reduced to HK\$3,591,775.26 divided into 359,177,526 Adjusted Shares of par value of HK\$0.01 each.

Based on 14,367,101,072 Existing Shares in issue as at the Latest Practicable Date, a credit of approximately HK\$140.08 million will arise as a result of the Capital Reduction becoming effective after the Capital Reorganisation. As at the Latest Practicable Date, the Company has a credit balance of approximately HK\$560.23 million standing in the Share Premium Account. The credits arising from the Capital Reduction and the Share Premium Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act and be applied in full to set off the accumulated losses of the Company or be applied by the Board in a manner as permitted by the Bye-Laws and all applicable laws of Bermuda from time to time without further authorisation from the Shareholders.

Other than the relevant expenses incurred and to be incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management of financial position of the Company.

The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company before and after the implementation of the Capital Reorganisation, assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date until the effective date of the Capital Reorganisation.

	As at the Latest Practicable Date	Immediately after the Share Consolidation becoming effective	Immediately after the Capital Reorganisation becoming effective
Par value per Share	HK\$0.01 per Existing Share	HK\$0.40 per Consolidated Share	HK\$0.01 per Adjusted Share
Authorised share capital			
Authorised share capital	HK\$400,000,000	HK\$400,000,000	HK\$400,000,000
Number of authorised shares	40,000,000,000 Existing Shares	1,000,000,000 Consolidated Shares	40,000,000,000 Adjusted Shares
Issued share capital			
Amount of issued share capital	HK\$143,671,010.72	HK\$143,671,010.72	HK\$3,591,775.26
Number of issued Shares	14,367,101,072 Existing Shares	359,177,526 Consolidated Shares	359,177,526 Adjusted Shares
Unissued share capital			
Amount of unissued share capital	HK\$256,328,989.28	HK\$256,328,989.28	HK\$396,408,224.74
Number of unissued Shares	25,632,898,928 Existing Shares	640,822,474 Consolidated Shares	39,640,822,474 Adjusted Shares

Note: The above share capital structure of the Company is for illustration purpose only.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (i) the passing of the necessary resolution(s) to approve the Capital Reorganisation by the Shareholders at the SGM;
- (ii) the relevant filings with the Registrar of Companies in Bermuda having been made after the passing of the resolution(s) at the SGM;
- (iii) the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation;

- (iv) the compliance with the relevant procedures and requirements under the Bye-Laws and the laws of Bermuda to effect the Capital Reorganisation, which include the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due, and the GEM Listing Rules to effect the Capital Reorganisation; and
- (v) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

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

Application for listing and dealings

Application will be made to the GEM Listing Committee for the granting of the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date 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 CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the Adjusted Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Status of the Adjusted Shares

The Adjusted Shares will be identical in all respects and rank *pari passu* with the then Adjusted Shares in issue in all respects. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS.

Fractional entitlement to Adjusted Shares

Any fractional Adjusted Share arising from the Capital Reorganisation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Adjusted Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Adjusted Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Odd lots arrangements and matching services

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares, the Company will appoint a securities firm to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Adjusted Shares to make up a full board lot, or to dispose of their holding of odd lots of the Adjusted Shares. Details of the odd lot arrangement will be set out in the Prospectus to be despatched to the Shareholders.

Holders of odd lots of the Adjusted Shares should note that the matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Free exchange of share certificates for the Adjusted Shares

Subject to the Capital Reorganisation having become effective, Shareholders may, during the specified period from Thursday, 16 April 2026 to Tuesday, 26 May 2026 (both days inclusive), submit the existing share certificates for the Existing Shares to the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong to exchange, at the expense of the Company, for new share certificates for the Adjusted Shares (in green colour) (on the basis of forty (40) Existing Shares for one (1) Adjusted Share).

After the aforementioned free exchange period, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Adjusted Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Adjusted Shares (whichever is higher) but are not acceptable for trading, settlement and registration purposes.

After 4:10 p.m. on Thursday, 21 May 2026, trading will only be in Adjusted Shares which share certificates will be issued in green colour. Existing share certificates in yellow colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

REASONS FOR THE CAPITAL REORGANISATION

According to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities.

According to the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated in September 2024, (i) any trading price less than HK\$0.10 will be considered as approaching the extremities of HK\$0.01; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

As at the Latest Practicable Date, the closing price per Existing Share of the Company is HK\$0.01, and with the board lot size of 10,000 Existing Shares, the existing board lot value is only HK\$100, which was less than HK\$2,000. The Existing Share prices have been constantly traded below HK\$0.10 and the value of each board lot has remained below HK\$2,000 for the past five years.

In view of the prolonged period of share prices approaching extremity, the Directors consider that the proposed Share Consolidation will bring about a corresponding upward adjustment in the expected value per board lot, resulting in the theoretical closing price of HK\$0.40 per Adjusted Share and the expected market value of each board lot of HK\$4,000 (based on the current closing price of HK\$0.01 per Existing Share as at the Latest Practicable Date) and will enable the Company to comply with the trading requirements under the GEM Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

Upon the Share Consolidation becoming effective but before implementation of the Capital Reduction, the par value of the Existing Shares will be consolidated from HK\$0.01 into HK\$0.40 per Consolidated Share.

Meanwhile, the Capital Reorganisation also involves the Capital Reduction which will reduce the par value of the issued Consolidated Shares from HK\$0.40 per Consolidated Share to HK\$0.01 per Adjusted Share. Under the laws of Bermuda, the Company is restricted in its ability to issue Shares at a price lower than their par value. Accordingly, the Capital Reduction will allow greater flexibility in the pricing for any issue of new Shares in the future.

Further, the credit in the contributed surplus account arising from the Capital Reorganisation will enable the Company to reduce its accumulated losses. As such, the Board proposes to implement the Capital Reorganisation.

The Board considers that (i) the Share Consolidation will reduce the overall transaction and handling costs of dealings in the Existing Share as a proportion of the market value of each board lot, since most of the banks/securities houses will charge minimum transaction costs for each securities transaction and enable the Company to meet compliance requirement as well as to maintain the value of each board lot at a reasonable level; (ii) the Capital Reduction will reduce the par value of the Consolidated Shares, which will provide the Company with greater flexibility in possible fundraisings in the future; and (iii) the credits in the contributed surplus account of the Company arising from the Capital Reduction and the Share Premium Reduction, which will enable the Company to set off against its accumulated losses (if any) in full or by the amount of such credits and may facilitate or be applied in any future distribution to the Shareholders or be applied in any other manner as the Board may deem fit as may be permitted under all applicable laws and the Bye-Laws. As at the Latest Practicable Date, the Company has no intention to carry out other corporate action in the next twelve months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation.

The Capital Reorganisation will not have any material adverse effect on the financial position of the Company nor result in change in the relative rights of the Shareholders and are in the interests of the Company and the Shareholders as a whole.

Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed “Proposed Capital Reorganisation – Conditions of the Capital Reorganisation” in this circular. Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Existing Shares, the Consolidated Shares, the Adjusted Shares and/or nil-paid Rights Shares of the Company. If they are in any doubt about their position, they should consult their professional advisers.

PROPOSED RIGHTS ISSUE

The Board proposes, subject to the Capital Reorganisation becoming effective, to conduct the Rights Issue on the basis of one (1) Rights Share for every one (1) Adjusted Share held by the Qualifying Shareholders as at the Record Date. Set out below are the details of the Rights Issue statistics.

Rights Issue statistics

Basis of the Rights Issue	:	one (1) Rights Share for every one (1) Adjusted Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.24 per Rights Share
Net price per Right Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	approximately HK\$0.2316 per Rights Share (on the basis that all the Rights Shares will be taken up)
Number of Existing Shares in issue as at the Latest Practicable Date	:	14,367,101,072 Existing Shares
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	:	359,177,526 Adjusted Shares (assuming no change in the number of Shares in issue up to the effective date of the Capital Reorganisation)
Number of Rights Shares	:	up to 359,177,526 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation)
Number of Shares in issue upon completion of the Rights Issue	:	Up to 718,355,052 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation)
Gross proceeds from the Rights Issue	:	Approximately HK\$86.2 million before deducting the expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation)

- Net proceeds from the Rights Issue : Approximately HK\$83.2 million after deducting the expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation)
- Rights of excess application and underwriter : There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten
- Compensatory Arrangements : Any Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed to independent Places on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares which remain unplaced under the Compensatory Arrangement in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly

As at the Latest Practicable Date, Company has no outstanding derivatives, convertible securities, options, warrants or other similar securities in issue which would otherwise confer any right to subscribe for, convert or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities and/or options on or before the Record Date.

Assuming no change in the number of Shares in issue on or before the Record Date, other than from the Capital Reorganisation becoming effective, the aggregate 359,177,526 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 100% of the total number of issued Adjusted Shares upon the Capital Reorganisation becoming effective and approximately 50% of the total number of issued Adjusted Shares as enlarged by the issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

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. 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. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders, will be placed to independent Places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain unplaced 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 subscription level or 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) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured

entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 10.26(2) of the GEM Listing Rules.

The Subscription Price

The Subscription Price is HK\$0.24 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a renounee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 40.0% to the adjusted closing price of HK\$0.400 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.010 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 40.0% to the adjusted closing price of HK\$0.400 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.010 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 41.2% to the adjusted average closing price of HK\$0.408 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of HK\$0.0102 per Existing Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 41.2% to the adjusted average closing price of HK\$0.408 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of approximately HK\$0.0102 per Existing Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 25.9% to the theoretical ex-rights price of approximately HK\$0.324 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.010 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 77.1% to the net asset value of the Company of approximately HK\$1.05 per Adjusted Share based on the audited net asset value attributable to owners of the Company of approximately HK\$377.5 million as at 30 April 2025 and 359,177,526 Adjusted Shares in issue after adjusted for the effect of the Capital Reorganisation;
- (vii) a discount of approximately 81.0% to the net asset value of the Company of approximately HK\$1.26 per Adjusted Share based on the unaudited net asset value attributable to owners of the Company of approximately HK\$453.7 million as at 31 October 2025 and 359,177,526 Adjusted Shares in issue after adjusted for the effect of the Capital Reorganisation; and

(viii) theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 20.6%, represented by the theoretical diluted price of HK\$0.324 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) to the benchmarked price of approximately HK\$0.408 per Adjusted share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of (i) the adjusted closing price of the Adjusted Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the adjusted average closing price of the five (5) previous consecutive trading days prior to the date of the Announcement and taking into account the effect of the Capital Reorganisation).

The Subscription Price was determined by the Company with reference to, among other things, (i) the prevailing market price of the Existing Shares; (ii) the low liquidity of the Existing Shares; (iii) the latest business performance and financial position of the Group; and (iv) the reasons for and benefits of the proposed Rights Issue as discussed in the section headed "Reasons for the Rights Issue, the Placing and Use of Proceeds". 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.

The public float requirements under the GEM Listing Rules shall be fulfilled by the Company at all times. The Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 17.37B of the GEM Listing Rules.

The Directors (excluding the members of the Independent Board Committee whose opinion will be provided after taking into account the advice of the independent financial adviser) consider that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil paid rights in the market; (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; (iii) the Rights Issue allows the Qualifying Shareholders an opportunity 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 recent market price of the Shares; and (iv) the discount of the Subscription Price to the current market price (taking into account the effect of the Capital Reorganisation) will encourage them to participate in the Rights Issue.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Rights Issue is approximately 50%. The theoretical dilution effect of the Rights Issue is approximately 20.6% which is below 25% as required under Rule 10.44A of the GEM Listing Rules.

Conditions of the Rights Issue

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

- (i) the Capital Reorganisation having become effective;
- (ii) the passing by more than 50% of the votes cast by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the SGM for the transactions contemplated under the Rights Issue to be effective in compliance with the GEM Listing Rules, including but not limited to approving, confirming and/or ratifying the Rights Issue, including the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms;
- (iii) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect;
- (iv) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (v) the electronic delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively, one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolutions of the Directors (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance, the Companies Ordinance and the GEM Listing Rules by no later than the Prospectus Posting Date;
- (vi) the delivery of the Prospectus Documents to the Stock Exchange and the issue by the Stock Exchange on or before the Prospectus Posting Date of a certificate authorising registration of the Prospectus Documents with the Registrar of Companies in Hong Kong;
- (vii) following registration, the posting of the Prospectus Documents to Qualifying Shareholders, the posting of the Prospectus and the Overseas 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, and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Prospectus Posting Date; and
- (viii) all other necessary waivers, consent and approvals (if required) from the relevant regulatory authorities for the Rights Issue and the transaction contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent can be waived. If any of the above conditions are not satisfied at or before 4:00 p.m. on Friday, 22 May 2026 (or such later date as the Company may determine), the Rights Issue will not proceed. As at the Latest Practicable Date, none of the conditions above is satisfied.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Shares (in nil-paid form) for every one (1) Adjusted Share held by the Qualifying Shareholders as at close of business on the Record Date. There will be no excess application arrangements in relation to the Rights Issue.

The PAL relating to the Rights Shares in printed form will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and 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.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be an Excluded Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (together with the relevant share certificates) with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 20 April 2026.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company.

Shareholders with their Shares held by a nominee (or held in CCASS) 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. For investors whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 20 April 2026.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience 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.**

Rights of Overseas Shareholders (if any)

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Company will comply with Rule 17.41(1) of the GEM Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders, if any. If, based on the legal opinions 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 place(s) of their registered address(es) 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 such Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only, but will not send any PAL to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in the market in their nil-paid form during the period from Wednesday, 29 April 2026 to Thursday, 7 May 2026 if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses and stamp duty, of more than HK\$100 will be paid on pro-rata basis to the relevant Excluded Shareholders.

In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing Arrangement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain unplaced after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the nil-paid Rights Shares that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

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 securities of the Company.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

Status of the Rights Shares

The Rights Shares, when allotted and fully paid or credited as fully paid and issued, will rank *pari passu* in all respects among themselves and with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid, on or after the record date of which is after the date of allotment of the Rights Shares in their fully-paid form.

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.

Fractions of the Rights Shares

On the basis of provisional allotment of one (1) Rights Share for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 21 April 2026 to Friday, 24 April 2026 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Arrangement on odd lot trading

Upon completion of the Rights Issue, the board lots of the Company will remain as 10,000 Shares. In order to facilitate the trading of odd lots (if any) of the Shares as a result of the Rights Issue, the Company will appoint a securities firm to provide matching services, on a best effort basis, to those Shareholders who wish to top up or sell their holdings of odd lots of the Shares. Further details in respect of the arrangement of odd lot trading will be set out in the Prospectus.

Shareholders should note that the matching of the sale and purchase of odd lots of Shares is not guaranteed. Shareholders who are in any doubt about the odd lot matching arrangement are recommended to consult their own professional advisers.

To alleviate the difficulties in trading odd lots of the Shares arising from the Rights Issue, the Company will appoint a securities firm to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Thursday, 30 April 2026 to 4:00 p.m. on Thursday, 21 May 2026 (both dates inclusive). Holders of the Shares in odd who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker during such period. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

Procedures in respect of the Unsubscribed Rights Shares and the ES 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 the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent Placees for the benefit of the Shareholders to whom they were offered by way of the rights. 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.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance to independent Placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Friday, 22 May 2026, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares at a price not less than the Subscription Price.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and ES Unsold Rights Shares) to the No Action Shareholders and the Excluded Shareholders (but rounded down to the nearest cent) as set out below:

- (i) 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 (unless that person is covered by (iii) below), by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for;
- (ii) 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 (unless that person is covered by (iii) below), by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for;
- (iii) if the Rights Issue is extended to the Overseas Shareholders (if any) and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for. But for those Excluded Shareholders, by reference to their shareholdings in the Company on the Record Date.

It is proposed that Net Gain to any of the No Action Shareholder(s) or Excluded Shareholder(s) mentioned in (i) to (iii) above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. No Action Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

THE PLACING AGREEMENT

On 6 February 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 procure the Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date : 6 February 2026 (after trading hours)
Issuer : the Company

- Placing Agent : Suncorp Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, was appointed as the Placing Agent to procure, on a best effort basis, the Placees to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares during the Placing Period.
- The Placing Agent confirmed that it and its ultimate beneficial owner(s) are Independent Third Parties.
- Placing Period : The period commencing from Tuesday, 19 May 2026 and end at 4:00 p.m. on Friday, 22 May 2026.
- Placing price of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares (as the case maybe) : The placing price of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares shall be not less than the Subscription Price.
- The final price determination depends on the demand and market conditions of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares during the process of placement.
- Commission : 2.5% of the amount which is equal to the Placing price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.
- The commission is not payable by the Company to the Placing Agent if the Placing Agreement has not become unconditional or is otherwise terminated in accordance with its terms.
- Placees : The Unsubscribed Rights Shares and the ES Unsold Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies).
- The Placing Agent will use its best endeavour to procure that (i) the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (ii) the Company will continue to comply with the public float requirement under Rule 17.37B of the GEM Listing Rules upon completion of the Placing and the Rights Issue.
- Ranking of Unsubscribed Rights Shares and the ES Unsold Rights Shares : Unsubscribed Rights Shares and the ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

Conditions Precedent

: The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):

- (i) the passing by the Shareholders (including the Independent Shareholders) at the SGM of the necessary resolutions to approve the Capital Reorganisation and the Rights Issue;
- (ii) the GEM Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;
- (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof. The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the conditions precedent to the Placing Agreement (other than those set out in paragraph (ii) above) by notice in writing to the Company.

Termination

: The Placing Arrangement shall end on Friday, 22 May 2026 or any other date by mutual written agreement between the Placing Agent and the Company.

The engagement of the Placing Agent may also be terminated by Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill its duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Placing Completion : Completion is expected to take place within six Business Days after publication of an announcement by the Company of the number of the Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements and upon fulfilment or waiver (as the case may be) of the conditions precedent to the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing.

The Company shall use its best endeavours to procure the fulfilment of such conditions precedent to the Placing Agreement by the Long Stop Date. If any of the conditions precedent to the Placing Agreement have not been fulfilled by the Long Stop Date or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfilment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

Public float : The Placing Agent shall ensure that the minimum public float requirement under the GEM Listing Rules be fulfilled by the Company upon completion of the Rights Issue.

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

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders; and (iii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Directors consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

Application for listing of the Rights Shares

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. The nil-paid and fully-paid Rights Shares shall have the board lot size of 10,000 Shares in one board lot. No part of the share capital of the Company is listed or dealt in and no listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Rights Shares will be eligible for admission in CCASS

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings 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 CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

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.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Friday, 29 May 2026 to those entitled thereto at their registered addresses by ordinary post at their own risk. Each Shareholder will receive one share certificate for all allotted Rights Shares. If the Rights Issue does not become unconditional, refund cheques without interest are expected to be posted on or before Friday, 29 May 2026 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES, THE ADJUSTED SHARES AND/OR THE NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Proposed Rights Issue – Conditions of the Rights Issue” in this circular.

Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed.

Subject to the fulfillment 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. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Excluded Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Any Shareholder or other person contemplating transferring, selling, or purchasing Shares is advised to exercise caution when dealing in the Existing Shares, the Adjusted Shares and/or the nil-paid Rights Shares. Any person 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).

Any Shareholder or other person dealing in the Existing Shares, the Adjusted Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or the Long Stop Date will accordingly bear the risk that the Rights Issue and/or the Placing may not proceed.

REASONS FOR THE RIGHTS ISSUE, THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) the provision of scaffolding, fitting out and other auxiliary services for construction and buildings work; (ii) money lending business; and (iii) securities investment business.

Having reviewed the latest unaudited consolidated financial statements of the Company for the six months ended 31 October 2025, the Directors note that:

- (i) for the six months ended 31 October 2025, the Group recorded negative cashflow of approximately HK\$7.6 million from operating activities as compared to positive cashflow of approximately HK\$2.9 million from operating activities;
- (ii) as at 31 October 2025, the Group’s other borrowings (including interests) was approximately HK\$153.6 million as compared to approximately HK\$152.6 million as at 30 April 2025;

(iii) as at 31 October 2025, the Group's bank balances and cash in general accounts amounted to approximately HK\$3.9 million compared to approximately HK\$15.6 million as at 30 April 2025.

Although scaffolding, fitting out and other auxiliary services for construction and buildings work have been the second largest business segment of the Group, in terms of revenue, for the year ended 30 April 2025 and the six months ended 31 October 2025, the Group recorded loss from this segment during the aforesaid periods. Currently, the Group (i) has 12 projects on hand with total contract sum of approximately HK\$134.9 million of which approximately HK\$96.4 million has been billed; and (ii) participates in two tenders for new projects with total estimated contract sum of approximately HK\$50.0 million and the awards of which have yet to be confirmed. Based on the current budget and progress of the existing projects, the Company expects the segment to be self-financing, requiring no significant additional capital in near future. For the two new projects that are under tender, the Company does not expect significant upfront costs to be incurred in early stage except administrative expenses. Given operating and administrative expenses (which covers overall administrative costs and staff salaries of the Group) have been the largest recurring costs of the Group, the intended allocation of net proceeds to the Group's working capital would enable the Company to maintain its core function for strategic management of the Group's development.

The Company is an industry pioneer in the scaffolding industry, possessing leading technology, such as smart climbing scaffolding. The Company will continue this business segment and explore suitable technology, to improve work safety and enhance cost control. Based on the above, the Company currently has no intention to allocate any net proceeds from the Rights Issue to this business segment.

As for the money lending segment of the Group, the Group had an unaudited loan and interest receivables of approximately HK\$458.23 million as at 31 October 2025 which falls due within one year. Given (i) the money lending segment was profit-making during the year ended 30 April 2025 and the six months ended 31 October 2025 and the Group is actively identifying new customers (in the 12 months prior to 31 October 2025, the Group identified ten new customers); and (ii) to support its ongoing demand for new loans, the Group has to retain capital from loan repayments, if received, upon maturity of existing loans as the Group intends to reinvest capital recovered from maturing loan. As such, the Company has no intention to change the capital scale of this business segment.

In view of the financial conditions and performance of the Group and the imminent need of capital, the Directors consider that the Rights Issue represents a good opportunity to raise capital to repay its borrowings (comprising various interest-bearing bonds) and replenish its working capital. As disclosed in the interim report of the Company for the six months ended 31 October 2025, other borrowings of the Group amounted to approximately HK\$153.56 million (unaudited) as at 31 October 2025. Among these, interest-bearing bonds of the Group (with annual interest rates ranging from 6.5% to 11.0% and maturity dates falling between June 2023 and October 2025) in total amount of approximately HK\$106.4 million (including interests) have already matured and fallen due as at the Latest Practicable Date. Although the Group is not aware of any enforcement actions for repayment initiated by the holders of the aforesaid matured bonds, it remains obligated to settle such outstanding amount to avoid potential legal actions and the accrual of further interests. Hence, the Company currently intends to prioritise repayment of those bonds with earlier maturity dates or higher coupon rates as soon as practicable following the completion of the Rights Issue and the Placing and after liaising with the relevant bond holders.

It is estimated that the Company will raise up to HK\$86.2 million from the Rights Issue and the relevant expenses would be approximately HK\$3.0 million, which includes placing commission and professional fees payable to financial advisers, legal advisers, financial printer and other parties involved in the Rights Issue. The estimated maximum net proceeds from the Rights Issue will accordingly be approximately HK\$83.2 million (equivalent to a net price of approximately HK\$0.2316 per Rights Share). In line with the aforesaid business objectives, the Company intends to utilise the net proceeds from the Rights Issue as follows:

- (i) approximately HK\$73.0 million for repayment of a portion of the Group's borrowings which have already matured as disclosed above; and
- (ii) approximately HK\$10.2 million as general working capital of the Group such as staff salary, lease of offices and warehouses and maintenance costs for the Group's plant and equipment.

In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses. The Company intends to apply the net proceeds for (i) the repayment of the abovementioned matured but outstanding borrowings as soon as practicable after completion of the Rights Issue and the Placing which is currently expected to be June 2026; and (ii) the working capital of the Group for the financial year ending 30 April 2027.

The Company has considered other fund-raising alternatives before proceeding with the Rights Issue, including but not limited to debt financing, placing of new Shares and open offer. Debt financing or bank loans would result in additional interest burden to and higher gearing ratio of the Group. Placing of new Shares would only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders in the Company. As for open offer, although it is similar to a rights issue in offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

In view of the above, the Board (excluding the members of the Independent Board Committee whose opinion will be rendered after considering the advice from the independent financial adviser) considers that as compared to raising fund by other means, raising funds by way of the Rights Issue, which will allow Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro-rata shareholding interests in the Company and dealing with the Shares, is an appropriate fundraising method and is fair, cost effective, efficient and beneficial to the Company and its shareholders as a whole.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

The Company has not conducted any fund raising activities involving issue of its securities in the past 12 months immediately preceding the Latest Practicable Date.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Capital Reorganisation; (iii) immediately after the Capital Reorganisation and upon the completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under Rights Issue; and (iv) immediately after the Capital Reorganisation and upon the Completion of the Rights Issue assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing:

Shareholders	As at the Latest Practicable Date		Immediately after the Capital Reorganisation		Immediately after the Capital Reorganisation and upon the completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under Rights Issue		Immediately after the Capital Reorganisation and upon the completion of the Rights Issue assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing	
	<i>No. of issued shares</i>		<i>No. of issued shares</i>		<i>No. of issued shares</i>		<i>No. of issued shares</i>	
		%		%		%		%
Public shareholders	14,367,101,072	100.0	359,177,526	100.0	718,355,052	100.0	359,177,526	50.0
Placees	—	—	—	—	—	—	359,177,526	50.0
Total	<u>14,367,101,072</u>	<u>100.0</u>	<u>359,177,526</u>	<u>100.0</u>	<u>718,355,052</u>	<u>100.0</u>	<u>718,355,052</u>	<u>100.0</u>

Note: The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

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.

GEM LISTING RULES IMPLICATIONS

Capital Reorganisation

The Capital Reorganisation is conditional upon, among other things, the approval by the Shareholders by way of poll at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders or their respective associates had any interest in the Capital Reorganisation. Accordingly, no Shareholder is required to abstain from voting in favour of the resolutions relating to the Capital Reorganisation at the SGM.

Rights Issue

In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the Latest Practicable Date (after taking into account the effect of the Capital Reorganisation), the Rights Issue must be made conditional on approval by the Independent Shareholders at the SGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolutions relating to the Rights Issue at the SGM. As at the Latest Practicable Date, the Company has no controlling Shareholder and none of the Directors and their respective associates holds any Share. Accordingly, no Shareholder is required to abstain from voting in favour of the proposed resolution approving the Rights Issue at the SGM.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Existing Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

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 10.44A of the GEM Listing Rules.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been established to provide recommendations to the Independent Shareholders in connection with the Rights Issue. Vinco Financial Limited has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue, and as to voting action therefor.

SGM

A notice convening the SGM to be held at Portion 2, 12th Floor, The Centre, 99 Queen's Road Central, Hong Kong on Tuesday, 14 April 2026 at 11:00 a.m. at which resolutions will be proposed to consider and approve the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are set out on pages SGM-1 to SGM-4 of this circular. All the resolutions to be proposed at the SGM will be taken by poll and an announcement on the results of the SGM will be made by the Company after the SGM. Whether or not you intend to attend the SGM, you are requested to complete and return the form of proxy accompanying this circular in accordance with 11:00 a.m. (Hong Kong time). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof in person if you so wish, and in such event, the form of proxy shall be deemed to be revoked.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 9 April 2026 to Tuesday, 14 April 2026 (both days inclusive) for determining the entitlement for attendance and voting at the SGM. No transfer of Shares will be registered during the above book closure periods.

DESPATCH OF PROSPECTUS DOCUMENTS

Subject to the Capital Reorganisation, approval of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the SGM, the Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be made available and/or despatched by the Company together with the PAL to the Qualifying Shareholders on or before Monday, 27 April 2026. The Company will send the PAL to the Qualifying Shareholders individually in printed form. Copies of the Prospectus Documents will also be made available on the websites of the Company at www.wls.com.hk and the Stock Exchange at www.hkexnews.hk. To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to Excluded Shareholders for their information only but will not send the PAL to them.

RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lo Ka Ki, Ms. Gong Qiuyun and Ms. Chan Ka Yee, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the SGM. Vinco Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

Your attention is drawn to the letter from the Independent Board Committee set out on page 39 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 40 to 63 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
WLS Holdings Limited

Handwritten signature in Chinese characters: 李振兴

Li Zhenxing
Executive Director