

MADISON

— G R O U P —

Madison Holdings Group Limited 麥迪森控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08057)

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;**
- (2) PROPOSED SHARE CONSOLIDATION;**
- (3) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) CONSOLIDATED SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;**
- (4) THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT;**
- (5) PROPOSED AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF THE COMPANY;**
- AND**
- (6) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the Announcements in relation to, among other things, the Increase in Authorised Share Capital, the Share Consolidation, the Rights Issue, the Placing Agreement, the Proposed Amendments and the proposed adoption of the New M&A, and the respective transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) further details of the Increase in Authorised Share Capital, the Share Consolidation, the Rights Issue, the Placing Agreement, the Proposed Amendments and the proposed adoption of the New M&A, and the respective transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; (iv) other information required under the GEM Listing Rules; and (v) a notice convening the EGM.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to provide the Company with greater flexibility in fund raising whereby promoting future business growth, the Board proposes the Increase in Authorised Share Capital.

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Existing Shares of par value of HK\$0.01 each, of which 623,127,227 Existing Shares in issue are fully paid or credited as fully paid. In order to provide the Company with greater flexibility to raise funds in the future, the Board proposes to increase the authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 Existing Shares to HK\$20,000,000 divided into 2,000,000,000 Existing Shares by the creation of an additional 1,000,000,000 new Existing Shares.

The Increase in Authorised Share Capital of the Company is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

PROPOSED SHARE CONSOLIDATION

Subject to the Increase in Authorised Share Capital becoming effective, the Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.10 each. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

Effect of the Share Consolidation

Subject to the Increase in Authorised Share Capital becoming effective, the authorised share capital of the Company will become HK\$20,000,000 divided into 2,000,000,000 Existing Shares of par value of HK\$0.01 each, and there are 623,127,227 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased from the Latest Practicable Date up to the effective date of the Share Consolidation, upon the Increase in Authorised Share Capital and the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$20,000,000 divided into 200,000,000 Consolidated Shares with par value of HK\$0.10 each, of which 62,312,722 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group and that on the date the Share Consolidation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Share Consolidation would be, unable to pay its liabilities as they become due. The Share Consolidation 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.

Conditions of the Share Consolidation

The implementation of Share Consolidation is conditional upon:

- (i) the Increase in Authorised Share Capital becoming effective;
- (ii) the passing of an ordinary resolution to approve the Share Consolidation by the Shareholders at the EGM;
- (iii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iv) the compliance with the relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Share Consolidation, if any.

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

Subject to the satisfaction of all the above conditions, it is expected that the Share Consolidation will become effective on Monday, 18 May 2026.

Listing Application

An application will be made by the Company to the GEM Listing Committee for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective. Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Consolidated 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 Consolidated 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 settlement 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 Consolidated Shares to be admitted into CCASS established and operated by HKSCC. 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.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated 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.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder. 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 Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company has appointed Advent Securities (Hong Kong) Limited as a designated broker to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares during the period from 9:00 a.m. on Tuesday, 2 June 2026 to 4:00 p.m. on Tuesday, 23 June 2026. Shareholders who wish to take advantage of this facility should contact Mr. Cho Pak Keung of Advent Securities (Hong Kong) Limited at Unit A-C, 11/F, Kee Shing Centre, 74-76 Kimberley Road, Kowloon, Hong Kong (telephone number (852) 2510 0603 or by facsimile at (852) 2510 0220) during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period.

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

Free exchange of share certificates for Consolidated Shares

Subject to the Share Consolidation having become effective, Shareholders may, during the period from Monday, 18 May 2026 to 4:30 p.m. on Thursday, 25 June 2026 (both days inclusive), submit the existing share certificates for the Existing Shares to the Registrar, Tricor Investor Services Limited, 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 Consolidated Shares. Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated 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 Consolidated Shares (whichever is higher) but are not acceptable for delivery, trading and settlement purposes.

The colour of the new share certificates for the Consolidated Shares will be in golden colour in order to distinguish them from the existing share certificates in blue colour.

Adjustments in relation to other securities of the Company

As at the Latest Practicable Date, there are outstanding share options for subscription of an aggregate of 21,650,000 Existing Shares under the Share Option Scheme. The Share Consolidation may lead to adjustments to the exercise price and/or the number of Consolidated Shares falling to be issued upon exercise of the outstanding share options pursuant to the terms and conditions of the Share Option Scheme. The Company will publish announcement(s) on such adjustments as and when appropriate. Save for the aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which are convertible or exchangeable into Shares as at the Latest Practicable Date.

REASONS FOR THE PROPOSED SHARE CONSOLIDATION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated in September 2024 (the “Guide”) states that (i) market price of the shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value per board lot should be greater than HK\$2,000.

The Company's share prices have remained below HK\$0.10 and the value of each board lot has remained below HK\$2,000 since October 2025. In view of the prevailing trading prices of the Existing Shares and the value per board lot being substantially less than HK\$2,000, the Board proposes to implement the Share Consolidation. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. As a result, the Share Consolidation would enable the Company to comply with the trading requirements under the GEM Listing Rules. Based on the closing price of HK\$0.08 per Existing Share (equivalent to HK\$0.8 per Consolidated Share) as quoted on the Stock Exchange as at the Latest Practicable Date, the expected market value of each board lot of 4,000 Consolidated Shares, assuming the Share Consolidation had become effective, would be HK\$3,200.0, which is greater than HK\$2,000 and therefore complies with the requirement as set out in the Guide.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed "Conditions of the Share Consolidation" above. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to issue 93,469,083 Rights Shares by way of the Rights Issue, on the basis of three (3) Rights Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.486 per Rights Share to raise approximately HK\$45.43 million before expenses (assuming no new issue or repurchase of Shares on or before the Record Date). The Board proposes the Rights Issue, details of which are summarised below:

Basis of the Rights Issue	:	Three (3) Rights Shares (in nil-paid form) for every two (2) Consolidated Shares held at the close of business on the Record Date
Subscription Price	:	HK\$0.486 per Rights Share
Net price per Rights Share (the aggregate Subscription Price of the maximum number of Rights Shares to be issued less costs and expenses estimated to be incurred in the Rights Issue divided by the maximum number of Rights Shares to be issued)	:	Approximately HK\$0.458 per Rights Share

Number of Existing Shares in issue as at the Latest Practicable Date	:	623,127,227 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation having become effective	:	62,312,722 Consolidated Shares
Number of Rights Shares	:	up to 93,469,083 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date)
Aggregated nominal value of the Rights Shares	:	up to HK\$9,346,908.30 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Consolidated Shares in issue upon completion of the Rights Issue (assuming that the Rights Issue is fully subscribed)	:	up to 155,781,805 Consolidated Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date and that no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue (before expenses):	:	Approximately HK\$45.43 million
Net proceeds from the Rights Issue	:	Approximately HK\$42.79 million
Right of excess application	:	There will be no excess application arrangements in relation to the Rights Issue

As at the Latest Practicable Date, there are outstanding share options carrying the right to subscribe for 21,650,000 Existing Shares. Save for the above, there are no options, warrants, derivatives or other convertible securities granted by the Company which confer rights to subscribe for, convert or exchange into Existing Shares that are subsisting as at the Latest Practicable Date.

Assuming no change in the number of issued Consolidated Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the maximum of 93,469,083 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent approximately (i) 150.0% of the issued share capital of the Company immediately upon completion of the Share Consolidation but before the completion of the Rights Issue and (ii) 60.0% of the issued share capital of the Company after completion of the Share Consolidation and the Rights Issue as enlarged by the allotment and issue of the Rights Shares.

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

Subscription Price

The Subscription Price is HK\$0.486 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 39.25% to the theoretical closing price of HK\$0.80 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of 40.0% to the theoretical closing price of HK\$0.81 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 39.10% to the theoretical average closing prices per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of HK\$0.798 per Consolidated Share;
- (iv) a discount of approximately 37.05% to the theoretical average closing prices per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of HK\$0.772 per Consolidated Share;
- (v) a discount of approximately 21.10% to the theoretical ex-rights price of approximately HK\$0.616 per Consolidated Share based on the closing price of HK\$0.81 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Last Trading Day; and

- (vi) a discount of approximately 79.83% to the net asset value of the Company of approximately HK\$2.41 per Consolidated Share calculated based on the unaudited consolidated net asset value of the Company of approximately HK\$149,922,000 as at 30 September 2025 and the total number of issued Consolidated Shares after the Share Consolidation, which will be 62,312,722 Shares.

The Rights Issue will result in a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 24.00% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical diluted price of approximately HK\$0.616 per Consolidated Share and the theoretical benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules) of HK\$0.81 per Consolidated Share.

The net price per Rights Share (i.e. the aggregate Subscription Price of the maximum number of Rights Shares to be issued less costs and expenses estimated to be incurred in the Rights Issue divided by the maximum number of Rights Shares to be issued), assuming that the Rights Issue is fully subscribed, will be approximately HK\$0.458.

The Subscription Price was determined by the Company with reference to (i) the average closing price of the Shares quoted on the Stock Exchange of approximately HK\$0.072 for the three months up to and including the Last Trading Day; (ii) the highest and lowest closing price of the Shares quoted on the Stock Exchange of HK\$0.084 and HK\$0.055 respectively for the three months up to and including the Last Trading Day; and (iii) the persistent loss-making position of the Company.

The Directors consider that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders are provided with an equal opportunity to subscribe for their assured entitlements under the Rights Issue for the purpose of maintaining their respective existing shareholding interests in the Company; and (ii) the Subscription Price represents a discount of approximately 40.00% and 32.74% to the closing price of the Shares on the Last Trading Day and the average of the closing prices of the Shares for the last three months up to and including the Last Trading Day respectively, and such discounts would encourage the Qualifying Shareholders to subscribe for their assured entitlements under the Rights Issue.

Qualifying Shareholders

The Rights Issue is available to the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not being a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the said 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, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Wednesday, 20 May 2026. It is expected that the last day of dealing in the Shares on a cum-rights basis is Monday, 18 May 2026 and the Shares will be dealt with on an ex-rights basis from Tuesday, 19 May 2026.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

Application for all or any part of a Qualifying Shareholder's entitlement to the Rights Shares should be made by completing the PAL and lodging the same with a cheque drawn on an account with, or a bank cashier's order issued by, a licensed bank in Hong Kong for the Rights Shares being applied for with the Registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong on or before the Latest Time for Acceptance.

The Qualifying Shareholders who take up their pro-rata entitlements in full will not experience any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **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.**

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted and issued to them under the Rights Issue.

Non-Qualifying Shareholders

The Prospectus Documents will not be registered or filed 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 Board will make enquiries regarding the legal restrictions under the laws of the relevant overseas jurisdiction(s) and the requirements of the relevant regulatory body(ies) or stock exchange(s) pursuant to Rule 17.41(1) of the GEM Listing Rules. If, after making such enquiries and based on legal opinions provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the relevant jurisdiction(s) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in the relevant place(s), no offer of the Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to such Overseas Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus.

The Company will send copies of the Overseas Letter and the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PAL to them. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained above. Based on the register of members of the Company as at the Latest Practicable Date, the Company does not have any Overseas Shareholders.

The Non-Qualifying Shareholders (which are excluded from the Rights Issue) would not have any entitlement under the Rights Issue. However, arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Proceeds from each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Non-Qualifying Shareholder(s) in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit to cover the administrative costs that it would have incurred.

For the nil-paid Rights Shares that were sold in the market by the Company 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 under the Placing Agreement. For details of the Compensatory Arrangements, please refer to the section headed “No excess application and procedures in respect of the Unsubscribed Rights Shares” in this circular.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 17.41(1) of the GEM Listing Rules. The Company reserves the right to treat as invalid any acceptance of 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 and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares. The Rights Issue does not constitute or forms 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.

Basis of provisional allotment

The basis of the provisional allotments shall be three (3) Rights Shares (in nil-paid form) for every two (2) Consolidated Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Conditions of the Rights Issue

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

- (i) the Increase in Authorised Share Capital and the Share Consolidation having become effective;
- (ii) the passing of all the necessary resolution(s) at the EGM to be convened to consider and, approve, among others, the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Independent Shareholders;
- (iii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of the Prospectus Documents each 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 hereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date;
- (iv) the Prospectus Documents are made available to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (v) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares in their nil-paid and fully-paid forms;
- (vi) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events; and
- (vii) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed.

As at the Latest Practicable Date, none of the conditions has been satisfied.

Application for listing

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 issued and allotted pursuant to the Rights Issue. Other than on the Stock Exchange, 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.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares will be placed to independent places on a best effort basis by the Placing Agent under the Compensatory Arrangements. Any Unsubscribed 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 are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, any 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, where any Shareholders would, as a result of taking up his/her/its assured entitlement under the Rights Issue, reach or exceed 30% of the voting rights of the Company or (if already holding between 30% and 50% of the voting rights of the Company) acquire more than 2% of the voting rights of the Company within 12-month period) (the “**Relevant Shareholder(s)**”), the application of such Relevant Shareholder(s) (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 the 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. Such scale-down of applications of Rights Shares shall operate on a fair and equitable basis.

The expected timeline below sets out the sequence of events in relation to the scale-down mechanism:

Expected timeline	Key events
Latest Acceptance Date + 1 Business Day	Registrar will provide final list of valid acceptances under the PAL.
Latest time for Placing (the “P-day”)	Company will confirm the result of Placing with the Placing Agent and Registrar.
P-day +1 Business day	Based on (i) disclosure of interests by the relevant Shareholders; (ii) the valid acceptances under the PAL; and (iii) the result of Placing, Company will identify any individual Relevant Shareholders and/or group of Relevant Shareholders, if necessary.
P-day + 2 Business days	Registrar to scale down the assured entitlement of the Relevant Shareholder(s) and confirm the respective refund amounts.

Upon completion of the Placing, where the scale-down is necessitated by an individual Relevant Shareholder (provided that such Relevant Shareholder is a registered Shareholder), the Company will give instruction to the Registrar to scale down his/her/its assured entitlement under the Rights Issue to a level which does not trigger an obligation on the part of the Relevant Shareholder to make a general offer under the Takeovers Code. Where the scale-down is necessitated by the exceeding of shareholding by a group rather than an individual Relevant Shareholder upon considering the results of the Rights Issue, the allocations of PAL(s) to members of the affected group should be made on a pro-rata basis by reference to the number of Shares held by the affected applicants on the Record Date, but for the avoidance of any doubt, any or any such onward allocation(s) shall be subject to the scaling-down as well. The Company will give instruction to the Registrar to scale down each of their assured entitlement under the Rights issue on a pro rate basis to an aggregate level which does not trigger an obligation on the part of the relevant group of Shareholders to make a general offer under the Takeovers Code. Any subscription monies not utilised due to the scaled-down application of entitled Rights Shares will be refunded to the affected applicants. The PAL will include the relevant information of the scale-down mechanism.

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 with their board lot size being the same (i.e. 4,000) as their underlying Shares 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 settlement 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 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.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) 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 fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid with a record date falling on or after the date of allotment and issue of the Rights Shares in their fully-paid form.

Stamp duty and other applicable fees and charges

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

Share certificates for the Rights Shares and refund cheques

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on Friday, 10 July 2026 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

If the Rights Issue does not proceed, the monies received by the Company in respect of the subscription for the Rights Shares will be refunded to the Qualifying Shareholders or such other person to whom the nil-paid rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on Friday, 10 July 2026.

Fractional entitlement to the Rights Shares

No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company for its own benefit.

Odd lot arrangement

In order to facilitate the trading of odd lots 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. 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.

No excess application and procedures in respect of the Unsubscribed 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. Pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the relevant No Action Shareholders to whom they were offered under the Rights Issue. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to the Placees 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 those No Action 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 Friday, 3 July 2026, the Placees for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Subscription Price. Any Unsubscribed Rights Shares and NQS 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.

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

- (i) 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
- (ii) the relevant Non-Qualifying Shareholders 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) 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.

Splitting and transfer of the PAL

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Thursday, 4 June 2026 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required at a scrip fee of HK\$2.50 each which will be available for collection from the Registrar after 9:00 a.m. on the second Business Day following the surrender of the original PAL. This process is commonly referred to as “splitting” of nil-paid Rights Shares. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

The PAL will contain the full information regarding the procedures to be followed for Qualifying Shareholders who wish to: (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Qualifying Shareholders are advised to study the procedures set out in the PAL carefully. The Registrar will determine the eligibility for the cash compensation as derived from the lapsed PALs after the completion of the re-registration for all re-registration request received by the Registrar on or before the Latest Time for Acceptance and by all means before the announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements is posted on the Stock Exchange’s website and the Company’s website. The Share Registrar should notify the transferee(s) of any unsuccessful re-registration as soon as possible.

Placing Agreement for the Unsubscribed Rights Shares

Principal terms of the Placing Agreement are summarised as follows:

- Date : 5 March 2026 (after trading hours of the Stock Exchange) (as amended and supplemented by the Supplemental Placing Agreement)
- Issuer : The Company
- Placing Agent : Advent Securities (Hong Kong) Limited, an Independent Third Party
- 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 Third Parties.
- Placing Period : The period commencing from Monday, 22 June 2026 to Friday, 3 July 2026.
- Commission and expenses : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 2.0% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.
- Placing price of the Unsubscribed Rights Shares : The placing price of the Unsubscribed Rights Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the process of placement.
- Placees : The Unsubscribed Rights Shares shall only be offered by the Placing Agent to Placee(s) who and whose ultimate beneficial owner(s) are Independent Third Party(ies) and not acting in concert with any of the Company's connected persons.

- Ranking of the placed Unsubscribed Rights Shares : The Unsubscribed 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 under the Placing Agreement are conditional upon:
- (a) the passing by the Shareholders (including independent Shareholders) at a general meeting of the Company of all necessary resolutions to be proposed to approve, among others, the Share Consolidation, the Rights Issue, the Placing Agreement and the respective transaction contemplated thereunder;
 - (b) the Share Consolidation having become effective;
 - (c) the GEM Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares (including the Shares for Placing) and such approval not having been withdrawn or revoked;
 - (d) all necessary consents and approvals to be obtained on the part of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated hereunder having been obtained;

- (e) 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 as if it was repeated as at the time of completion; and
- (f) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms thereof.

In the event that the above condition precedents have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination.

- Termination
- : The Placing Agent may terminate the Placing Agreement without any liability to the Company, by giving notice in writing to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events:
- (a) 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, industrial, 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 reasonable opinion would affect the success of the Placing; or
 - (b) the imposition of any moratorium, suspension (for more than fourteen (14) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would materially and adversely affect the success of the Placing, excluding any suspension in connection with the clearance of the announcement of the Company or the Prospectus Documents or other announcements and circulars of the Company in connection with the Rights Issue; or

- (c) 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 reasonable opinion any such new law or change may materially and adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (d) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (e) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of despatch of share certificates for fully-paid Rights Shares and refund cheques (if any), which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (f) there is any material adverse change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

In view of the market sentiment and thin trading liquidity of the Shares reflected in the Company's average daily trading volume of merely approximately 0.04% of the total issued share capital of the Company during the six months prior to and including the Last Trading Day (i.e., 221,845 Shares, calculated based on the total trading volume divided by the total number of days during the six months prior to and including the Last Trading Day), the length of the Placing Period is intended to allow sufficient time for the Placing Agent to conduct investor outreach in order to identify and procure a sufficient number of independent places to subscribe for the Unsubscribed Rights Shares. The Board considers the Placing Period is fair and reasonable and in the interests of the Shareholders as a whole as it maximises the likelihood that the Unsubscribed Rights Shares are placed at not less than the Subscription Price on a best-effort basis, with any Net Gain (if realised) distributed pro-rata in line under the compensatory arrangements.

The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the Placing Agreement to be on normal commercial terms.

The Company considers that the Placing Agreement will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Shareholders, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

POSSIBLE ADJUSTMENT TO THE OUTSTANDING SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

The Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the unexercised share options under the Share Option Scheme. The Company will notify the holders of such unexercised share options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made, if any, pursuant to the terms of the Share Option Scheme and such adjustments will be certified by an independent financial adviser or auditors of the Company (as the case may be). As at the Latest Practicable Date, there are 21,650,000 unexercised share options granted by the Company pursuant to the Share Option Scheme, all of which are exercisable on or before the Record Date (the "**Outstanding Share Options**"). The Outstanding Share Options are exercisable into 21,650,000 Shares.

EFFECTS ON THE SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Share Consolidation; (iii) immediately after completion of the Rights Issue (assuming full acceptance of the Rights Shares by all Qualifying Shareholders); and (iv) immediately after completion of the

Rights Issue (assuming no acceptance of the Rights Shares by the Qualifying Shareholders and 100% of the Unsubscribed Rights Shares are fully placed to the Placees under the Compensatory Arrangements), for illustrative purposes only:

	As at the Latest Practicable Date		Immediately upon the Share Consolidation becoming effective		Immediately after completion of the Rights Issue (assuming full acceptance of the Rights Shares by all Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming no acceptance of the Rights Shares by the Qualifying Shareholders and all of the Unsubscribed Rights Shares are fully placed to the Placees under the Compensatory Arrangements)	
	No. of issued Shares	Approximate %	No. of issued Shares	Approximate %	No. of issued Shares	Approximate %	No. of issued Shares	Approximate %
Royal Spectrum Holding Company Limited ("Royal Spectrum") (Notes 1 and 2)	195,920,000	31.44%	19,592,000	31.44%	48,980,000	31.44%	19,592,000	12.58%
CVP Financial Group Limited ("CVP Financial") (Note 2)	50,487,272	8.10%	5,048,727	8.10%	12,621,816	8.10%	5,048,727	3.24%
Mr. Ting (Notes 1 and 2)	10,193,243	1.64%	1,019,324	1.64%	2,548,310	1.64%	1,019,324	0.65%
Highgrade Holding Limited ("Highgrade Holding") (Note 2)	3,527,200	0.57%	352,720	0.57%	881,800	0.57%	352,720	0.23%
Kaiser Capital Holdings Limited ("Kaiser Capital") (Note 2)	1,217,200	0.20%	121,720	0.20%	304,300	0.20%	121,720	0.08%
Plan Marvel Investment Limited ("Plan Marvel") (Note 2)	3,328,000	0.53%	332,800	0.53%	832,000	0.53%	332,800	0.21%
Ms. Liu Yang ("Ms. Liu") (Note 3)	11,000,200	1.77%	1,100,020	1.77%	2,750,050	1.77%	1,100,020	0.71%
Atlantis Investment Management Limited ("Atlantis Investment") (Note 3)	54,256,300	8.71%	5,425,630	8.71%	13,564,075	8.71%	5,425,630	3.48%
Placees	-	-	-	-	-	-	93,469,083	60.00%
Other public Shareholders	293,197,812	47.05%	29,319,781	47.05%	73,299,454	47.05%	29,319,781	18.82%
	623,127,227	100.00%	62,312,722	100.00%	155,781,805	100.00%	155,781,805	100.00%

Notes:

- (1) The entire issued share capital in Royal Spectrum is legally and beneficially owned as to 96.63% by Devoss Global Holdings Limited (the "Devoss Global") and 3.37% by Mr. Zhu Qin respectively. Devoss Global is deemed to be interested in the Shares held by Royal Spectrum.
- (2) Each of Devoss Global, CVP Financial, Highgrade Holding, Kaiser Capital and Plan Marvel is wholly owned by Mr. Ting. CVP Financial is interested in 50,487,272 Existing Shares, Highgrade Holding is interested in 3,527,200 Existing Shares, Kaiser Capital is interested in 1,217,200 Existing Shares and Plan Marvel is interested in 3,328,000 Existing Shares. Mr. Ting is deemed to be interested in 254,479,672 Existing Shares, representing approximately 40.84% of the issued share capital of the Company held by Devoss Global, CVP Financial, Highgrade Holding, Kaiser Capital and Plan Marvel under Part XV of the SFO.

- (3) The entire issued share capital in Atlantis Investment is wholly-owned by Atlantis Capital Group Holdings Limited (“ACGHL”), which in turn is wholly-owned by Ms. Liu. As such, ACGHL and Ms. Liu are both deemed to be interested in 54,256,300 Existing Shares, representing approximately 8.71% of the issued share capital of the Company, held by Atlantis Investment under Part XV of the SFO.
- (4) 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 11.23(7) of the GEM Listing Rules.
- (5) Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 8 May 2026 to Thursday, 14 May 2026 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM and from Thursday, 21 May 2026 to Thursday, 28 May 2026 (both days inclusive) for determining the entitlement to the Rights Shares. No transfer of Shares will be registered during the above book closure periods.

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

The Group is principally engaged in (i) retail sales and wholesales of wine products and other alcoholic beverages; (ii) provision of financial consultancy services; and (iii) provision of loan financing and loan referral services.

As disclosed in the interim report of the Company for the six months ended 30 September 2025, as at 30 September 2025, the Shareholder’s Loan, the SRA Loan and other borrowings (collectively, the “**Outstanding Loans**”) of the Group amount to approximately HK\$82.1 million, HK\$71.9 million and HK\$17.0 million, respectively. The Shareholder’s Loan is non-interest bearing, while the effective interest rates on the SRA Loan and the other borrowings of the Group are 4% and 12% per annum, respectively. For the year ended 31 March 2025, the Group incurred finance costs of approximately HK\$6.5 million.

Pursuant to the terms of the Shareholder’s Loan, the Shareholder’s Loan is repayable on demand and the Group is required to repay an amount of not less than HK\$24.80 million by August 2026. As disclosed in the announcement of the Company dated 28 November 2025, the SRA Loan had already become due. On the other hand, the other borrowings together with the interests accrued thereon in the amount of approximately HK\$2.82 million will be due within the next 6 months from the date of the Announcement. As disclosed in the announcement of the Company dated 28 November 2025, the Company had entered into a conditional loan extension agreement with SRA in relation to the extension of the maturity date of the SRA Loan to 30 September 2031.

As such, the Company intends to apply the net proceeds of approximately HK\$42.79 million from the Rights Issue (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date and full subscription under the Rights Issue) as follows:

- (i) approximately HK\$39.79 million for repayment of part of the Outstanding Loans in the following manner:

The table below sets out the breakdown of use of proceeds from the Rights Issue for the repayment of the Outstanding Loans:

Outstanding Loans	Outstanding amount as at 28 February 2026	Interest accrued as at 28 February 2026	Use of proceeds from the Rights Issue
Shareholder's Loan	Approximately HK\$90.86 million	–	Approximately HK\$24.80 million (sub-paragraph (a) below)
SRA Loan	Approximately JPY1,352.00 million (equivalent to HK\$66.25 million)	Approximately JPY18.55 million (equivalent to HK\$0.91 million)	–
Other borrowings	Approximately HK\$14.99 million	Approximately HK\$0.13 million	Approximately HK\$14.99 million (sub-paragraph (b) below)

- (a) approximately HK\$24.80 million for the settlement of the Shareholder's Loan. As disclosed above, the Group is required to repay an amount of not less than HK\$24.80 million of the Shareholder's Loan by August 2026, failing which, the Company would be in breach of such terms under the Shareholder's Loan. Allocating part of the net proceeds from the Rights Issue for such repayment therefore avoids immediate legal and liquidity risks associated with a potential breach of the terms under the Shareholder's Loan and preserves working capital of the Group for settlement of its other liabilities as they fall due. As such, the Board considers that utilising the net proceeds for the settlement of the Shareholder's Loan is fair and in the interests of the Shareholders; and

- (b) approximately HK\$14.99 million for the settlement of other borrowings, i.e. a loan in the outstanding amount of HK\$16,992,109 at an interest rate of 12% per annum repayable in thirty-eight tranches from December 2025 to April 2028. In view of the high interest rate under this loan, the Company intends to prioritise repayment of this loan so as to strengthen the financial position of the Group and reduce the related finance costs. It is estimated that the finance costs of the Group will be reduced by approximately HK\$1.50 million per annum after repayment of such principal amount of the Outstanding Loans and the financial results of the Group are expected to improve as a result; and
- (ii) approximately HK\$3.00 million for the general working capital (including but not limited to staff costs and other corporate expenses) of the Group.

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

The Company has considered alternative fundraising methods which include debt financing or placing of new Shares. For debt financing, in light of the loss-making position of the Group for the year ended 31 March 2025 and for the six months ended 30 September 2025 and the relatively high gearing ratio of the Group, it is difficult for the Group to obtain loans with favourable interest rate. For placing of new Shares, it would dilute the shareholding of the existing Shareholders while the Rights Issue will allow the Qualifying Shareholders to maintain their respective shareholdings in the Company on a pro rata basis. The Directors are of the view that the proposed Rights Issue could enhance the Group's capital base and generate net proceeds for (i) repayment of existing borrowings and related interest and (ii) general working capital, thereby improving the Group's overall financial position.

In view of the above and the reasons described in the sub-section headed "Subscription Price" under the section headed "Proposed Rights Issue", the Directors consider that the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any fundraising activity involving issue of equity securities in the past twelve months immediately preceding the Latest Practicable Date.

GEM LISTING RULES IMPLICATIONS

In accordance with Rule 10.29 of the GEM Listing Rules, as the Rights Issue will increase the issued shares of the Company by more than 50%, the Rights Issue is conditional on approval by the Independent Shareholders at the EGM by an ordinary resolution on which any controlling shareholders and their associates shall abstain from voting in favour under Rule 10.29(1) of the GEM Listing Rules.

As at the Latest Practicable Date, Mr. Ting beneficially owns as to 10,193,243 Existing Shares and is interested in 254,479,672 Existing Shares, representing in aggregate approximately 42.47% of the issued share capital of the Company, through Royal Spectrum, Devoss, CVP Financial, Plan Marvel, Kaiser Capital and Highgrade Holding. As at the Latest Practicable Date, none of the Directors or their associates hold any Shares.

In addition, as at the Latest Practicable Date, the Company is indebted to Mr. Ting the Shareholder's Loan. The Company intends to apply part of the net proceeds from the Rights Issue to repay part of the Shareholder's Loan. As such, Mr. Ting is considered to have a material interest in the Rights Issue and thus, Mr. Ting and his associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

EGM

The register of members of the Company will be closed from Friday, 8 May 2026 to Thursday, 14 May 2026 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the EGM.

In accordance with Rule 10.29 of the GEM Listing Rules, as the Rights Issue will increase the issued shares of the Company by more than 50%, the Rights Issue is conditional on approval by the Independent Shareholders at the EGM by an ordinary resolution on which any controlling shareholders and their associates shall abstain from voting in favour under Rule 10.29(1) of the GEM Listing Rules. As at the Latest Practicable Date, Mr. Ting is interested in 264,672,915 Existing Shares, representing approximately 42.47% of the issued share capital of the Company. In accordance with the GEM Listing Rules, Mr. Ting and his associates and Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Rights Issue and the Placing Agreement will be required to abstain from voting on the resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed in this circular, no other Shareholder is involved or interested in or has a material interest in the Rights Issue, the Placing Agreement and the transactions contemplated thereunder and, hence, is required to abstain from voting on the resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM.

DESPATCH OF PROSPECTUS DOCUMENTS

The Company will make available the Prospectus Documents containing, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information of the Group, and PAL(s) to the Qualifying Shareholders on or before Friday, 29 May 2026. The Company may, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, make available the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders (if any).

PROPOSED AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF THE COMPANY

The Board proposes to amend the Existing M&A and to adopt the New M&A in substitution for, and to the exclusion of, the Existing M&A in order to, among other things, update the authorised share capital of the Company and the nominal value of Shares pursuant to the Increase in Authorised Share Capital and the Share Consolidation.

Details of the Proposed Amendments are set out below:

Memorandum of Association		
No.	Current Clause	Clause after the Proposed Amendments
8.	The share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 shares of a nominal or par value of HK\$0.01 each, with the power for the Company, insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said share capital subject to the provisions of the Companies Act (As Revised) and the Articles of Association of the Company and to issue any part of its capital, whether original, redeemed or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions; and so that, unless the conditions of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.	The share capital of the Company is HK\$10,000,000 <u>HK\$20,000,000</u> divided into 1,000,000,000 <u>200,000,000</u> shares of a nominal or par value of HK\$0.01 <u>HK\$0.10</u> each, with the power for the Company, insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said share capital subject to the provisions of the Companies Act (As Revised) and the Articles of Association of the Company and to issue any part of its capital, whether original, redeemed or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions; and so that, unless the conditions of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.
Articles of Association		
No.	Current Articles	Article after the Proposed Amendments
3(1)	The share capital of the Company at the date on which these Articles come into effect shall be divided into shares of a par value of \$0.01 each.	The share capital of the Company at the date on which these Articles come into effect shall be divided into shares of a par value of \$0.01 <u>\$0.10</u> each.

The Proposed Amendments are subject to the approval of the Shareholders by way of a special resolution at the EGM.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES

The Shares are expected to be dealt in on an ex-rights basis from Tuesday, 19 May 2026. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 2 June 2026 to Tuesday, 9 June 2026. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

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). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATIONS

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chu Kin Wang, Peleus, Dr. Lau Reimer, Mary Jean and Mr. Zhou Li, 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 EGM. Red Sun 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 pages 13 to 43 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 IFA-1 to IFA-25 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors consider that the Increase in Authorised Share Capital, the Share Consolidation, the Rights Issue, the Placing Agreement, the Proposed Amendments and the proposed adoption of the New M&A, and the respective transactions contemplated thereunder are fair and reasonable so far as the Shareholders or Independent Shareholders (as the case may be) are concerned and in the interests of the Company and the Shareholders as a whole and recommend the Shareholders or the Independent Shareholders (as the case may be) to vote in favour of the resolutions to be proposed at the EGM.

Shareholders are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser before deciding how to vote on the resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of the Board
Madison Holdings Group Limited


Ji Zuguang
Chairman and non-executive Director