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CAPITAL INDUSTRIAL FINANCIAL SERVICES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 730)

Executive Directors:
Ms. Sun Yajie *(Chairman)*
Ms. Fu Yao *(Managing Director)*

Non-executive Directors:
Mr. Huang Donglin
Mr. Zhang Dan

Independent non-executive Directors:
Mr. Tam King Ching, Kenny
Mr. Ng Man Fung, Walter
Ms. On Danita

Registered office:
Victoria Place, 5/F.
31 Victoria Street
Hamilton HM 10
Bermuda

21 August 2026

To the Shareholders

Dear Sir or Madam,

(I) PROPOSED SHARE CONSOLIDATION; AND (II) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

INTRODUCTION

Reference is made to the Announcement.

* *For identification purpose only*

The purpose of this circular is to provide you with, among other things, (i) further details of the Share Consolidation, the Rights Issue and the Placing Agreements 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 Listing Rules; and (v) a notice convening the SGM.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every fifty (50) Existing Shares in issue be consolidated into one (1) Consolidated Share.

CONDITIONS OF THE SHARE CONSOLIDATION

The Share Consolidation is conditional upon the fulfillment of the following conditions:

(i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the SGM;

(ii) the Listing Committee 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

(iii) the compliance with the relevant procedures and requirements under Bermuda laws (where applicable) and the Listing Rules to effect the Share Consolidation.

Subject to the fulfillment of the conditions of the Share Consolidation, the Share Consolidation is expected to become effective on 10 September 2026, being the second Business Day immediately after the SGM. As at the Latest Practicable Date, none of the above conditions had been fulfilled.

Effects of the Share Consolidation

As at the Latest Practicable Date, 3,953,938,703 Existing Shares have been allotted and issued. Upon the Share Consolidation becoming effective and assuming that no change in the number of Shares in issue from the Latest Practicable Date until the effective date of the Share Consolidation, there will be 79,078,774 Consolidated Shares in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other. Other than the relevant expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

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.

Other securities of the Company

As at the Latest Practicable Date, the Company had no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

Arrangement on odd lot trading and matching services

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint 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 24 September 2026 to 4:00 p.m. on 15 October 2026. Shareholders who wish to take advantage of this facility should contact First Securities (HK) Limited at Room 1708-1710, 17/F, China Insurance Group Bldg., 141 Des Voeux Road Central, Hong Kong (telephone number (852) 2528 1723 or by facsimile at (852) 2529 8134) 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. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Exchange of share certificates for Consolidated Shares

Subject to the Share Consolidation having become effective, Shareholders may, during the period from 10 September 2026 to 4:00 p.m. on 20 October 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 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 purple colour in order to distinguish them from the existing share certificates in blue colour.

Listing Application

An application will be made by the Company to the 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 HKSCC and HKSCC 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.

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.

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.

Reasons for the Share Consolidation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK$0.01 or HK$9,995, 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. 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 last updated in June 2026 has further stated that (i) market price of the Shares at a level less than HK$0.1 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK$1,000.

As at the Latest Practicable Date, the closing price per Existing Share is HK$0.118, which was close to the lower trading extremity as referred to under Rule 13.64 of the Listing Rules. The Board considers that the proposed Share Consolidation, resulting in the theoretical closing price of HK$5.9 per Consolidated Share and board lot value of HK$5,900 (based on the current closing price of HK$0.118 per Existing Share as at the Latest Practicable Date) will enable the Company to comply with the trading requirements under the Listing Rules.

It is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. The Board believes that it will enhance the corporate image of the Company so as to make investing in the Consolidated Shares more attractive to a broader range of investors and other members of the investing public. In addition, the Share Consolidation is expected to decrease the overall transaction and handling costs of trading in the Shares as a percentage of the market value of each board lot, since most of the banks or securities houses will charge a minimum transaction cost for each securities trade.

In view of the above reasons, the Company considers the proposed Share Consolidation to be justifiable notwithstanding the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole and that will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders.

As at the Latest Practicable Date, save for the proposed Rights Issue, the Company has no plan or intention to carry out any equity and/or other corporate actions which may have an effect of undermining or negating the intended purpose of the Share Consolidation in the next twelve (12) months. However, the Board cannot rule out the possibility that the Company may conduct further debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Group. The Company will make further announcement(s) in this regard in accordance with the Listing Rules as and when appropriate.

PROPOSED RIGHTS ISSUE

The Company proposes subject to, among other things, the Share Consolidation becoming effective, to raise gross proceeds of up to approximately HK$494.2 million (assuming full subscription under the Rights Issue and no change in the number of Consolidated Shares in issue on or before the Record Date) by way of a rights issue of up to 79,078,774 Rights Shares at the Subscription Price of HK$6.25 per Rights Share on the basis of one (1) Rights Share for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date. Details of the Rights Issue are set out below:

Rights Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$6.25 per Rights Share
Number of Existing Shares in issue as at the Latest Practicable Date	:	3,953,938,703 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation having become effective	:	79,078,774 Consolidated Shares
Maximum number of Rights Shares	:	Up to 79,078,774 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date)
Maximum number of Consolidated Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	158,157,548 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	:	Up to approximately HK$494.2 million before expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Consolidated Shares in issue on or before the Record Date)
Net proceeds from the Rights Issue	:	Up to approximately HK$488.2 million after expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Consolidated Shares in issue on or before the Record Date)
Net price (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK$6.17 per Rights Share
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 placees on a best effort basis under the Compensatory Arrangements. Any of the Rights Shares which remain unsold 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, the Group has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible into or giving rights to subscribe for, convert or exchange into any Existing Shares or Consolidated Shares.

Assuming no change in the number of issued Consolidated Shares 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, the 79,078,774 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 100% of the issued share capital of the Company immediately upon completion of the Share Consolidation; and (ii) 50% of the issued share capital of the Company after completion of the Share Consolidation and as enlarged by the allotment and issue of the Rights Shares.

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 and ES Unsold Rights Shares will be placed to independent placees on a best effort basis by the Placing Agents under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue and no minimum amount is required to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder or transferee of nil-paid Rights Shares who applies to take up all or part of his/her/its entitlement under the PAL(s) or nil-paid Rights Shares may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, save for the application by Jingxi Holdings Limited pursuant to the Irrevocable Undertaking to the extent covered by the Takeovers Waiver, the Rights Issue will be made on terms that the Company will provide for the Shareholders and transferees of nil-paid Rights Shares to apply on the basis that if the Rights Shares are not fully taken-up, the application of any Shareholder or transferee of nil-paid Rights Shares (except for HKSCC Nominees Limited) under the Rights Issue will be scaled down to a level which (i) does not trigger an obligation on the part of the relevant Shareholder or transferee of nil-paid Rights Shares to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules, unless a waiver from such obligation has been granted by the Executive; and (ii) does not result in the Company's non-compliance with the Public Float Requirement. Any subscription monies not utilised due to the scaled-down application of entitled Rights Shares will be refunded to the affected applicants.

Irrevocable Undertaking

As at the Latest Practicable Date, the Board has received an Irrevocable Undertaking from Wheeling Holdings Limited and Jingxi Holdings Limited, which are in aggregate interested in 2,425,736,972 Existing Shares (representing approximately 61.35% of all issued Shares) as at the Latest Practicable Date.

Pursuant to the Irrevocable Undertaking, Wheeling Holdings Limited will transfer all the nil-paid rights to which it is entitled to Jingxi Holdings Limited before the Latest Time for Acceptance. Jingxi Holdings Limited will accept and pay for (i) the Rights Shares provisionally allotted to it under the Rights Issue; and (ii) the Rights Shares arising from the nil-paid rights transferred by Wheeling Holdings Limited to Jingxi Holdings Limited, and Wheeling Holdings Limited and Jingxi Holdings Limited agreed not to sell or transfer the Shares held by each of them in any manner before the completion or lapse of the Rights Issue. As the acceptance and subscription for the Rights Shares by Jingxi Holdings Limited pursuant to the Irrevocable Undertaking may otherwise give rise to an obligation on the part of Jingxi Holdings Limited and parties acting in concert with it to make a mandatory general offer under Rule 26.1 of the Takeovers Code, an application has been made to the Executive for the Takeovers Waiver. Based on the information provided and representations made in the application, the Executive has granted the Takeovers Waiver pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code.

Accordingly, the application by Jingxi Holdings Limited pursuant to the Irrevocable Undertaking will not be scaled down solely for the purpose of avoiding the triggering of a general offer obligation under the Takeovers Code to the extent covered by the Takeovers Waiver. However, such application will remain subject to scale-down to the extent necessary to ensure that the Company will comply with the Public Float Requirement.

Although the Rights Issue is not subject to any minimum subscription level, based on the Irrevocable Undertaking from Wheeling Holdings Limited and Jingxi Holdings Limited to accept an aggregate of 48,514,739 Rights Shares and assuming no scale-down is required, the Company expects to raise gross proceeds of approximately HK$303.2 million, subject to the Rights Issue becoming unconditional and the Irrevocable Undertaking remaining in full force and effect. If the scale-down mechanism is triggered, the number of Rights Shares to be allotted and issued pursuant to the Irrevocable Undertaking and the gross proceeds to be raised by the Company will be reduced accordingly, and any subscription monies not utilised due to such scale-down will be refunded to the affected applicant(s).

As at the Latest Practicable Date, save for the Irrevocable Undertaking, the Board has not received any information from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

Subscription Price

The Subscription Price is HK$6.25 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a premium of approximately 5.93% to the theoretical closing price of HK$5.900 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK$0.118 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 0.81% over the theoretical closing price of HK$6.200 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK$0.124 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 1.26% to the theoretical average closing price of approximately HK$6.330 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK$0.127 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 1.34% to the theoretical average closing price of approximately HK$6.335 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK$0.127 per Existing Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

(v) a premium of approximately 0.40% over the theoretical ex-rights price of approximately HK$6.225 per Consolidated Share (after taking into account the effect of the Share Consolidation), based on the theoretical closing price of HK$6.200 per Consolidated Share (after taking into account the effect of the Share Consolidation, based on the closing price of HK$0.124 per Existing Share as quoted on the Stock Exchange on the Last Trading Day);

(vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 1.10%, represented by the theoretical diluted price of approximately HK$6.320 per Consolidated Share to the theoretical benchmarked price of HK$6.390 per Consolidated Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK$0.124 per Existing Share and the average of the closing prices of the Existing Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the date of the Announcement of approximately HK$0.128 per Existing Share); and

(vii) a discount of approximately 65.82% to the consolidated net asset value per Consolidated Share attributable to the Shareholders as at 31 December 2025 of approximately HK$18.28 (calculated based on the consolidated net asset value of the Company as at 31 December 2025 of approximately HK$1,445.83 million as set out in the annual report of the Company for the year ended 31 December 2025 and the total number of issued Consolidated Shares after the Share Consolidation, which will be 79,078,774).

The Subscription Price was determined by the Company with reference to (i) the prevailing market conditions; (ii) the prevailing market price of the Shares; (iii) the Group's funding needs and capital requirements for its intended business development and potential acquisition or investment opportunities; and (iv) the reasons and benefits of the Rights Issue as discussed in the section headed "Reasons for and benefits of the Rights Issue and use of proceeds" below in this circular.

Although the Subscription Price represents a discount of approximately 65.82% to the consolidated net asset value per Consolidated Share, the theoretical closing price on the Last Trading Day also represented a similar discount of approximately 66.1%. As the Subscription Price is slightly higher than such theoretical closing price, the discount to the net asset value broadly reflects the discount at which the Shares were trading on the Last Trading Day, rather than an additional discount offered under the Rights Issue. The Board also considers that setting the Subscription Price materially above the prevailing market price may reduce the attractiveness of the Rights Issue and discourage Shareholders from participating. Given that the Rights Issue is offered to all Qualifying Shareholders on a pro rata basis and Qualifying Shareholders who do not wish to subscribe may sell their nil-paid rights in the market, the Board considers that the Subscription Price is fair and reasonable notwithstanding its discount to the consolidated net asset value per Consolidated Share.

The Board considers, despite the potential dilution impact of the proposed Rights Issue on the shareholding of the Shareholders, the terms of the Rights Issue, the Placing Agreements and the transactions contemplated thereunder, 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 that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; and (ii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

Qualifying Shareholders

The Company will make available the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send the Prospectus (without the PAL) to the Excluded Shareholders for their information only. To qualify for the Rights Issue, a Shareholder must at the close of business on the Record Date: (i) be registered on the register of members of the Company; and (ii) not be an Excluded Shareholder.

Beneficial owners whose Shares are held by nominee companies (or held in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Beneficial owners with their Shares held by nominee companies (or held in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of the Consolidated Share(s) (with the relevant share certificates) for registration with the Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. (Hong Kong time) on 29 September 2026.

The last day of dealing in the Consolidated Shares on cum-rights basis is 25 September 2026. The Consolidated Shares will be dealt with on an ex-rights basis from 28 September 2026.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders

The Prospectus will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders, if any, may not be eligible to take part in the Rights Issue. The Company will send the Prospectus (without the PAL) to the Excluded Shareholders for their information only. For the avoidance of doubt, the Overseas Shareholders, if any, are entitled to attend and vote at the SGM.

The Company notes the requirements specified in the notes to Rule 13.36(2)(a) of the Listing Rules, and is in the process of making reasonable enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders present on the Record Date. If, after such enquiries, the Company is of the opinion that it would be necessary or expedient, on account of the legal restrictions or prohibitions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory body or stock exchange in such jurisdictions, not to offer the Rights Shares to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. Such Overseas Shareholders will be regarded as Excluded Shareholders and will not qualify for the Rights Issue. The basis of exclusion of Excluded Shareholders, if any, will be disclosed in the Prospectus.

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

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Company pursuant to the Listing Rules. 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 securities of the Company.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every one (1) Consolidated Share in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

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. There will be no excess application arrangements in relation to the Rights Issue.

No fractional entitlements to the Rights Shares

On the basis of provisional allotment of one (1) Rights Share for every one (1) Consolidated Share held on the Record Date, no fractional entitlements to the Rights Shares shall arise under the Rights Issue. No odd lot matching services in relation to the Rights Issue will be provided.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, shall rank pari passu in all respects 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 date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before 5 November 2026. If the Rights Issue does not become unconditional, refund cheques are expected to be posted on or before 5 November 2026 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and ES Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 14 July 2026 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreements with the Placing Agents in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to the independent placees on a best effort basis.

Pursuant to the Placing Agreements, the Company has appointed the Placing Agents to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realized will be paid to those No Action Shareholders on a pro-rata basis. The Placing Agents will, on a best effort basis, procure, by not later than 4:00 p.m. on 2 November 2026, subscribers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent):

A. 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

B. the relevant Excluded Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK$100 for its own benefits.

Placing Agreement I for the Unsubscribed Rights Shares and the ES Unsold Rights Shares

Principal terms of the Placing Agreement I, which is supplemented by the Supplemental Placing Agreement I, are as follows:

Issuer	:	The Company
Placing Agent I	:	Maxa Asset Management Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, was appointed as the Placing Agent I to procure, on a best effort basis, placees to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares during the Placing Period. The Placing Agent I confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder(s); and (ii) are Independent Third Parties.
Placing Period	:	The period commencing from 27 October 2026 and ending at 4:00 p.m. on 2 November 2026.

Service fee and expenses	:	Subject to completion of the Placing, the Company shall pay to the Placing Agent I a placing service fee in Hong Kong Dollars, equal to 2% of the gross placing proceeds successfully raised (being the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent I and/or its sub-placing agent(s) pursuant to the terms of the Placing Agreement I.
Placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares	:	The placing price of the Unsubscribed Rights Shares and the ES Unsold Rights Shares shall be not less than the Subscription Price (exclusive of any brokerage, SFC transaction levy, Stock Exchange trading fee or Accounting and Financial Reporting Council levy as may be payable). The final price determination will depend on the demand for and the prevailing market conditions of the Unsubscribed Rights Shares and ES Unsold Rights Shares during the placement process.
Placees	:	The Unsubscribed Rights Shares and ES Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and none of the placees shall be a party acting in concert (as defined in the Takeovers Code) with any of them or other placees. 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. The Company will continue to comply with the Public Float Requirement upon completion of the Placing and the Rights Issue.

Ranking of the placed Unsubscribed Rights Shares and ES Unsold Rights Shares	:	The placed Unsubscribed Rights Shares and ES Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank pari passu in all respects among themselves and with the Consolidated Shares in issue and be free and clear from all encumbrances and with all rights attached thereto on and after the date of their allotment and as at the date of completion of the Rights Issue, including the right to receive all dividends and other distributions which may be declared, made or paid in respect of the placed Unsubscribed Rights Shares and ES Unsold Rights Shares, the record date of which shall fall on or after the date of completion of the Placing.
Conditions of the Placing Agreement I	:	The obligations of the Placing Agent I under the Placing Agreement I are conditional upon, among others, the following conditions being fulfilled: (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked; (ii) the Share Consolidation having become effective; (iii) the passing of all necessary resolutions to be proposed at the SGM to be convened to consider and approve, among others, the Share Consolidation, the Rights Issue and the respective transactions contemplated thereunder; (iv) all necessary consents and approvals to be obtained on the part of the Placing Agent I and the Company in respect of the Placing Agreement I, the Rights Issue and the transactions contemplated thereunder having been obtained on or before the Latest Time for Termination, and the Latest Time for Acceptance having passed such that the number of the Unsubscribed Rights Shares and the ES Unsold Rights Shares has been ascertained;

(v) none of the representations, warranties or undertakings contained in the Placing Agreement I 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 of the Placing Agreement I; and

(vi) the Placing Agreement I not having been terminated in accordance with the provisions thereof.

Save for condition (v) which may be waived by either party by notice in writing to the other party, none of the above conditions is capable of being waived.

In the event that the above conditions precedent have not been fulfilled or waived (as the case may be) on or before the Latest Time for Termination (or such later date as may be agreed between the Placing Agent I and the Company in writing), the Placing will lapse and all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and neither of the parties shall have any claim against the other in respect of the Placing save for any antecedent breach thereof.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the approvals from the Board and the board of directors of the Placing Agent I authorising the entering into of the Placing Agreement I, there were no consents and approvals as mentioned in condition (iv) above being required to be obtained by the Placing Agent I and/or the Company in respect of the Placing Agreement I and the transactions contemplated thereunder.

As at the Latest Practicable Date, none of the above conditions has been fulfilled or waived (as the case may be).

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

(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 of the Placing Agreement I) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industry, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent I's reasonable opinion would affect the success of the Placing; or

(b) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise (except for any temporary suspension of trading pending the publication of any information relating to the Rights Issue and the Placing Agreement I) and which in the Placing Agent I's absolute opinion, would affect the success of the Placing; 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 I's absolute opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or

(d) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent I's absolute opinion would affect the success of the Placing; or

(e) any breach of any of the representations and warranties given by the Company as set out in the Placing Agreement I having come to the knowledge of the Placing Agent I or any event having occurred or any matter having arisen on or after the date of the Placing Agreement I and prior to the completion of the Rights Issue which if it had occurred or arisen before the date of the Placing Agreement I would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of the Placing Agreement I; or

(f) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent I would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Taking into account the terms set out above and the factors set out in the section headed "Basis of the placing service fee" below, including that (i) the Placing Agent I is engaged on a best effort basis to procure independent placees at a placing price of not less than the Subscription Price; and (ii) the placing service fee is payable only upon completion of the Placing and is calculated solely by reference to the gross placing proceeds successfully raised by the Placing Agent I, the Directors consider that the terms and conditions of the Placing Agreement I, including the placing service fee, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Placing Agreement II for the Unsubscribed Rights Shares and ES Unsold Rights Shares

Principal terms of the Placing Agreement II, which is supplemented by the Supplemental Placing Agreement II, are summarised as follows:

Issuer	:	The Company
Placing Agent II	:	Huatai Financial Holdings (Hong Kong) Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO, was appointed as the Placing Agent II to procure, on a best effort basis, placees to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares during the Placing Period. Placing Agent II confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder(s); and (ii) are Independent Third Parties.
Placing Period	:	The period commencing from 27 October 2026 and ending at 4:00 p.m. on 2 November 2026.
Service fee and expenses	:	Subject to completion of the Placing, the Company shall pay to the Placing Agent II a placing service fee in Hong Kong Dollars, equal to 2% of the gross placing proceeds successfully raised (being the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent II and/or its sub-placing agent(s) pursuant to the terms of the Placing Agreement II.

Placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares	:	The placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares shall be not less than the Subscription Price (exclusive of any brokerage, SFC transaction levy, Stock Exchange trading fee or Accounting and Financial Reporting Council levy as may be payable). The final price determination will depend on the demand for and the prevailing market conditions of the Unsubscribed Rights Shares and ES Unsold Rights Shares during the process of placement.
Placees	:	The Unsubscribed Rights Shares and ES Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and none of the placees shall be a party acting in concert (as defined in the Takeovers Code) with any of them or other placees. 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. The Company will continue to comply with the Public Float Requirement upon completion of the Placing and the Rights Issue.
Ranking of the placed Unsubscribed Rights Shares and ES Unsold Rights Shares	:	The placed Unsubscribed Rights Shares and ES Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank pari passu in all respects among themselves and with the Consolidated Shares in issue and be free and clear from all encumbrances and with all rights attached thereto on and after the date of their allotment and as at the date of completion of the Rights Issue, including the right to receive all dividends and other distributions which may be declared, made or paid in respect of the placed Unsubscribed Rights Shares and ES Unsold Rights Shares, the record date of which shall fall on or after the date of completion of the Placing.

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

(i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;

(ii) the Share Consolidation having become effective;

(iii) the passing of all necessary resolutions to be proposed at the SGM to be convened to consider and approve, among others, the Share Consolidation, the Rights Issue and the respective transactions contemplated thereunder;

(iv) all necessary consents and approvals to be obtained on the part of the Placing Agent II and the Company in respect of the Placing Agreement II, the Rights Issue and the transactions contemplated thereunder having been obtained on or before the Latest Time for Termination, and the Latest Time for Acceptance having passed such that the number of the Unsubscribed Rights Shares and the ES Unsold Rights Shares has been ascertained;

(v) none of the representations, warranties or undertakings contained in the Placing Agreement II 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 of the Placing Agreement II; and

(vi) the Placing Agreement II not having been terminated in accordance with the provisions thereof.

Save for condition (v) which may be waived by either party by notice in writing to the other party, none of the above conditions is capable of being waived.

In the event that the above conditions precedent have not been fulfilled or waived (as the case may be) on or before the Latest Time for Termination (or such later date as may be agreed between the Placing Agent II and the Company in writing), the Placing will lapse and all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and neither of the parties shall have any claim against the other in respect of the Placing save for any antecedent breach thereof.

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

(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 of the Placing Agreement II) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industry, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent II's reasonable opinion would affect the success of the Placing; or

(b) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise (except for any temporary suspension of trading pending the publication of any information relating to the Rights Issue and the Placing Agreement II) and which in the Placing Agent II's absolute opinion, would affect the success of the Placing; 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 II's absolute opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or

(d) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent II's absolute opinion would affect the success of the Placing; or

(e) any breach of any of the representations and warranties given by the Company as set out in the Placing Agreement II having come to the knowledge of the Placing Agent II or any event having occurred or any matter having arisen on or after the date of the Placing Agreement II and prior to the completion of the Rights Issue which if it had occurred or arisen before the date of the Placing Agreement II would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of the Placing Agreement II; or

(f) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent II would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Taking into account the terms set out above and the factors set out in the section headed "Basis of the placing service fee" below, including that (i) the Placing Agent II is engaged on a best effort basis to procure independent placees at a placing price of not less than the Subscription Price; and (ii) the placing service fee is payable only upon completion of the Placing and is calculated solely by reference to the gross placing proceeds successfully raised by the Placing Agent II, the Directors consider that the terms and conditions of the Placing Agreement II, including the placing service fee, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of the placing service fee

The engagements between the Company and the Placing Agents in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the service fee payable) were determined after arm's length negotiation between the Company and the respective Placing Agents with reference to, among other things, the size of the Rights Issue, the scope of services to be provided, the prevailing market conditions and recent comparable rights issue transactions published by companies listed on the Main Board of the Stock Exchange since 1 April 2026 up to the Last Trading Day. Among the comparable transactions reviewed, 15 transactions charged a percentage placing fee ranging from approximately 0.25% to 3.5%, with an average of approximately 1.81% and a median of approximately 1.5%. Accordingly, the placing service fee of 2.0% falls within the market range and is broadly in line with the average placing service fee under such comparable transactions.

As explained above, the Unsubscribed Rights Shares and the ES Unsold Rights Shares will be placed by the Placing Agents and/or their sub-placing agent(s) to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and ES Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Board is of the view that the above Compensatory Arrangements are fair and reasonable and are in the best interests of the Shareholders as a whole:

(i) the arrangements are in compliance with the requirements under Rule 7.21(1)(b) of the Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and ES Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The service fee payable to the Placing Agents and the related fees and expenses in relation to such placing will be borne by the Company;

(ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by the licensed placing agents which are subject to the stringent code of conduct over, among others, pricing and allocation of the placing shares. The terms and the conditions of the Placing Agreements (including the placing service fee) are normal commercial terms, and are in the best interests of the Company and the Shareholders as a whole; and

(iii) the Compensatory Arrangements provide a mechanism for the Company to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent placees and, where a premium over the Subscription Price is realised, enable the relevant No Action Shareholders, including the Excluded Shareholders, to receive the Net Gain attributable to them.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. 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 other than the Stock Exchange.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of 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 the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be 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 HKSCC and HKSCC Operational Procedures in effect from time to time.

Stamp duty and other applicable fees

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Taxation

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

Conditions of the Rights Issue

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

(a) the passing of all the necessary resolution(s) at the SGM to be convened to consider and approve, among others, the Share Consolidation, the Rights Issue and the respective transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Shareholders or the Independent Shareholders (as the case may be);

(b) no applications for Rights Shares by any Shareholders or transferee of nil-paid Rights Shares which would result in (a) a general offer obligation as required under the Takeovers Code being triggered, other than any application covered by the Takeovers Waiver or any other waiver granted by the Executive, or (b) the public float of the Company to decrease to below 25% of the total issued Shares, shall be allowed, and in such circumstance, the relevant applications for Rights Shares will be scaled down and subscription monies not utilised due to such scale down application will be refunded to the affected applicant(s);

(c) the Share Consolidation having become effective;

(d) 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 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;

(e) 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 Excluded 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;

(f) the 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;

(g) the Placing Agreements not having been terminated in accordance with the provisions thereof, including force majeure events;

(h) the Takeovers Waiver granted by the Executive remaining valid and not having been withdrawn or revoked prior to completion of the Rights Issue; and

(i) compliance with the requirements under the applicable laws and regulations of Bermuda.

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 above conditions has been satisfied.

CLOSURE OF REGISTER OF MEMBERS FOR SGM

The register of members of the Company will be closed from 2 September 2026 to 8 September 2026 (both days inclusive) for determining the Shareholders' entitlements to attend and vote at the SGM. No transfer of Shares will be registered during the above book closure period.

CLOSURE OF REGISTER OF MEMBERS FOR RIGHTS ISSUE

The register of members of the Company will be closed from 30 September 2026 to 7 October 2026 (both dates inclusive) for determining the Shareholders' entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure period.

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

The Company is an investment holding company. The principal activities of the Group are the provision of sale and leaseback arrangements services, property leasing services and supply chain management and financial technology business.

Assuming full subscription under the Rights Issue, the gross proceeds from the Rights Issue will be approximately HK$494.2 million and the relevant expenses would be approximately HK$6.0 million. The net price per Rights Share is expected to be approximately HK$6.17. Accordingly, the maximum net proceeds (after deducting the estimated expenses) of the Rights Issue are estimated to be approximately HK$488.2 million.

The Company intends to apply the net proceeds from the Rights Issue as follows:

(i) approximately 50%, representing approximately HK$244.1 million, for funding potential strategic acquisition or investment opportunities in companies or businesses which are similar and/or complementary to the Group's existing principal businesses, including businesses engaged in commercial factoring and related supply chain finance services, supply chain management services, financial technology services, financial leasing, equipment leasing, property leasing and/or related asset management or business service solutions. Potential targets may include operating platforms or businesses possessing relevant business qualifications, accounts receivable or other supply-chain-related assets, customer and industry networks, digital service platforms, risk management capabilities and/or experience in providing financing and related services to upstream and downstream enterprises along relevant industrial chains.

    As at the Latest Practicable Date, the Company has identified two potential acquisition or investment targets, both being companies established in the PRC. One of the potential targets is held by a member of the group of the Company's controlling shareholder and is principally engaged in commercial factoring and related supply chain finance services, including accounts receivable financing, management, collection and settlement. The other potential target is a company in which members of the group of the Company's controlling shareholder collectively hold a substantial equity interest and is principally engaged in financial leasing and industry-finance services relating to robotics and intelligent manufacturing equipment, including financial leasing, operating leasing, sale and leaseback, term leasing and related services. The potential acquisitions or investments are expected to broaden the Group's customer and industry coverage, deepen its service coverage along relevant industrial chains and enable it to provide more comprehensive supply chain finance, financial leasing and business service solutions.

The Company is currently evaluating the feasibility of the potential acquisitions or investments, including conducting preliminary assessments of the potential targets and considering their respective valuations, transaction structures and funding arrangements. As at the Latest Practicable Date, no definitive terms have been agreed and no legally binding agreement has been entered into in respect of either potential target. Subject to satisfactory due diligence, further assessment and negotiations, the Company aims to enter into a legally binding agreement in respect of one or both potential acquisitions or investments within 12 months after the Latest Practicable Date. The Company will comply with the applicable requirements under Chapters 14 and 14A of the Listing Rules as and when appropriate.

If the Company is unable to proceed with either or both of the potential acquisitions or investments referred to above, or if a more suitable acquisition or investment opportunity is identified, the Company will continue to identify and evaluate alternative targets which are similar and/or complementary to the Group's existing principal businesses. Such targets are expected to possess relevant business qualifications, assets, customer and industry networks and/or operating capabilities, have an expected transaction value of more than HK$50 million and be principally established and operating in the PRC.

(ii) approximately 35%, representing approximately HK$170.9 million, for the development and expansion of the Group's principal businesses, comprising:

(a) approximately 20% of the net proceeds, representing approximately HK$97.6 million, for potential financial leasing and equipment leasing projects for customers in the medical, robotics and other relevant industrial supply chains. The Group intends to explore leasing projects involving medical and healthcare equipment, industrial robots, automation and smart manufacturing equipment, logistics equipment and other technology-related equipment. In such projects, the Group will act as a provider of leasing and financing solutions and does not intend to engage in the manufacture or operation of the underlying equipment. Such projects are expected to expand the Group's leasing portfolio, broaden its customer base and the types of equipment covered by its leasing services, and generate additional leasing income; and

(b) approximately 15% of the net proceeds, representing approximately HK$73.2 million, for expanding the Group's supply chain management and service solutions, with a focus on upstream and downstream enterprises along the medical and robotics supply chains, and developing integrated service offerings which combine its supply chain management and financial technology capabilities. Such service offerings may include enhanced digital supply chain management, transaction and settlement support, information management and risk monitoring solutions for upstream and downstream customers along relevant industrial chains. To support such business development, the Group will also enhance its operational, risk management and technology capabilities. Such development is expected to deepen the Group's service coverage, strengthen customer relationships, develop additional sources of service income and improve its operating efficiency and risk control; and

(iii) approximately 15%, representing approximately HK$73.2 million, for replenishing the general working capital of the Group, including payment of staff costs, administrative and operating expenses, professional fees, rental and office expenses, and other general corporate purposes.

The Board considers that the above allocation represents a balanced approach between acquisition-led and organic growth. The allocation of 50% of the net proceeds to potential acquisitions or investments was determined with reference to the preliminary funding requirements and expected scale of the potential acquisition or investment opportunities being considered by the Company. Acquiring or investing in established businesses with existing operating platforms, customer and industry networks, accounts receivable management, equipment leasing and risk management capabilities may enable the Group to expand its service capabilities and customer base within a shorter period of time than developing such capabilities solely through organic growth. At the same time, the allocation of 35% of the net proceeds to the development and expansion of the Group's principal businesses will provide resources for the Group's organic development.

In the event that the Rights Issue is not fully subscribed and the actual net proceeds raised are lower than expected, the Company intends to apply the actual net proceeds in substantially the same proportions as set out above to the extent practicable. If the actual net proceeds are substantially lower than expected, the Company will give priority to the potential strategic acquisition or investment opportunities referred to in item (i) above and the replenishment of general working capital, and may adjust the timing and/or scale of the development and expansion of the Group's existing product and service offerings referred to in item (ii) above as appropriate. The Company may finance any shortfall by internal resources, bank borrowings and/or other financing alternatives, subject to market conditions and the financial position of the Group at the relevant time.

If either or both of the potential acquisitions or investments referred to in item (i) above do not materialise and no other suitable strategic acquisition or investment opportunity is identified, or if the actual funding requirement for such opportunities is lower than expected, the Company intends to reallocate the relevant unutilised proceeds to the development and expansion of the Group's principal businesses referred to in item (ii) above and/or the replenishment of general working capital, subject to compliance with the applicable requirements under the Listing Rules.

Subject to completion of the Rights Issue and the progress of the relevant projects and potential acquisitions or investments, the Company expects to utilise all the net proceeds from the Rights Issue by 31 December 2027.

Funding needs of the Group

According to the Company's annual report for the year ended 31 December 2025, the Group's total assets amounted to approximately HK$1,888.0 million as at 31 December 2025, of which approximately HK$1,074.1 million were current assets. The current assets mainly comprised receivables under credit financing arrangements of approximately HK$451.1 million, cash and cash equivalents of approximately HK$305.5 million, receivables under sale and leaseback arrangements of approximately HK$222.4 million and trade receivables of approximately HK$64.6 million. Given that a significant portion of the Group's current assets comprised receivables arising from its existing businesses, the Board considers that the Rights Issue will provide the Group with additional financial resources to implement its proposed business development plan while retaining sufficient resources for its existing operations and working capital requirements.

In the event that the Rights Issue is not fully-subscribed, as at the Latest Practicable Date, the Company has no plan or intention to conduct other fundraising activities in the next twelve (12) months. However, the Board cannot rule out the possibility that the Company may conduct further debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Group. The Company will make further announcement(s) in this regard in accordance with the Listing Rules as and when appropriate.

Rights Issue as the preferred fund raising activity of the Group

The Board has considered various ways of raising funds and believes that the Rights Issue is the most efficient way in terms of time and costs for the Company. The Board considers it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs.

The Board has considered other fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer. Although the Group currently has a relatively low gearing ratio, debt financing would nevertheless increase the Group's indebtedness and result in additional interest expenses, fixed repayment obligations and, depending on the terms of the relevant financing, possible financial covenants and/or security requirements. The Board considers that debt financing may not be the most appropriate financing method for the Group's current funding needs, as the Rights Issue would enable the Group to strengthen its capital base and maintain financial flexibility without increasing its debt burden. As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company. As for open offer, while it is similar to a rights issue and allows Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, would allow all 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, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

The Board (excluding the Independent non-executive Directors who will give their view after taking into consideration of the advice of the Independent Financial Adviser) considers that the terms of the Rights Issue, the Placing Agreements and the transactions contemplated thereunder are fair and reasonable and raising funds through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Share Consolidation; (iii) immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders; and (iv) immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholders (other than Wheeling Holdings Limited and Jingxi Holdings Limited pursuant to the Irrevocable Undertaking) and the Unsubscribed Rights Shares and the ES Unsold Rights Shares have been placed by the Placing Agents, for illustration purposes only:

	As at the Latest Practicable Date		**Immediately upon completion of the Share Consolidation**		**Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders**		**Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholders (other than Wheeling Holdings Limited and Jingxi Holdings Limited pursuant to the Irrevocable Undertaking) and the Unsubscribed Rights Shares and the ES Unsold Rights Shares have been placed by the Placing Agents**	
	No. of issued shares	*%*	*No. of issued shares*	*%*	*No. of issued shares*	*%*	*No. of issued shares*	*%*
Shareholders								
Wheeling Holdings Limited *(Note 3)*	2,025,736,972	51.23%	40,514,739	51.23%	40,514,739	25.62%	40,514,739	25.62%
Jingxi Holdings Limited *(Note 3 and 4)*	400,000,000	10.12%	8,000,000	10.12%	56,514,739	35.73%	56,514,739	35.73%
Public Shareholders *(Note 2)*	1,528,201,731	38.65%	30,564,035	38.65%	61,128,070	38.65%	30,564,035	19.33%
Independent placees	–	–	–	–	–	–	30,564,035	19.32%
	3,953,938,703	100.00%	79,078,774	100.00%	158,157,548	100.00%	158,157,548	100.00%

Notes:

1. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

2. For illustrative purposes, the number of Consolidated Shares held by the public Shareholders immediately upon completion of the Share Consolidation is calculated by deducting the 40,514,739 Consolidated Shares held by Wheeling Holdings Limited and the 8,000,000 Consolidated Shares held by Jingxi Holdings Limited from the total of 79,078,774 Consolidated Shares in issue. This assumes that any whole Consolidated Shares arising from the aggregation of fractional entitlements will, if possible, be sold to Independent Third Parties who will be regarded as public Shareholders under the Listing Rules. Accordingly, such Consolidated Shares are included in the shareholding of the public Shareholders.

3. Pursuant to the Irrevocable Undertaking, Wheeling Holdings Limited will transfer all the nil paid rights to which it is entitled to Jingxi Holdings Limited before the Latest Time for Acceptance.

4. The Executive has granted the Takeovers Waiver pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code in respect of the obligation of Jingxi Holdings Limited to make a general offer for the Shares which may otherwise arise as a result of the transfer of the nil-paid rights from Wheeling Holdings Limited to Jingxi Holdings Limited and the acceptance of the Rights Shares by Jingxi Holdings Limited.

5. Assuming the independent placees are Independent Third Parties, the independent placees are expected to be regarded as public Shareholders. Accordingly, the aggregate public float of the Company under this illustrative scenario would be approximately 38.65%.

The public float requirement under Rule 13.32B of the 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 13.32B of the Listing Rules.

For illustration only, if no Qualifying Shareholder other than Jingxi Holdings Limited subscribes for Rights Shares pursuant to the Irrevocable Undertaking and no Unsubscribed Rights Shares or ES Unsold Rights Shares are successfully placed under the Compensatory Arrangements, the application by Jingxi Holdings Limited pursuant to the Irrevocable Undertaking will be scaled down to the extent necessary to ensure that the Public Float Requirement will be complied with immediately upon completion of the Rights Issue. Based on the Company's existing issued share capital and assuming no change in the number of Shares in issue on or before the Record Date, the maximum number of Rights Shares to be allotted and issued under the Irrevocable Undertaking in such scenario would be approximately 43,177,366 Rights Shares, and the gross proceeds to be raised therefrom would be approximately HK$269.9 million, subject to confirmation by the Company and the Registrar.

FUND RAISING EXERCISE IN THE PAST 12 MONTHS

The Company had not conducted any other equity fund-raising activities in the past twelve months immediately prior to the Latest Practicable Date.

LISTING RULES IMPLICATIONS

Given that the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rules 7.19A and 7.27A of the Listing Rules, the Rights Issue is subject to the approval of the Independent Shareholders by way of poll at the SGM at which any controlling shareholders and their respective associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the Latest Practicable Date, Wheeling Holdings Limited and Jingxi Holdings Limited are the controlling shareholders. Wheeling Holdings Limited holds 2,025,736,972 Shares (representing approximately 51.23% of the total issued Shares of the Company) in its capacity as beneficial owner. And Jingxi Holdings Limited holds 400,000,000 Shares (representing approximately 10.12% of the total issued Shares of the Company) in its capacity as beneficial owner. As such, Wheeling Holdings Limited and Jingxi Holdings Limited shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the SGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors and the chief executive of the Company and their respective associates is interested in any Shares as at the Latest Practicable Date. Save as disclosed above, no Shareholders, Directors, chief executive of the Company and their respective associates are required under the Listing Rules to abstain from voting in favour of the resolution approving the Rights Issue at the SGM.

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

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreements and the transaction contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Placing Agreements and the transaction contemplated thereunder and therefore no Director is required to abstain from voting on the Board resolution(s) of the Company to approve the Placing Agreements and the transactions contemplated thereunder. The Placing Agreements and the transaction contemplated thereunder are approved by the Board.

GENERAL

The SGM will be convened for the Shareholders and the Independent Shareholders (as the case may be) to consider and, if thought fit, approve the Share Consolidation, the Rights Issue and the respective transactions contemplated thereunder. The register of members of the Company will be closed from 2 September 2026 to 8 September 2026 (both days inclusive) for determining the Shareholders' entitlements to attend and vote at the SGM. No transfer of Shares will be registered during the above book closure period.

In order to be registered as a member of the Company on the record date to qualify to attend and vote at the SGM, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar for registration by 4:30 p.m. (Hong Kong time) on 1 September 2026.

The Company will make available the Prospectus Documents containing, among other things, the details of the Rights Issue, including procedures for acceptance of the Rights Shares and other information of the Group, and PAL(s) to the Qualifying Shareholders on or before 8 October 2026. The Company may, to the extent reasonably practicable and legally permitted and subject to the results of the enquiries made by the Company from such legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, make available the Prospectus to the Excluded Shareholders (if any) for their information only, but the Company will not send the PAL to the Excluded Shareholders (if any).

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Shares are expected to be dealt in on an ex-rights basis from 28 September 2026. Dealings in the Rights Shares in nil-paid form are expected to take place from 12 October 2026 to 20 October 2026 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Please refer to the section headed "Conditions of the Rights Issue" in this circular above.

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 Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. 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).

RECOMMENDATIONS

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Tam King Ching, Kenny, Mr. Ng Man Fung, Walter and Ms. On Danita has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreements and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the SGM, taking into account the advice from the Independent Financial Adviser. Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, in particular, as to whether the terms of the Rights Issue, the Placing Agreements and the transactions contemplated thereunder are fair and reasonable. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 48 to 49 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 50 to 81 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors consider that the proposed Share Consolidation is in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the resolution approving the Share Consolidation to be proposed at the SGM. Further, 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 Rights Issue, the Placing Agreements 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 approving the Rights Issue to be proposed at the SGM.

ADDITIONAL INFORMATION

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

For and on behalf of
Capital Industrial Financial Services Group Limited

Sun Yajie
Chairman