Reach New Holdings Limited
新達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8471)

Executive Director:
Ms. Sha Xuanyi *(Chairlady)*
Mr. Li Rongsheng *(Chief Executive Officer)*
Mr. Lam Kai Yuen
Mr. Lam Kai Cheong

Non-executive Director:
Mr. Kok Bing Ching

Independent Non-executive Directors:
Mr. Zhu Honghai
(Lead Independent non-executive Director)
Mr. Lin Kin-Chin
Mr. Liu Mingxiao

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4 November 2026

To the Shareholders

Dear Sir/Madam,

(1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Increase in Authorised Share Capital and the Rights Issue; (ii) a letter of recommendation from 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; and (iv) a notice convening the EGM, in order to enable you to make an informed decision on how to vote at the EGM.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As of the date of this circular, the authorised share capital of the Company is HK$20,000,000 divided into 100,000,000 Shares with par value of HK$0.2 each, of which 73,560,000 Shares have been issued and are fully paid or credited as fully paid.

The Company proposes to increase the authorised share capital of the Company from HK$20,000,000 divided into 100,000,000 Shares of HK$0.2 each to HK$200,000,000 divided into 1,000,000,000 Shares of HK$0.2 each by the creation of an additional 900,000,000 unissued Shares of HK$0.2 each. Subject to passing of an ordinary resolution by Shareholders at the EGM, the Increase in Authorised Share Capital will become effective on the date of the EGM.

In order to facilitate the Rights Issue, accommodate the future growth of the Group and to provide the Company with greater flexibility to raise funds in the future, the Board considers the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

PROPOSED RIGHTS ISSUE

Subject to the Increase in Authorised Share Capital becoming effective, the Company proposes to raise gross proceeds of up to approximately HK$44.1 million by way of the issue of up to 220,680,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), at the Subscription Price of HK$0.2 per Rights Share on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders.

The Rights Issue is not underwritten. Further details of the Rights Issue are set out below:

Issue statistics

Assuming no further change in the number of issued Shares on or before the Record Date:

Basis of Rights Issue	:	Three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$0.2 per Rights Share

Net price per Rights Share (i.e. Subscription Price less estimated cost and expenses incurred in the Rights Issue on a per Rights Share basis)	:	HK$0.195 per Rights Share
Number of Shares in issue as at date of the Announcement	:	73,560,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	up to 220,680,000 Rights Shares
Aggregate nominal value of the Rights Shares	:	up to HK$44,136,000
Number of Shares in issue immediately upon completion of the Rights Issue	:	up to 294,240,000 Shares
Maximum amount of gross proceeds raised from the Rights Issue (before expenses)	:	up to approximately HK$44.1 million
Maximum amount of net proceeds raised from the Rights Issue	:	up to approximately HK$43.1 million

As at the Latest Practicable Date, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into the Shares. Assuming no change in the number of Shares in issue 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 220,680,000 Rights Shares to be issued under the Rights Issue represent (i) 300% of the total number of issued Shares as at the Latest Practicable Date; and (ii) 75% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Unsubscribed Rights Shares together with the ES Unsold Rights Shares will be placed to independent Placees 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 is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholders who apply to take up all or part of their entitlements under the PALs may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

Subscription Price

The Subscription Price is of HK$0.2 per Rights Share, payable in full by the Qualifying Shareholders upon acceptance of the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

(i) a discount of 25.9% to the closing price of HK$0.27 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of 27.3% to the average closing price of HK$0.275 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

(iii) a discount of 8.3% to the theoretical ex-rights price of HK$0.2175 per Share based on the closing price of HK$0.27 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iv) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of 20.5% represented by the theoretical diluted price of HK$0.21875 per Share to the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules) of HK$0.275 per Share;

(v) a discount of 69.2% to the unaudited net asset value per Share of HK$0.649 (based on the unaudited consolidated net asset value of the Group of approximately HK$47.7 million as at 30 June 2026 and 73,560,000 Shares in issue as at the Latest Practicable Date); and

(vi) a discount of 19.4% to the closing price of HK$0.248 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK$0.195 per Rights Share (assuming no change in the number of Shares in issue on or before the Record Date).

The Subscription Price was determined with reference to (i) the market price of the Shares under the prevailing market conditions; (ii) the prevailing market conditions of the capital market in Hong Kong; (iii) the latest business performance and financial position of the Group; and (iv) the reasons for and benefits of the Rights Issue as discussed in the section headed "Reasons for and benefits of the Rights Issue and use of proceeds" in this Circular.

The Board has noted the relatively large discount mentioned in (v) above. Nevertheless, given the pre-emptive nature of the Rights Issue and taking into account of the fact that the Shares were traded at a discount to the net asset value attributable to the Shareholders per Share for the three months preceding the Last Trading Day ranging from approximately 19.9% to 59.2%, with an average of approximately 45.2%, the Board is of the view that the net asset value per Share may not be a meaningful reference to determine the Subscription Price.

The Directors consider that the discount of the Subscription Price would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth and development of the Group. After taking into consideration the reasons for the Rights Issue as stated in the section headed "Reasons for and benefits of the Rights Issue and use of proceeds" below, the Board (excluding the members of the Independent Board Committee whose opinion will be rendered after considering the advice from the Independent Financial Adviser) considers that 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.

Basis of provisional allotment

The basis of the provisional allotment shall be three (3) Rights Shares for every one Share held by the Qualifying Shareholders as 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 completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Share Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date. In order to be registered as a member of the Company on the Record Date, Shareholders must lodge the relevant documents for transfer of Shares (with the relevant share certificates) with the Share Registrar at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Tuesday, 1 December 2026.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. For Shareholders whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Share Registrar for registration no later than 4:30 p.m. on Tuesday, 1 December 2026.

It is expected that the last day of dealings in the Shares on a cum-rights basis is Friday, 27 November 2026 and the Shares will be dealt with on an ex-rights basis from Monday, 30 November 2026.

Subject to the fulfilment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer 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).

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

Rights of Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents to be despatched in connection with the Rights Issue will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the Latest Practicable Date, according to the register of members of the Company, there were two Overseas Shareholders with registered addresses in the PRC, holding in aggregate 1,375,000 Shares, representing approximately 1.87% of the issued share capital of the Company.

The Board notes the requirements specified in Rule 17.41(1) of the GEM Listing Rules and will make enquiries in the relevant jurisdictions as to the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place, 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. In such circumstances, such Overseas Shareholders will become Excluded Shareholders and the Rights Issue will not be extended to them. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Excluded Shareholders for information purposes only but will not send any PAL to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to the Excluded Shareholders pro rata to their respective entitlements as at the close of business on the Record Date, provided that if any of such persons would be entitled to a sum not exceeding HK$100, such sum will be retained by the Company for its own benefit.

Any such ES Unsold Rights Shares to which such Excluded Shareholders would otherwise have been entitled will be placed by the Placing Agent to the Placees at the price at least equal to the Subscription Price under the Placing.

Overseas Shareholders should note that they may or may not be eligible to take part in the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 17.41(1) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

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 at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the fully-paid Rights Shares.

Fractional entitlement to the Rights Shares

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

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

According to Rule 10.31(1)(b) of the GEM Listing Rule, the Company will make Compensatory Arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (i.e. Placing Shares) by offering the Placing Shares to independent placees for the benefit of the relevant No Action Shareholders and Excluded Shareholders. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue.

Accordingly, on 4 September 2026 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has appointed the Placing Agent to place the Placing Shares during the Placing Period to Placee(s) who and whose ultimate beneficial owner(s) are Independent Third

Party(ies) on a best efforts basis. Any premium over the Subscription Price that is realised will be paid to the No Action Shareholders and the Excluded Shareholders on a pro-rata basis. Any Placing Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

(i) for No Action Shareholders, the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and

(ii) for Excluded Shareholders, the relevant Excluded Shareholders whose name and address appeared on the register of members of the Company on the Record Date with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Excluded Shareholders become entitled on the basis described above to an amount of (i) more than HK$100, the entire amount will be paid to the relevant No Action Shareholders or Excluded Shareholders in Hong Kong Dollars only; or (ii) HK$100 or less, such amount will be retained by the Company for its own benefit.

Shareholders are reminded that Net Gain may or may not be realised and, accordingly, the No Action Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

PLACING AGREEMENT

On 4 September 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Placing Shares. Details of the Placing are as follows:

Date	:	4 September 2026
Parties	:	(i) the Company, as issuer; and (ii) the Placing Agent
Placing Agent	:	Ruibang Securities Limited was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Placing Shares during the Placing Period. The Placing Agent confirmed that it and its ultimate beneficial owner(s) are Independent Third Parties.

Placing Period	:	A period commencing from the first Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares, which is expected to be Monday, 28 December 2026, and ending at the 6:00 p.m. on Monday, 4 January 2027.
Fees and expenses	:	Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission of 1.4% of the actual gross proceeds from the subscription of the Placing Shares (i.e. amount which is equal to the placing price multiplied by the Placing Shares that are successfully placed by the Placing Agent) and reimbursed for the expenses in relation to the Placing, which the Placing Agent is authorized to deduct from the payment to be made by the Placing Agent to the Company at completion of the Placing.
Placing price of the Placing Shares	:	The placing price of the Placing Shares shall be not less than the Subscription Price. The final price shall be determined by the Placing Agent based on the demand for and the market conditions of the Placing Shares during the placing.
Placees	:	The Placing Shares shall only be offered to institutional, corporate or individual investor(s) who and whose ultimate beneficial owner(s) shall be Independent Third Parties, such that: (i) the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (ii) the Placing will not result in the Company incapable of complying with the public float requirements under the GEM Listing Rules immediately following the Placing.
Ranking of the Unsubscribed Rights Shares and ES Unsold Rights Shares	:	The placed Placing Shares (when allotted, issued and fully-paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

Termination : The Placing Period shall end at 6:00 p.m. on Monday, 4 January 2027 or any other date by mutual agreement between the Placing Agent and the Company.

The Placing Agent may terminate the Placing Agreement by notice in writing given to the Company at any time prior to Wednesday, 6 January 2027 (or any other date any mutually agreed between the Company and the Placing Agent) upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, to be material in the context of the Placing or has or may have a material adverse effect on the business or financial conditions or prospects of the Group or the success of the Placing or the full placement of all of the Placing Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

(i) the Company fails to comply with its material obligations under the Placing Agreement;

(ii) 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) 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 which 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 materially and adversely affect the success of the Placing; or

(iii) any of the warranties of the Company under the Placing Agreement is not, or has ceased to be, true, accurate and not misleading in material respect by reference to the facts subsisting at the time.

If notice of termination is given by the Placing Agent, the Placing Agreement shall be terminated and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

Conditions precedent	:	The Placing is subject to and conditional upon: (i) passing by the Independent Shareholders at the general meeting of the Company of the necessary resolution(s) to approve the Rights Issue; (ii) the GEM Listing Committee having granted the listing of, and permission to deal in, the Rights Shares; and (iii) the Company having obtained all necessary consents and approvals for allotting and issuing the Rights Shares. None of the above conditions are capable of being waived.
Placing Completion Date	:	Wednesday, 6 January 2027 or such other date as the Company and the Placing Agent may agree in writing.

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue, and the market conditions. The Board considers the terms of the Placing for the Placing Shares (including the commission payable) are on normal commercial terms and are fair and reasonable.

As explained above, the Placing Shares will be placed by the Placing Agent to independent Placees on a best effort basis for the benefits of the No Action Shareholders and Excluded Shareholders. If all or any of the Placing Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders and Excluded Shareholders.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Board considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

Application for listing of the Rights Shares

The Company will apply to the GEM Listing Committee for the listing of, and 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. The nil-paid and fully-paid Rights Shares shall have the same board lot size as the Shares, i.e. 10,000 Shares in one board lot. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Eligibility 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 respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

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

Stamp duty and other applicable fees

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

Taxation

Shareholders are advised to consult their professional advisers if they are in 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 Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, (i) share certificates for all fully paid Rights Shares and (ii) refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares (if any) are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Monday, 11 January 2027.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

(i) the Increase in Authorised Share Capital becoming effective;

(ii) the passing by the Independent Shareholders at the EGM of the resolution to approve the Rights Issue by no later than the Prospectus Posting Date;

(iii) the GEM Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);

(iv) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong no later than the Prospectus Posting Date of Prospectus Documents in compliance with the Companies (WUMP) Ordinance and otherwise complying with the requirements of the Companies (WUMP) Ordinance, the Companies Ordinance and the GEM Listing Rules;

(v) the posting of the Prospectus Documents to Qualifying Shareholders; and

(vi) the Placing Agreement not being terminated.

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

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 2 December 2026 to Tuesday, 8 December 2026 (both dates inclusive) for the purpose of determining 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 Group is an established labelling solution provider and a one-stop garment accessories manufacturer and supplier based in the PRC. The Group mainly engages in the production of three types of products, which are (i) printed products (e.g. hangtags, price tags and stickers), (ii) woven labels (e.g. woven brand labels, woven size labels and badges) and (iii) printed labels (e.g. printed brand labels, printed size labels and care content labels). The Group also sources and sells other garment accessories, such as tapes, hanging tablets, string locks, leather badge, buttons and metal products, to its customers in the PRC.

One of the subsidiaries of the Company has obtained a money lending licence in Hong Kong to open up a new business of money lending in Hong Kong. Developing the new business of money lending in Hong Kong represents a step of the Company to actively explore new business opportunities with a view to diversify the income stream of the Group.

The maximum net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK$43.1 million (assuming no change in the number of Shares in issue on or before the Record Date). The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately HK$16.9 million (or approximately 39.2%) will be

used for construction, renovation and development of Production Facilities of the functional garment of the Group in Nanyang City, Henan Province of the PRC; (ii) approximately HK$8.3 million (or approximately 19.3%) will be used for acquisition of the machineries and equipment for the Production Facilities for manufacturing functional garment; (iii) approximately HK$6.0 million (or approximately 13.9%) will be used for the start-up capital of the Production Facilities, including employment of new employees and workers and purchasing raw materials for functional garment; (iv) approximately HK$7.6 million (or approximately 17.6%) will be used for capital injection to the money lending business as the loan principal; and (v) approximately HK$4.3 million (or approximately 10.0%) will be used for general working capital of the Group.

In addition, the Directors are of the view that (i) the interest rates for debt financing may remain high in the medium term; and (ii) it is difficult and time consuming for the Group to liaise with banks to obtain new/additional loan facilities for the Group as banks in Hong Kong or in the PRC have become more prudent in lending amid the worsened prospects of the Hong Kong and global economy, the Rights Issue could enhance the Group's cash flow position to accommodate the liquidity needs for the Group's business operations and development without increasing its gearing ratio and finance costs.

As the Rights Issue will be on a non-underwritten basis, the actual amount of the net proceeds cannot be ascertained at this moment. In the event that the Rights Issue is undersubscribed, the above use of proceeds will be adjusted by the Company accordingly and the net proceeds from the Rights Issue are expected to be utilised with proportional reductions in the same usage scenarios as above.

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 Directors have also considered other fund-raising alternatives available before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner. As for placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market unlike a rights issue, which would allow Shareholders to have more flexibility in dealing with the Shares and the nil-paid rights attaching thereto.

It is considered that the Rights Issue would give the Qualifying Shareholders an equal opportunity to participate in the growth of the Group. Given it is pre-emptive in nature, it allows Qualifying Shareholders to maintain their proportional shareholdings in the Company through participation in the Rights Issue. The Rights Issue also allows the Qualifying Shareholders to (a) increase their respective shareholding interests in the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective shareholding interests in the Company by disposing of their rights entitlements in the open market (subject to the market demand). Further, the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position without

increasing its debt or finance costs. Accordingly, the Board (including the members of the Independent Board Committee) considers that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company, assuming no further change in the number of issued Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares, (i) as at the Latest Practicable Date; (ii) immediately upon completion of Rights Issue assuming full acceptance of Rights Shares by existing Shareholders; and (iii) immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and all the Placing Shares having been placed by Placing Agent:

Name of Shareholders	**As at the Latest Practicable Date**		**Immediately upon completion of Rights Issue assuming full acceptance of Rights Shares by existing Shareholders**		**Immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and all the Placing Shares having been placed by Placing Agent**	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Mr. Li Rongsheng	4,500,000	6.12%	18,000,000	6.12%	4,500,000	1.53%
Ms. Sha Xuanyi	6,620,000	9.00%	26,480,000	9.00%	6,620,000	2.25%
Public Shareholders						
Independent Placees	—	—	—	—	220,680,000	75%
Other public Shareholders	62,440,000	84.88%	249,760,000	84.88%	62,440,000	21.22%
	73,560,000	100.00%	294,240,000	100.00%	294,240,000	100.00%

As at the date of this circular, the Company does not hold any treasury Shares (as defined under the GEM Listing Rules) and the Company has no intention to undertake any repurchase of Shares from the Latest Practicable Date until the completion of the Rights Issue.

EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activity during the twelve months immediately preceding the date of the Announcement:

Date of Announcement	Event	Net proceeds raised (Approximately)	Proposed use of proceeds		Actual use of proceeds as at the Latest Practicable Date
5 May 2026	May 2026 Placing	HK$4.7 million	(i)	approximately HK$2.6 million for development and expansion of the money lending business of the Group in Hong Kong	Approximately HK$0.4 million for development and expansion of the money lending business of the Group in Hong Kong
			(ii)	approximately HK$1.0 million for salary and staff costs for the lending business	The allocated net proceeds remain unutilised
			(iii)	approximately HK$0.3 million for development of IT application for the lending business	The allocated net proceeds remain unutilised
			(iv)	remaining balance of approximately HK$0.8 million for upfront setup costs and marketing costs for the lending business	HK$0.2 million for upfront setup costs and marketing costs for the lending business

Save as disclosed above, the Company has not conducted any equity fund raising activities during the past twelve months immediately preceding the date of the Announcement.

USE OF PROCEEDS FROM PREVIOUS PLACINGS

The Board has carefully assessed the Group's liquidity position and considers that, notwithstanding the bank and cash balances of approximately RMB18.0 million as at 30 June 2026, the Company has funding needs to conduct the Rights Issue. In reaching this view, the Board has taken into account, among other things, the following factors:

1. a substantial portion of the Group's existing cash balances has been allocated and reserved for the specific intended uses of the unutilised net proceeds from previous placings. As at 30 June 2026, the unutilised net proceeds from previous placings amount to approximately HK$17.3 million; and

2. the Company is required to retain sufficient working capital to support its operation and business development.

As at the Latest Practicable Date, the aggregate unutilised net proceeds from the placings completed from 2020 until the Latest Practicable Date (the "**Previous Placings**") amounted to approximately HK$17.3 million. Details are set out below:

Intended use of the net proceeds from the Previous Placings	**Date of completion of the placing**	**Unutilised net proceeds as at the Latest Practicable Date** *(HK$'million)*	**Expected timeline for the intended use**	**Reasons for delay in application of the net proceeds**
Investment in information technology companies or projects	13 May 2020	5.0	December 2027	The Company has been proactively identifying suitable information technology companies or projects for potential investment. The Company sourced and reviewed potential targets through agency consultants, business contacts and market referrals. However, after preliminary due diligence and commercial evaluation, the Board considered that the potential targets identified to date did not demonstrate satisfactory commercial prospects, investment returns or strategic value to the Group. Accordingly, the Company decided not to proceed with such investments in order to avoid applying the proceeds to investments which may not be in the interests of the Company and its shareholders as a whole. The Company will continue to identify suitable information technology companies or projects which meet the Group's investment criteria.

Intended use of the net proceeds from the Previous Placings	Date of completion of the placing	Unutilised net proceeds as at the Latest Practicable Date *(HK$'million)*	Expected timeline for the intended use	Reasons for delay in application of the net proceeds
Acquisition of machineries for manufacture and processing of functional garment	18 January 2024	2.3	December 2027	The Company has been negotiating with machinery suppliers in Henan Province, the PRC, in relation to the proposed acquisition of machineries for the manufacture and processing of functional garment. The delay was mainly due to the additional time required for the Company to assess the production capacity, technical specifications, compatibility, pricing and suitability of the relevant machineries for the Group's planned functional garment production. As the selection of machineries would affect the production efficiency, product quality and subsequent procurement of raw materials, the Group took a longer time to finalise the potential acquisition of the relevant machineries and equipment until the relevant technical and commercial assessment being completed.
Purchasing raw materials and semi-finished products for further processing at the Group's production plant	18 January 2024	1.5	December 2027	As the Company has not yet finalised the proposed acquisition of the relevant machineries, it has not proceeded with the bulk purchase of raw materials and semi-finished products. Accordingly, the Company will proceed with the purchase of raw materials and semi-finished products after the relevant machinery acquisition plan has been finalised.
Marketing and developing online sales channels of the functional garment	2 May 2024	2.2	December 2027	The Company has been identifying and evaluating suitable online sales channels and live-streaming platforms for advertisement and marketing of functional garments. And similar to the above, the utilisation of these proceeds depends on commercialisation of production of the functional garment.

Intended use of the net proceeds from the Previous Placings	Date of completion of the placing	Unutilised net proceeds as at the Latest Practicable Date *(HK$'million)*	Expected timeline for the intended use	Reasons for delay in application of the net proceeds
Investment and development of production facilities as the base for research and development and manufacturing of the functional garment	11 June 2025	2.2	December 2027	The Company has been developing its production facilities for research and development and manufacturing of the functional garment. The Company will continue to apply the proceeds progressively as the development of the functional garment business advances.
(i) development and expansion of the money lending business (i.e., as the initial lending capital and/or loan principal for the operation of the proposed money lending business) of the Group in Hong Kong; (ii) salary and staff costs for the lending business; (iii) development of IT application for the lending business; and (iv) upfront setup costs and marketing costs for the lending business.	27 May 2026	4.1	December 2026	N/A
Total		**17.3**		

Development of the Functional Garment Business

Business Plan of Functional Garment Business

Since 2024, the Group has expanded its business into production and trading of functional garment in the PRC, which includes bed sheets, pillowcases and clothes, which employs mugwort (艾草) as part of the raw material in the fabrics, with mugwort believed to have the function of calming one's mind and enhancing blood circulation in Chinese medicine theory. Since 2024, the Group has commenced in business-to-consumer ("**B-to-C**") business of functional garment by cooperating with e-commerce platforms and social media platforms. As the Company considers the business of functional garment of the Group will further develop, it has been the Group's plan to expand its production capacity and capabilities of functional garment by developing the Production Facilities in order to cater for the future increase in business. The Production Facilities are designed to manufacture and produce fabric, textile and garment products from mugwort, which includes bedding, such as bed sheets, blankets, pillowcases, and apparel items such as clothes, scarf and shawl, etc.

In order to develop the functional garment business, on 18 December 2025, the Group signed an equity transfer agreement with an independent third party to acquire 24% equity interest in Hengda Yongjin Agricultural High Technology Co., Ltd.* (衡達湧金農業高科技有限公司) ("**Hengda Yongjin**"), a company established in the PRC with limited liability. Hengda Yongjin was the owner of the land of the Production Facilities. By acquiring 24% equity interest in Hengda Yongjin, the Group gained partial control over the production facilities of Hengda Yongjin for the long term development of functional garment business of the Group.

As at the Latest Practicable Date, the Group has taken possession of the factory premises of the Production Facilities. The remodelling and renovation work of the Production Facilities is currently subject to the building and construction approvals from the relevant government authority, which caused a delay in the application of the net proceeds from previous fund-raising activities allocated for such purpose. The Company does not expect any material impediments for obtaining the building and construction approvals. As such, after careful consideration by the Board, the business plan and implementation timetable of the functional garment business is as follows:

Business Plan/Implementation steps			Expected Timeline	Dependencies and concurrent activities
Investment and development of production facilities as the base for research and development and manufacturing of the functional garment	(1)	Finalise the renovation design and obtain approvals required for the use of the Production Facilities	By June 2027	Renovation design, contractor selection and machinery technical assessment may proceed concurrently. Construction and renovation works requiring approval will commence only after the relevant approvals for the use of Production Facilities have been obtained. The approval process for such works has been delayed by adjustments to the planning framework applicable to the park in which the Production Facilities are located. Completion of these adjustments to the planning framework is a prerequisite for obtaining the approvals required for the construction and renovation of the Production Facilities. The Company understands that these planning adjustments have been approved at the provincial level, while the related local approvals remain outstanding. The Company expects the approvals required for the construction and renovation of the Production Facilities to be obtained by June 2027.

Business Plan/Implementation steps			Expected Timeline	Dependencies and concurrent activities
	(2)	Complete the remodelling and renovation of the Production Facilities, including the relevant building services and workshop infrastructure	By September 2027	Subject to obtaining the approvals required for the use of Production Facilities. Machinery specification assessment, supplier selection and ordering may proceed concurrently with renovation.
	(3)	Potential further acquisition of 27% equity interest in Hengda Yongjin for expanding the Production Facilities	By December 2027	Preliminary assessment, due diligence and negotiations may proceed concurrently with the development of the Production Facilities. Any further acquisition will be subject to satisfactory due diligence, the acquisition terms, availability of funding and satisfaction of any applicable regulatory requirements.
Acquisition of machineries for manufacture and processing of functional garment	(1)	Finalise machinery specifications, select suppliers and place orders for machinery and equipment for the manufacture and processing of functional garments	By June 2027	May proceed concurrently with remodelling and renovation of the Production Facilities
	(2)	Complete machinery acquisition, delivery, installation, testing and commissioning	July–December 2027	Delivery and installation will be coordinated with completion of the relevant production areas and supporting infrastructure. Installation will commence only when those areas and infrastructure are ready. Testing and commissioning must be completed before trial production.
Recruit and train production personnel			September–November 2027	Recruitment may proceed concurrently with machinery installation. Training will be coordinated with machinery testing and commissioning and the trial-production schedule.

Business Plan/Implementation steps			Expected Timeline	Dependencies and concurrent activities
Purchasing raw materials and semi-finished products for further processing at the Group's production plant			October–December 2027	Procurement will follow confirmation of machinery specifications and material compatibility and will be coordinated with the commissioning and trial-production schedule. Bulk procurement for commercial production will be aligned with the expected production requirements.
Marketing and developing online sales channels of the functional garment			October–December 2027	Selection of online-sales channels and live-streaming platforms, preparation of promotional materials and development of sales arrangements may proceed concurrently with machinery commissioning and trial-production preparations. The commercial launch will be coordinated with product availability.
Complete trial production and commence commercial production	(1)	Trial production	November–December 2027	Trial production is subject to machinery commissioning, availability of trained personnel and suitable raw materials. Commercial production will commence after satisfactory trial production.
	(2)	Commence commercial production	first half of financial year 2028	

Expected Capital Expenditure of Functional Garment Business

The Directors estimated that total expected capital expenditure required for the establishment and development of the functional garment business is approximately HK$56.1 million, details of which are set out as follows:

		Investment and development of production facilities as the base for research and development and manufacturing of the functional garment	**Acquisition of machineries for manufacture and processing of functional garment**	**Purchasing raw materials and semi-finished products for further processing at the Group's production plant**	**Marketing and developing online sales channels of the functional garment**
(1)	Jan 2024 Placing	3.1	2.3	1.5	—
(2)	May 2024 Placing	—	—	—	3.0
(3)	June 2025 Placing	15.0	—	—	—
(4)	**Total proceeds from Previous Placings**	**18.1**	**2.3**	**1.5**	**3.0**
(5)	**Proceeds from the proposed Rights Issue**	**16.9**	**8.3**	**6.0**	**—**
Total expected capital expenditure ((4) + (5))		**35.0**	**10.6**	**7.5**	**3.0**
(6)	Proceeds utilised as at the Latest Practicable Date	(15.9)	—	—	(0.8)

Note:

All amounts are in HK$ million.

Total expected capital expenditure for investment and development of production facilities as the base for research and development and manufacturing of the functional garment is in the amount of approximately HK$35.0 million. The breakdown of the details is set out below:

Items	**Amount** *(HK$ million)*
Construction, renovation and development of the Production Facilities	6.1
Acquisition of 24% equity interest in Hengda Yongjin in 2025 *(Note 1)*	13.6
Potential further acquisition of 27% equity interest in Hengda Yongjin *(Note 2)*	15.3
Total	**35.0**

Notes:

1. The total consideration of the acquisition of 24% equity interest in Hengda Yongjin was RMB11.6 million, equivalent to approximately HK$13.6 million based on the exchange rate of RMB1 = HK$1.17.

2. The estimated consideration is calculated on a pro rata basis by reference to the consideration for the previous acquisition of a 24% equity interest in Hengda Yongjin.

STATUS OF THE MONEY LENDING BUSINESS

As disclosed in the Company's annual report for the year ended 31 December 2025, the Group is principally engaged in the production and supply of garment accessories, provision of labelling solutions and provision of information technology services. The Group has also expanded into the production and trading of functional garments in the PRC.

The Board notes that the Group's traditional garment accessories business continued to face challenging market conditions during the year ended 31 December 2025, including keen price competition, increasing operating costs, cost reduction measures adopted by customers, trade protectionism and intensifying trade frictions between the PRC and the United States. The Group's revenue decreased by approximately 12.3% from approximately RMB91.7 million for the year ended 31 December 2024 to approximately RMB80.4 million for the year ended 31 December 2025, and its gross profit decreased by approximately 21.6% from approximately RMB25.5 million to approximately RMB20.0 million. The Group also recorded a loss for the year of approximately RMB13.9 million for the year ended 31 December 2025.

In light of the above, as disclosed in the Company's announcement dated 19 May 2026 the Board considered it prudent for the Group to explore suitable new business opportunities to diversify its revenue sources and reduce reliance on its existing principal businesses. This is consistent with the Group's disclosed business strategy of exploring other business opportunities for broadening its income streams and maximising returns to shareholders in the long run.

The Board considers that the money lending business may, if operated on a prudent and properly controlled basis, provide the Group with an additional source of interest income and recurring cash flow. The Board also considers that the relevant experience of certain Directors in the banking, financial services and related sectors would be beneficial to the Company in assessing and developing the proposed money lending business.

In this connection, Must Win, the wholly-owned indirect subsidiary of the Company, has obtained a money lenders licence under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong) on 7 May 2026.

The Group, through Must Win, currently intends to offer unsecured loans, secured loans excluding mortgage loans, and property mortgage loans. The target customers will include individual and corporate borrowers in Hong Kong. The target individual borrowers will mainly comprise high-income professionals, executives and business owners in the financial and technology sectors, with annual income generally ranging from approximately HK$300,000 to HK$3,000,000 depending on the type of loan product, while the target corporate borrowers will mainly comprise small and medium-sized enterprises in the technology, media and professional services sectors. The expected interest rates of the loans will range from approximately 10% to 30%, depending on the type of loan product and the risk assessment of the relevant borrower.

The Group intends to source customers primarily through referrals from its shareholders and their respective business networks, while all loan applications, regardless of the source of referral, will be subject to Must Win's independent credit assessment and approval procedures.

Latest Business Status of Must Win

As at the Latest Practicable Date, Must Win has commenced its business for carrying on money lending business in accordance with the proposed use of proceeds set out in the supplemental announcement of the Company dated 19 May 2026.

Ms. Sha Xuanyi ("**Ms. Sha**"), executive Director and the chairlady of the Company, and Mr. Kok Bing Ching ("**Mr. Kok**"), a non-executive Director, have been assigned to manage Must Win. Mr. Kok now serves as the chief executive officer of Must Win. Together with a chief financial officer, who will be assigned from a subsidiary of the Group, three additional business staff members have also been recruited. Must Win is developing the functions of its information technology application system. It is conducting preliminary research and refinement work in relation to application requirements, customer records, privacy data management, repayment monitoring and other functions. Must Win also developed its internal mechanism for conducting business in a prudent and properly controlled manner. Accordingly, as at the Latest Practicable Date, HK$2.1 million of general working capital raised in the May 2026 Placing is being utilised as planned. However, as time is required for staff recruitment, account opening and the development of the information technology system, as at the Latest Practicable Date, no loans have yet been advanced to any borrowers.

Must Win has nevertheless collected expressions of interest from nine individual customers and three corporate customers. It expects to select suitable customers from these expressions of interest by the end of 2026 and commence individual and corporate lending business.

Internal Control of Money Lending Business

Although the money lending business is not directly related to the Group's existing principal garment business, the Board considers that it may, if operated on a prudent and properly controlled basis, provide the Group with an additional source of interest income and recurring cash flow. The Board also considers that the relevant experience of certain Directors in the banking, financial services and related sectors, would be beneficial to the Company in assessing and developing the proposed money lending business.

The Company will continue to fulfill all conditions of the money lenders licence. Interest rates will comply with Money Lenders Ordinance of Hong Kong. In particular, the following internal control measures have been implemented for the carrying out the money lending business:

Credit Approval Process

For secured loans, the staff members who are responsible for credit assessment will obtain basic information such as the applicant's name, contact details, background information, desired loan amount and purpose of the loan, and the particulars of the property proposed to be mortgaged. The staff members will also obtain two or more preliminary estimates of valuations of the property from independent professional property valuers or banks either verbally or through internet or email. The staff members will perform a preliminary review and verification of the application materials. The Directors will then review the application and determine the amount of loan and the interest rate based on the applicant's information and the valuation of the property in accordance with the internal credit policies and guidelines.

For unsecured revolving loan applications, credit approval procedures similar to secured loans above will be adopted. Credit reports of the applicant will be retrieved from credit assessment database service providers, such as "TransUnion". Based on the credit reports, the staff members will then prepare a written recommendation for review and approval by the Directors. Each facility will require the Directors' written approval before it is granted. The Directors will determine the facility limit, interest rate, tenor and repayment terms based on the applicant's information and the internal credit policies and guidelines.

For unsecured instalment loans such as debt consolidation loans and personal loans granted by the credit department, the credit assessment staff members will obtain basic information such as the applicant's name, contact details, background information, credit report, desired loan amount and purpose of the loan, etc from the applicant. The credit assessment staff members will perform a preliminary review and verification of the application materials. The Directors will then review the application and determine the amount of loan, interest rate and loan period based on the applicant's information and the internal credit policies and guidelines.

Ongoing monitoring of loan recoverability and loan collection

A system is in place to identify and monitor overdue loan accounts. The directors and credit assessment staff members closely monitor the overall performance of the loans outstanding by checking systematically generated reports, and regularly review the whole collection performance of overdue assets. The collection department, which will be established by Must Win, is responsible for loan collection and it seeks management's opinion for further actions when necessary. The collection department will contact the customer by phone if the account is overdue, and at the same time, notice of overdue payment will be issued to the customer. If the respective receivables have not been repaid in time, the collection department will engage external debt collection agents to collect the debt or instruct lawyer to commence legal actions for debt collection. For secured loans, the collection department will instruct lawyer to commence legal actions for taking possession of the mortgaged property.

Background of Ms. Sha and Mr. Kok as Management of Must Win

In terms of expertise, Ms. Sha, has substantial experience in the banking industry. She worked at China Merchants Bank in Shenzhen, the PRC, from February 1993 to January 2014. During her tenure with China Merchants Bank, Ms. Sha held various positions in branch operations and business functions, and her last position was general manager of the sales department of China Merchants Bank's Qianhai branch. Through her long-standing experience in the banking industry, the Board considers that Ms. Sha has acquired relevant knowledge and experience in lending operations, credit-related business and financial risk management.

As for Mr. Kok, he has relevant academic background and professional experience in information engineering, financial technology and related sectors. Mr. Kok graduated from The Chinese University of Hong Kong in 2010 with a Bachelor of Engineering degree in Information Engineering. In December 2018, Mr. Kok obtained an Executive Certificate in Fintech from The University of Hong Kong School of Professional and Continuing Education. Mr. Kok has over 11 years of experience in financial technology, blockchain and the virtual asset market. From September 2014 to December 2017, Mr. Kok served as head of information technology of Hani Securities (H.K.) Limited (恆利證券(香港)有限公司), currently known as Fosun International Securities Limited (復星國際證券有限公司). He subsequently served as vice president of Loto Interactive Limited (樂透互娛有限公司), currently known as Crypto Flow Technology Limited (加冪科技有限公司) (stock code: 8198) (the "**Crypto Flow**"), from January 2018 to December 2022, where he was primarily responsible for the operations of blockchain and big data businesses in Hong Kong and the PRC. During his tenure with Crypto Flow, Mr. Kok also served as the manager of Might Winner Limited, an indirect wholly-owned subsidiary of that group which obtained a money lenders licence under the Money Lenders Ordinance in January 2020 and operated a money lending business in Hong Kong. In such capacity, Mr. Kok gained direct exposure to the operation and management of a licensed money lending business.

Having considered the above, the Board is of the view that Ms. Sha and Mr. Kok possess relevant experience in the banking, financial services, credit-related and financial technology sectors, which would be beneficial to the Company in developing its proposed money lending business.

Funding of the Money Lending Business

For the first year of commencement of business of Must Win, from June 2026 to June 2027, the Company targets to develop the loan portfolio to HK$20 million, subject to the actual availability of funding, market demand, credit assessment results and the Group's internal resources. HK$2.1 million of previously raised funds would be used as operating funds; HK$2.6 million of previously raised funds would be used for the loan portfolio and was obtained from the May 2026 Placing; HK$7.6 million will be obtained from the Rights Issue if completed successfully and the remainder of the funds from internally generated funds.

For the second year, from July 2027 to July 2028, the Company targets to develop the loan portfolio to HK$30 million, which will be funded by the internal resources of the Company. However, such target is subject to the actual availability of funding, market demand, credit assessment results and the Group's internal resources.

GEM LISTING RULES IMPLICATION

As the Rights Issue will increase the number of the issued Shares by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in a general meeting by a resolution on which all controlling Shareholders and their associates or, where there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As such, Ms. Sha Xuanyi, Mr. Li Rongsheng and their respective associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, (1) Ms. Sha Xuanyi, who is the chairlady and an executive Director of the Company, holds 6,620,000 Shares, representing approximately 9.0% of the existing issued share capital of the Company; and (2) Mr. Li Rongsheng who is the chief executive officer and an executive Director of the Company, holds 4,500,000 Shares, representing approximately 6.12% of the existing issued share capital of the Company.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

Subject to the fulfilment of the conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date.

BOOK CLOSURE FOR DETERMINING ENTITLEMENT TO VOTE AT THE EGM

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 20 November 2026 to Thursday, 26 November 2026, both days inclusive, in order to determine the identity of the members of the Company who are entitled to attend and vote at the EGM. All transfers of shares accompanied by the relevant

share certificates and transfer forms must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Thursday, 19 November 2026.

EGM

The EGM will be convened and held at Room 2502, 25th Floor, South Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 26 November 2026 at 11:00 a.m. for the purpose of considering and, if thought fit, approving the Increase in Authorised Share Capital and the Rights Issue.

The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The resolution(s) proposed to be approved at the EGM will be taken by poll and an announcement on the results of the EGM will be made by the Company thereafter.

A form of proxy for use at the EGM is enclosed herewith. Whether or not you are able to attend the EGM, you are requested to complete, sign and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

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

Shareholders and potential investors of the Company should note that the Rights Issue is subject to fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Proposed Rights Issue — Conditions of the Rights Issue" in the Letter from the Board of this circular.

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

The Rights Issue will proceed on a non-underwritten basis irrespective of the acceptance of the provisionally allotted Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid rights 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.

RECOMMENDATION

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Zhu Honghai, Mr. Lin Kin-Chin and Mr. Liu Mingxiao, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the EGM. Draco Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Your attention is drawn to the letter from the Independent Board Committee set out on page 39 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 40 to 81 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

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

ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
Reach New Holdings Limited

Sha Xuanyi
Chairlady and Executive Director