

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Major Holdings Limited, you should at once hand this circular and the accompanying form to the purchaser or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser.

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This circular appears for information purposes only and does not constitute an invitation or offer to the Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.



- (1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES FOR EVERY THREE (3) CONSOLIDATED
SHARES HELD ON THE RECORD DATE;
(4) CONNECTED TRANSACTION IN RELATION TO
THE UNDERWRITING AGREEMENT;
(5) APPLICATION FOR WHITEWASH WAIVER; AND
(6) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Company



Placing Agent to the Placing



**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
流博資本有限公司

Capitalised terms used on this cover page shall have the same meaning as defined in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 15 to 45 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 46 to 47 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-34 of this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Thursday, 1 February 2024. Dealings in the Rights Shares in the nil-paid form will take place from Friday, 16 February 2024 to Friday, 23 February 2024 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Placing Agreement is terminated by the Placing Agent or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 16 February 2024 to Friday, 23 February 2024 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the EGM to be held at 12:00 p.m. on Monday, 29 January 2024 at Suite 1507, Tower 2, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong is set out on pages EGM-1 to EGM-5 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours (i.e. 12:00 p.m. on Saturday, 27 January 2024 (Hong Kong time)) before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked. The EGM will be chaired by an independent non-executive Director who is not acting in concert with the Underwriter, Mr. Cheung or Ms. Lin or any of their respective concert parties and will be elected to chair the EGM pursuant to the articles of association of the Company.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right in its absolute discretion to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. Such events are set out in the section headed "Termination of the Underwriting Agreement" of this circular. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“acting in concert”	has the same meaning ascribed thereto the Takeovers Code
“Announcement”	the announcement of the Company dated 14 December 2023 in relation to, among other things, the Share Consolidation, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the proposed change in board lot size of the issued Shares for trading from 4,000 Existing Shares to 12,000 Consolidated Shares
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time

DEFINITIONS

“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Companies Registry”	Companies Registry of Hong Kong
“Company”	Major Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 1389)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.0125 each in the share capital of the Company immediately following the Share Consolidation becoming effective
“controlling shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolutions will be proposed to consider, and, if thought fit, to approve, among other things, the Share Consolidation, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver
“Executive”	The Executive Director of the Corporate Finance Division of the SFC or its delegate
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Existing Share(s)”	ordinary share(s) of HK\$0.00125 each in the share capital of the Company prior to the Share Consolidation having become effective

DEFINITIONS

“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors that has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver
“Independent Financial Adviser” or “Rainbow Capital”	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, being the independent financial adviser appointed by the Company and approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver
“Independent Shareholder(s)”	Shareholders other than (i) the Underwriter, Mr. Cheung, Ms. Lin or parties acting in concert with any of them; and (ii) those who are involved or have interests in the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver and required under the Listing Rules and/or the Takeovers Code (as the case may be) to abstain from voting at the EGM
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), who are third parties independent of the Company and its connected persons within the meaning of the Listing Rules

DEFINITIONS

“Irrevocable Undertakings”	the irrevocable undertaking dated 14 December 2023 (as supplemented by a supplemental undertaking dated 3 January 2024) given by the Underwriter to the Company as set out in the paragraph headed “The Irrevocable Undertaking” in the “Letter from the Board” of this circular
“Latest Practicable Date”	9 January 2024, being the latest practicable date for ascertaining certain information for inclusion in this circular
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 28 February 2024 (or such other time and date as may be determined by the Company), being the latest time for acceptance of and payment for the Rights Shares
“Latest Time for Placing Termination”	5:00 p.m. on Wednesday, 28 February 2024 or such later time or date as may be agreed between the Placing Agent and the Company, being the latest time to terminate the Placing Agreement
“Latest Time for Underwriting Termination”	4:30 p.m. on Tuesday, 5 March 2024 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Last Trading Day”	13 December 2023, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheung”	Mr. Cheung Chun To, the chairman and chief executive officer of the Company and an executive Director
“Ms. Lin”	Ms. Lin Shuk Shuen, the spouse of Mr. Cheung
“No Action Shareholder(s)”	those Qualifying Shareholder(s) who do not subscribe for the Rights Issue (whether partially or fully) (under the PAL or their renounces or such person who hold any nil-paid rights at the time such nil-paid rights are lapsed) or Excluded Shareholders (as the case may be)

DEFINITIONS

“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	arrangements to place the Unsubscribed Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement
“Placing Agent”	Lego Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activities, which will place the Unsubscribed Shares to investors who are Independent Third Parties under the Unsubscribed Arrangements
“Placing Agreement”	the placing agreement dated 14 December 2023 (as supplemented by a supplemental agreement dated 3 January 2024) entered into between the Company and the Placing Agent in relation to the Placing
“Placing End Date”	5 March 2024, being the fourth (4th) Business Day following the day on which the Latest Time for Acceptance falls
“Placing Period”	the period from 29 February 2024 up to 5:00 p.m. on 5 March 2024, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements
“Placing Price”	not less than HK\$0.136 per Unsubscribed Share
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus to be made available to the Shareholders containing details of the Rights Issue

DEFINITIONS

“Prospectus Documents”	the Prospectus and the PAL(s)
“Prospectus Posting Date”	Wednesday, 14 February 2024 (or such other date as may be determined by the Company), being the date of the Prospectus Documents to be made available and/or sent (as the case maybe) to the Qualifying Shareholders (or in the case of the Excluded Shareholder(s), the Prospectus only)
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Friday, 9 February 2024, the record date for the determination of the entitlements under the Rights Issue
“Registrar”	Tricor Investor Services Limited, the address of which is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, the branch share registrar and transfer office of the Company in Hong Kong
“Relevant Period”	the period commencing six months prior to the date of the Announcement (i.e. 14 December 2023) and ending on and including the Latest Practicable Date
“Rights Issue”	the proposed issue by way of rights of two (2) Rights Shares for every three (3) Consolidated Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions to be set out in the paragraph headed “Conditions of the Rights Issue” in the “Letter from the Board” of this circular
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue, being 221,733,332 Consolidated Shares (assuming no other change in the number of issued Shares from the Latest Practicable Date up to and including the Record Date, save for the Share Consolidation)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the consolidation of every ten (10) issued and unissued Existing Shares of HK\$0.00125 each into one (1) Consolidated Share of HK\$0.0125
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.136 per Rights Share
“substantial shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Underwriter”	Silver Tycoon Limited, a limited liability company incorporated in the British Virgin Islands and wholly-owned by Mr. Cheung, the chairman and chief executive officer of the Company and an executive Director
“Underwriting Agreement”	the underwriting agreement dated 14 December 2023 (as supplemented by a supplemental agreement dated 3 January 2024) entered into between the Company and the Underwriter in respect of the Rights Issue
“Underwritten Shares”	the Rights Shares to be underwritten by the Underwriter, being in maximum up to 156,676,026 Rights Shares
“Unsubscribed Arrangements”	arrangements to place the Unsubscribed Shares by the Placing Agent on a best effort basis to investors who (or as the case maybe, their ultimate beneficial owner(s)) are Independent Third Parties and not acting in concert with the Underwriter, Mr. Cheung or Ms. Lin or their respective concert parties pursuant to Rule 7.21(1)(b) of the Listing Rules
“Unsubscribed Shares”	including those Rights Shares that are not subscribed by the Qualifying Shareholders; Rights Shares which would otherwise have been allotted to the Excluded Shareholders; and/or all fractional Rights Shares that are not issued (as the case may be)

DEFINITIONS

“Whitewash Waiver”	the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of the Underwriter to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Underwriter and any parties acting in concert with it as a result of taking up of the Rights Shares by the Underwriter pursuant to the Underwriting Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Share Consolidation, the Rights Issue, the Placing Agreement and the Underwriting Agreement. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Share Consolidation and the Rights Issue and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to the Hong Kong local times and dates.

Events	Hong Kong Date and Time
	2024
Latest time for lodging transfer documents of the Shares in order to be qualified for attendance and voting at the EGM	4:30 p.m. on Monday, 22 January
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both days inclusive)	Tuesday, 23 January to Monday, 29 January
Latest time for lodging proxy forms for the EGM (not less than 48 hours prior to the time of the EGM)	12:00 p.m. on Saturday, 27 January
Record date for determining attendance and voting at the EGM	Monday, 29 January
Expected date and time of EGM to approve the Share Consolidation, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver	12:00 p.m. on Monday, 29 January
Announcement of the poll result of the EGM	Monday, 29 January
Register of members of the Company re-opens	Tuesday, 30 January
The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation and the Change in Board Lot Size:	
Effective date of the Share Consolidation	Wednesday, 31 January
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	Wednesday, 31 January
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Wednesday, 31 January

EXPECTED TIMETABLE

Original counter for trading in Existing Shares
in board lots of 4,000 Existing Shares
(in the form of existing share certificates)
temporarily closes 9:00 a.m. on
Wednesday, 31 January

Temporary counter for trading in the Consolidated
Shares in board lots of 400 Consolidated Shares
(in the form of existing share certificates) opens 9:00 a.m. on
Wednesday, 31 January

Last day of dealings in the Consolidated Shares
on a cum-rights basis relating to the Rights Issue Wednesday, 31 January

First day of dealings in the Consolidated Shares
on an ex-rights basis relating to the Rights Issue Thursday, 1 February

Latest time for the Shareholders to lodge
transfer documents of the Consolidated Shares
in order to be qualified for the Rights Issue 4:30 p.m. on
Friday, 2 February

Closure of register of members to determine
the eligibility of the Rights Issue
(both dates inclusive) Monday, 5 February to
Friday, 9 February

Record date for the Rights Issue Friday, 9 February

Register of members of the Company re-opens Wednesday, 14 February

Prospectus Documents
are made available and/or sent
(as the case maybe) to the Qualifying Shareholders
(in case of the Excluded Shareholder(s),
the Prospectus only) Wednesday, 14 February

Original counter for trading in the Consolidated
Shares in board lots of 12,000 Consolidated
Shares (in the form of new share certificates) reopens 9:00 a.m. on
Friday, 16 February

Parallel trading in the Consolidated Shares
(in the form of both existing share certificates and
new share certificates) commences 9:00 a.m. on
Friday, 16 February

EXPECTED TIMETABLE

Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares and fully-paid Rights Shares	9:00 a.m. on Friday, 16 February
First day of dealings in nil-paid Rights Share	Friday, 16 February
Latest time for splitting the PAL	4:30 p.m. on Tuesday, 20 February
Last day of dealings in nil-paid Rights Shares	Friday, 23 February
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Wednesday, 28 February
Latest time for the termination of the Placing Agreement	5:00 p.m. on Wednesday, 28 February
Announcement of the number of the Unsubscribed Shares subject to the Unsubscribed Arrangements	Thursday, 29 February
Commencement of placing of the Unsubscribed Shares by the Placing Agent, on best effort basis	Thursday, 29 February
Placing End Date for placing the Unsubscribed Shares	Tuesday, 5 March
Latest time for the termination of the Underwriting Agreement and for the Rights Issue to become unconditional	Tuesday, 5 March
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Share and fully-paid Rights Shares	4:00 p.m. on Thursday, 7 March
Temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Thursday, 7 March
Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends	4:10 p.m. on Thursday, 7 March
Announcement of allotment results of the Rights Issue	Monday, 11 March

EXPECTED TIMETABLE

Latest time for free exchange of existing share certificates for new share certificates Monday, 11 March

Despatch of share certificates for fully-paid Rights Shares and refund cheques (if the Rights Issue is terminated) Tuesday, 12 March

Commencement of dealings in fully-paid Rights Shares Wednesday, 13 March

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if:

- (i) tropical cyclone warning signal No. 8 (or above);
- (ii) “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or
- (iii) a “black” rainstorm warning
 - (a) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
 - (b) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have any of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in this section above may be affected. Announcement will be made by the Company in such event. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

Pursuant to the Underwriting Agreement, the Underwriter shall have the right to terminate the Underwriting Agreement by notice in writing given to the Company at or prior to the Latest Time for Underwriting Termination, if (provided that for the purpose of the Underwriting Agreement if the date of the Latest Time for Underwriting Termination shall be a Business Day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong Special Administrative Region or a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon on that day, the date of the Latest Time for Underwriting Termination shall be the next Business Day on which no “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong Special Administrative Region or no tropical cyclone warning signal no. 8 or above or no “black” rainstorm warning signal is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon on that day):

- (i) there occurs any new regulation or any change in the existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) there occurs any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, or after the date hereof, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (iv) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue;

then in any such case the Underwriter may, after consultation with the Company or its advisers as the circumstances shall admit, by notice in writing to the Company on its own behalf (which may be given at any time up to the Latest Time for Underwriting Termination) rescind the Underwriting Agreement.

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement.

TERMINATION OF THE UNDERWRITING AGREEMENT

If the Underwriter exercises its rights to terminate the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

LETTER FROM THE BOARD



美捷滙控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1389)

Executive Director:

Mr. Cheung Chun To

Independent non-executive Directors:

Mr. Yue Kwai Wa Ken

Mr. Ngai Hoi Ying

Mr. Siu Shing Tak

Registered office:

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

*Head office and principal place of
business in Hong Kong:*

Suite 1507, Tower 2, Silvercord,
30 Canton Road, Tsim Sha Tsui,
Kowloon, Hong Kong

12 January 2024

To the Shareholders

Dear Sir/Madam,

- (1) PROPOSED SHARE CONSOLIDATION;**
- (2) PROPOSED CHANGE IN BOARD LOT SIZE;**
- (3) PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES FOR EVERY THREE (3) CONSOLIDATED
SHARES HELD ON THE RECORD DATE;**
- (4) CONNECTED TRANSACTION IN RELATION TO
THE UNDERWRITING AGREEMENT;**
- (5) APPLICATION FOR WHITEWASH WAIVER; AND**
- (6) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the Announcement and the announcement of the Company dated 3 January 2024 in relation to the delay in despatch of this circular. The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Yue Kwai Wa Ken, Mr. Ngai Hoi Ying and Mr. Siu Shing Tak, to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver, and as to the voting action therefor.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Share Consolidation, the Change in Board Lot Size, the Rights Issue, the Placing Agreement, the Irrevocable Undertaking, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver; and (iv) a notice convening the EGM.

PROPOSED SHARE CONSOLIDATION

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every ten (10) issued and unissued Existing Shares of HK\$0.00125 each into one (1) Consolidated Share of HK\$0.0125 each. As none of the Shareholders or their respective associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution relating to the Share Consolidation at the EGM.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following:

- (i) the passing of the ordinary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands and Hong Kong (where applicable), the Listing Rules to effect the Share Consolidation; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

The Share Consolidation is expected to become effective on Wednesday, 31 January 2024, being the next Business Day immediately following the fulfillment of the above conditions.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$10,000,000 divided into 8,000,000,000 Existing Shares of HK\$0.00125 each, of which 3,326,000,000 Existing Shares have been issued and are fully paid or credited as fully paid.

LETTER FROM THE BOARD

Upon the Share Consolidation becoming effective and on the basis that no further Shares will be allotted, issued or repurchased prior thereto, the authorised share capital of the Company will become HK\$10,000,000 divided into 800,000,000 Consolidated Shares of HK\$0.0125 each, of which 332,600,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company's articles of association. No fractional Consolidated Shares arising from the Share Consolidation, if any, will be issued by the Company to the Shareholders. Any fractional entitlements of Consolidated Shares will be aggregated, and if possible, sold and retained 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.

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 Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise and the necessary professional expenses for the implementation of the Share Consolidation.

Other securities of the Company

As at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

Odd lots arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares and fully-paid Rights Shares arising from the Share Consolidation and the Rights Issue, the Company has appointed Lego Securities Limited to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares and fully-paid Rights Shares on a best effort basis for the holders of odd lots of Shares during the period from 9:00 a.m. on Friday, 16 February 2024 to 4:00 p.m. on Thursday, 7 March 2024 (both days inclusive).

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers. Details of the odd lot arrangement will be provided in the Prospectus.

LETTER FROM THE BOARD

Exchange of share certificates for Consolidated Shares

Subject to the Share Consolidation having become effective, Shareholders may, during the specified period from Wednesday, 31 January 2024 to Monday, 11 March 2024 (both days inclusive), submit the existing share certificates for the Existing Shares to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in 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 trading, settlement and registration purposes.

The new share certificates for the Consolidated Shares will be issued in red colour in order to distinguish them from the existing share certificates in green colour.

Listing and dealings

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

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

LETTER FROM THE BOARD

PROPOSED CHANGE IN BOARD LOT SIZE

The Existing Shares are currently traded on the Stock Exchange in board lot size of 4,000 Existing Shares. The Board proposes to change the board lot size for trading from 4,000 Existing Shares to 12,000 Consolidated Shares per board lot upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.024 per Existing Share (equivalent to the theoretical closing price of HK\$0.24 per Consolidated Share) as at the Latest Practicable Date, (i) the value per board lot of 4,000 Existing Shares is HK\$96; (ii) the value of each board lot of 4,000 Consolidated Shares would be HK\$960 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 12,000 Consolidated Shares would be HK\$2,880 on the assumption that the Change in Board Lot Size had also become effective.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders.

REASONS FOR THE SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the share approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the listed issuer to either change the trading method or to proceed with a consolidation or splitting of the Existing Shares. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 (and updated on 1 October 2020) has further stated that (i) market price of the share at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account that the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

In view of the recent trading price of the Shares at a level below HK\$0.10 and the value per board lot being substantially less than HK\$2,000, the Board considers that upon the Share Consolidation becoming effective, the share price of the Company would be adjusted to HK\$0.24 per Consolidated Share (based on the closing price of HK\$0.024 per Existing Share as at the Latest Practicable Date); and with a board lot size of 12,000 Consolidated Shares, the new board lot value would be HK\$2,880, which would enable the Company to comply with the trading requirements under the Listing Rules. Further, it is expected that the Share Consolidation will increase the nominal value of the Shares. Accordingly, the Share Consolidation will bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in the Consolidated Shares. As a result, the Share Consolidation would not only enable the Company to comply with the trading requirements under the Listing Rules, but would also attract more investors and hence broaden the Shareholder base.

LETTER FROM THE BOARD

The Company considers the Share Consolidation and the Change in Board Lot Size will not have any material adverse effect on the financial position of the Company nor result in change in the relative rights of the Shareholders and are in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, save for the Share Consolidation, the Change in Board Lot Size and the proposed Rights Issue as disclosed under the paragraph headed "Proposed Rights Issue" below, the Company has no intention to carry out other corporate action or arrangement, including share consolidation, share sub-division and capital reduction, in the next 12 months, which may have an effect of undermining or negating the intended purpose of the Share Consolidation and the Change in Board Lot Size.

However, in the event there is any change to the business environment and/or financial position of the Group due to unforeseeable circumstances, and the Company is required to conduct further fundraising exercises when suitable opportunities arise in order to support future development of the Group, the Company will publish further announcement(s) in compliance with the Listing Rules as and when appropriate.

PROPOSED RIGHTS ISSUE

The Board proposes, subject to, amongst others, the Share Consolidation becoming effective, the Rights Issue with the terms set out as follows:

Issue statistics

Basis of the Rights Issue	:	Two (2) Rights Shares for every three (3) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.136 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.131 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	3,326,000,000 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	332,600,000 Consolidated Shares

LETTER FROM THE BOARD

Number of Rights Shares to be issued pursuant to the Rights Issue	:	221,733,332 Rights Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Approximately HK\$2,771,667 (assuming no Shares are issued or repurchased on or before the Record Date)
Total number of Consolidated Shares in issue upon completion of the Rights Issue	:	554,333,332 Consolidated Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Gross proceeds from the Rights Issue	:	Approximately HK\$30.2 million before expenses (assuming no Shares are issued or repurchased on or before the Record Date)
Underwriter	:	Silver Tycoon Limited, a company wholly and beneficially owned by Mr. Cheung

As at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares on or before the Record Date.

Assuming no Shares are issued or repurchased on or before the Record Date, the 221,733,332 Rights Shares to be issued pursuant to the terms of the Rights Issue represent approximately 66.7% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and approximately 40.0% of the total number of issued Consolidated Shares as enlarged by the issue of the Rights Shares.

Conditions of the Rights Issue

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

- (i) the passing of all necessary resolutions to be proposed at the EGM for approving the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver. In particular, the Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval of the Whitewash Waiver by at least 75% of the Independent Shareholders at the EGM by way of poll; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder;
- (ii) the Share Consolidation and the Change in Board Lot Size becoming effective;

LETTER FROM THE BOARD

- (iii) the issue by the Stock Exchange of a certificate authorising the registration of, and the registration with the Companies Registry, respectively, of one copy of each of the Prospectus Documents not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance;
- (iv) the Prospectus Documents having made available to the Qualifying Shareholders and the Prospectus bearing a "For Information Only" stamp having made available to the Excluded Shareholders, if any, for information purpose only on or before the Prospectus Posting Date;
- (v) the granting by the Listing Committee of the Stock Exchange of the approval for 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;
- (vi) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of any condition attached to the Whitewash Waiver granted;
- (vii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events;
- (viii) the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms and conditions; and
- (ix) the compliance with any other mandatory requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

All conditions set out above cannot be waived. As at the Latest Practicable Date, none of the conditions have been fulfilled. If any of the above conditions is not fulfilled at or prior to the Latest Time for Underwriting Termination, the Rights Issue will not proceed.

The Subscription Price

The Subscription Price of HK\$0.136 per Rights Share is payable in full when a Qualifying Shareholder accepts 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 approximately 43.33% to the closing price of HK\$0.240 per Consolidated Share as quoted on the Stock Exchange on the Latest Practicable Date, assuming Share Consolidation has become effective;

LETTER FROM THE BOARD

- (ii) a discount of approximately 53.10% to the closing price of HK\$0.290 per Consolidated Share as quoted on the Stock Exchange on the Last Trading Day, assuming Share Consolidation has become effective;
- (iii) a discount of approximately 51.77% to the average closing price per Consolidated Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.282, assuming Share Consolidation has become effective;
- (iv) a discount of approximately 50.90% to the average closing price per Consolidated Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.277, assuming Share Consolidation has become effective;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 21.24% represented by the theoretical diluted price of approximately HK\$0.228 to the benchmarked price of approximately HK\$0.290 per Consolidated Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.290 per Consolidated Share and the average closing price of the Consolidated Shares in the five trading days immediately prior to the date of the Announcement of HK\$0.282 per Consolidated Share), assuming Share Consolidation has become effective;
- (vi) a discount of approximately 58.79% to the consolidated net asset value per share attributable to the Shareholders as at 31 March 2023 of approximately HK\$0.330 calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$109,813,000 as at 31 March 2023 as set out in the annual report of the Company for the year ended 31 March 2023 and 332,600,000 Consolidated Shares in issue as at the Latest Practicable Date, assuming the Share Consolidation became effective on 31 March 2023; and
- (vii) a discount of approximately 56.96% to the consolidated net asset value per share attributable to the Shareholders as at 30 September 2023 of approximately HK\$0.316 calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$105,102,000 as at 30 September 2023 as set out in the interim report of the Company for the six months ended 30 September 2023 and 332,600,000 Consolidated Shares in issue as at the Latest Practicable Date, assuming the Share Consolidation became effective on 30 September 2023.

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

LETTER FROM THE BOARD

The Subscription Price was determined taking into consideration (i) the recent market price of the Existing Shares; (ii) the prevailing market conditions; (iii) the low trading volume of the Existing Shares; and (iv) the amount of funds the Company intends to raise under the Rights Issue for the purposes described in the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” below. The Directors (including the members of the Independent Board Committee) consider that the Subscription Price being at a discount to the current market price of the Existing Shares would enhance the attractiveness of the Rights Issue, and in turn encourage the Shareholders to participate in the Rights Issue, and accordingly allow them to maintain their shareholdings in the Company and participate in the future growth and development of the Group.

The Directors (including the members of the Independent Board Committee) consider that, in view of the prevailing market conditions and factors as described above, the terms of the Rights Issue, including the Subscription Price, are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e., Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.131 per Rights Share.

Basis of provisional allotments

Under the Rights Issue, the basis of the provisional allotment will be two (2) Right Shares for every three (3) Consolidated Shares held by the Shareholders as at the close of business on the Record Date at the Subscription Price. Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a cheque or a banker’s cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before 4:00 p.m. on the Latest Time for Acceptance.

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

Fractional entitlement to the Rights Shares

Rights Shares in provisional allotment will be rounded down to the nearest whole number. No fractional Rights Shares will be issued under the Rights Issue. All fractions of Rights Shares will be aggregated and first placed by the Placing Agent under the Unsubscribed Arrangements (see details set out in the paragraph headed “Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements” below) to Independent Third Parties for the benefit of the Company.

LETTER FROM THE BOARD

Status of the Rights Shares

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

Qualifying Shareholders

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

To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) be a Qualifying Shareholder.

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

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer documents of the Shares (together with the relevant share certificates) with the Registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Friday, 2 February 2024.

The Company expects to make available the Prospectus Documents to the Qualifying Shareholders on Wednesday, 14 February 2024.

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

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

LETTER FROM THE BOARD

Certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent on or about Tuesday, 12 March 2024 by ordinary post to those entitled thereto, at their own risk, to their registered addresses.

Refund cheques in respect of applications for Rights Shares if the Rights Issue is terminated are expected to be sent on or about Tuesday, 12 March 2024 by ordinary post to the applicants, at their own risk, to their registered addresses, or in case of joint applicants, to the address of the first-named person.

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

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 nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lot of 12,000 Rights Shares.

Rights Shares will be eligible for admission into CCASS

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

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

Rights of Overseas Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there are two Overseas Shareholders with registered addresses situated in the PRC. The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. Based on legal advice provided by the legal advisers as to PRC law engaged by the Company as at the Latest Practicable Date and having considered the circumstances, the Board is of the opinion that the relevant PRC legal restrictions and requirement of the relevant body or the Stock Exchange do not make it necessary or expedient to exclude the Overseas Shareholders with registered address in the PRC from the Rights Issue. Accordingly, the Rights Issue will be offered to the Overseas Shareholders in the PRC jurisdiction.

As at the Latest Practicable Date, there were no Excluded Shareholders. Should there be any Excluded Shareholders that appear on the register of members of the Company on the Record Date, the Company will make available the Prospectus to the Excluded Shareholders for their information only, but will not send any PAL to them. For the avoidance of doubt, the Excluded Shareholders are entitled to attend and vote at the EGM.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares. The Company reserves the right to treat as invalid any acceptances of, or applications for, the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

Closure of register of members for EGM

The register of members of the Company will be closed from Tuesday, 23 January 2024 to Monday, 29 January 2024 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

Closure of register of members for Rights Issue

The register of members of the Company will be closed from Monday, 5 February 2024 to Friday, 9 February 2024 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements

Pursuant to Rule 7.21(2) of the Listing Rules, as the Underwriter, being a substantial shareholder, will act as the underwriter of the Rights Issue, the Company must make arrangements as stipulated in Rule 7.21(1)(b) of the Listing Rules to dispose of any Unsubscribed Shares by offering such Unsubscribed Shares to independent placees for the benefit of the relevant No Action Shareholders.

LETTER FROM THE BOARD

Any Unsubscribed Shares (which comprise (i) the fractional Rights Shares aggregated as described under the paragraph headed “Proposed Rights Issue - Fractional provisional allotment of the Rights Shares” above; (ii) the Rights Shares that are not subscribed by the Qualifying Shareholders; and/or (iii) Rights Shares which would otherwise have been in the provisional allotments of the Excluded Shareholders) will be first placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties and not acting in concert with the Underwriter, Mr. Cheung or Ms. Lin. Any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the “**Net Gain**”) will be paid to those No Action Shareholders (except for the fractional Right Shares which will be sold for the benefit of the Company). For the avoidance of doubt, the Placing Agent will place the Unsubscribed Shares in the seniority and order of the Rights Shares that are not subscribed by the Qualifying Shareholders and/or which would otherwise have been in the provisional allotments of the Excluded Shareholders the first, and the fractional Rights Shares the second. The Placing Agent will, pursuant to the terms of the Placing Agreement, procure, by no later than Tuesday, 5 March 2024, acquirers for all (or as many as possible) of those Unsubscribed Shares at a price not less than the Subscription Price. Any Unsubscribed Shares not successfully placed out, will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

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

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below); or
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS; or
- (iii) where an entitlement to the Rights Shares was not taken up by the Overseas Shareholders, to those Overseas Shareholders.

It is proposed that the Net Gain to any of the No Action Shareholder(s) mentioned above which is in an amount of HK\$100 or more will be paid to them in Hong Kong dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

In order to comply with the Listing Rules, the Company has entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Shares at the Placing Price. Any unplaced Unsubscribed Shares will then be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

LETTER FROM THE BOARD

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares. It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

THE PLACING AGREEMENT

Principal terms of the Placing Agreement (as supplemented by a supplemental agreement dated 3 January 2024) are summarised below:

Placing Agent	:	Lego Securities Limited
Placing commission	:	3% of the actual gross proceeds from the subscription of the Unsubscribed Shares under the Placing
Placing Price	:	not less than HK\$0.136 per Unsubscribed Share
Placing Period	:	a period commencing from the first (1st) Business Day immediately after the Latest Time for Acceptance (i.e. 29 February 2024 under the current timetable) and ending on 5:00 p.m. on the fourth (4th) business day after the Latest Time for Acceptance
Places	:	The Unsubscribed Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties and not acting in concert with the Underwriter, Mr. Cheung or Ms. Lin or their respective concert parties.

The Placing Agent will, on a best effort basis during the Placing Period, seek to procure subscribers who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties and not acting in concert with the Underwriter, Mr. Cheung or Ms. Lin or their respective concert parties for all (or as many as possible) of the Unsubscribed Shares.

LETTER FROM THE BOARD

Conditions of the Placing Agreement

The Placing Agreement is conditional upon the following conditions:

- (i) the Share Consolidation and Change in Board Lot Size becoming effective;
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares in their nil-paid and fully paid forms;
- (iii) the passing of all necessary resolutions to be proposed at the EGM for approving the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver;
- (iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion of the Placing, 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; and
- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

In the event the conditions of the Placing Agreement are not fulfilled on or before the Latest Time for Placing Termination (or such later date as may be agreed between the parties in writing), all rights, obligations and liabilities of the parties shall cease and terminate and neither of the parties shall have any claim against the other, save for any antecedent breach under the Placing Agreement prior to the termination of the Placing Agreement. As at the Latest Practicable Date, none of the conditions have been fulfilled.

Termination of the Placing Agreement

Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to the Latest Time for Placing Termination upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse material effect on the business or financial conditions of the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the

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Placing Agreement) and including an event or change in relation to or a material adverse 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; or

- (ii) the imposition of any moratorium, suspension (for more than seven trading days other than in connection with the Rights Issue) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
- (iv) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong; or
- (v) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date upon completion of the Placing which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (vi) the Unsubscribed Shares are not approved by the relevant regulatory bodies and/or regulatory authorities to be placed to any places as contemplated in the Placing Agreement.

If (i) notice is given pursuant to termination clauses of the Placing Agreement; and/or (ii) all the Rights Shares have been taken up by the Qualifying Shareholders and/or the holders of the nil-paid rights on or before the Latest Time for Acceptance, the Placing Agreement shall terminate 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 the termination of the Placing Agreement.

The Placing Agent confirms that it is an Independent Third Party, and that there is no arrangement, agreement, understanding or undertaking with the Underwriter in relation to the Shares. The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the terms to be normal commercial terms.

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The Company considers that the Unsubscribed Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Independent Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As the Company has put in place the above Unsubscribed Arrangements as required by Rule 7.21(1)(b) of the Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

THE IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, the Underwriter is interested in 975,859,600 Shares, representing approximately 29.34% of the Existing Shares. Pursuant to the Irrevocable Undertaking, the Underwriter has unconditionally and irrevocably undertaken to the Company, (i) prior to the close of the Rights Issue, not to offer for sale, sell, transfer, contract to sell or otherwise dispose of any of (a) the 975,859,600 Existing Shares (equivalent to 97,585,960 Consolidated Shares, upon the Share Consolidation becoming effective) ultimately beneficially held by the Underwriter as at the date of the Irrevocable Undertaking or (b) the nil-paid rights pertaining to the 65,057,306 Rights Shares provisionally allotted to the Underwriter; (ii) the 975,859,600 Existing Shares (equivalent to 97,585,960 Consolidated Shares, upon the Share Consolidation becoming effective) registered in its name and/or under the name(s) of its nominee(s) as at the date of the Irrevocable Undertaking shall remain registered in its name and/or under the name(s) of its nominee(s) on the Record Date and until the close of the Rights Issue; (iii) to apply and pay for the Rights Shares which will be in the provisional allotment of Rights Shares in respect of the 975,859,600 Existing Shares (equivalent to 97,585,960 Consolidated Shares, upon the Share Consolidation becoming effective); and (iv) subject to compliance with the Takeovers Code, take all appropriate steps including but not limited to the engagement of a placing agent to procure subscribers (who are Independent Third Parties) to subscribe for the Shares which would otherwise be required to be taken up by the Underwriter under the Underwriting Agreement in order to restore the minimum public float requirement of the Company in compliance with Rule 8.08(1)(a) of the Listing Rules, if the subscription for the Unsubscribed Shares by the Underwriter pursuant to the Underwriting Agreement will result in insufficient public float of the Company within the meaning of the Listing Rules.

Ms. Lin has indicated her intention to apply and pay for the Rights Shares which will be in the provisional allotment of Rights Shares in respect of the Shares held by her on the Record Date. Save for the Irrevocable Undertaking and Ms. Lin's intention as aforesaid, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

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THE UNDERWRITING AGREEMENT

On 14 December 2023 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement in respect of the proposed Rights Issue, subject to the terms and conditions set out in the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriter agreed to fully underwrite the Unsubscribed Shares.

Principal terms of the Underwriting Agreement (as supplemented by a supplemental agreement dated 3 January 2024) are as follows:

Date : 14 December 2023

Parties : (i) The Company; and
(ii) The Underwriter, being the underwriter to the Rights Issue

The Underwriter is a substantial shareholder of the Company which beneficially holds 975,859,600 Existing Shares (equivalent to 97,585,960 Consolidated Shares upon the Share Consolidation becoming effective), representing approximately 29.34% of the entire issued share capital of the Company as at the Latest Practicable Date. As such, the Underwriter complies with Rule 7.19(1)(b) of the Listing Rules.

Number of Rights Shares to be underwritten : The total number of the Unsubscribed Shares that have not been placed by the Placing Agent or they have been placed by the placees have not paid therefor at 4:00 p.m. on the Placing End Date, being up to 156,676,026 Rights Shares (upon the Share Consolidation becoming effective), that is the maximum total number of Rights Shares issuable (assuming no change in the number of Consolidated Shares in issue on or before the Record Date), excluding the 65,057,306 Rights Shares to be undertaken by the Underwriter pursuant to the Irrevocable Undertaking

Underwriting commission : Nil

The Underwriter's obligation to make a general offer under the Takeovers Code may be triggered as a result of the acceptance by the Underwriter of the Unsubscribed Shares allotted to it under the Rights Issue when there is an undersubscription of the Rights

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Issue. An application has been made by the Underwriter to the Executive for the Whitewash Waiver. As disclosed in the paragraphs headed “Conditions of the Rights Issue” and “Conditions of the Underwriting Agreement” herein, it is a condition of the Rights Issue and Underwriting Agreement to have the Executive granting the Whitewash Waiver to the Underwriter and such grant not being withdrawn or revoked.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the fulfilment or waiver, where permitted, of the following conditions:

- (a) the Share Consolidation and the Change in Board Lot Size becoming effective;
- (b) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events;
- (c) the delivery to the Stock Exchange, and filing and registration with Companies Registry in Hong Kong of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and in compliance with the Listing Rules, the Companies (WUMP) Ordinance and the Companies Ordinance;
- (d) the Prospectus Documents having made available to the Qualifying Shareholders by the Prospectus Posting Date and the Prospectus and a letter having made available to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (e) (i) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Underwriting Termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 trading days (other than any suspension pending clearance of the Announcement) and (ii) no indication being received on the Latest Time for Underwriting Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (f) there being no breach of any provision of the Underwriting Agreement by the Company at all times prior to the Latest Time for Underwriting Termination;
- (g) the representations and warranties of the Company referred to in the Underwriting Agreement remaining true and accurate and not misleading in all material respects at all times prior to the Latest Time for Underwriting Termination;

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- (h) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Rights Shares either unconditionally or subject to such conditions which the Company (with the approval of the Underwriter) accepts, in both nil-paid and fully-paid forms and such listing not being withdrawn or revoked;
- (i) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of any condition attached to the Whitewash Waiver granted;
- (j) the Independent Shareholders having approved at the EGM of (i) the Share Consolidation; (ii) the Rights Issue; (iii) the Placing Agreement; (iv) the Underwriting Agreement; and (v) the Whitewash Waiver no later than the Prospectus Posting Date. In particular, the Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval of the Whitewash Waiver by at least 75% of the Independent Shareholders at the EGM by way of poll; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder;
- (k) the compliance with and performance of the undertaking and obligation of the Underwriter, under the Irrevocable Undertaking;
- (l) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands; and
- (m) the obligations of the Underwriter under the Underwriting Agreement not being terminated in accordance with the terms of the Underwriting Agreement at or before the Latest Time for Underwriting Termination.

Other than conditions (f) and (g) which can be waived in whole or in part by the Underwriter by notice in writing to the Company prior to the Latest Time for Underwriting Termination, all other conditions precedent above are incapable of being waived.

As at the Latest Practicable Date, none of the conditions has been satisfied. If the conditions are not fully satisfied by the Latest Time for Underwriting Termination (or such other date as the Company and the Underwriter may mutually agree in writing) or if the Underwriting Agreement is rescinded or terminated pursuant to the terms thereof, all obligations and liabilities of the parties under the Underwriting Agreement shall cease and determine and neither party shall have any claim against the other for fees, costs, damages, compensation or otherwise, save for any antecedent breach of any obligation under the Underwriting Agreement.

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Termination of the Underwriting Agreement

The Underwriter shall have the right to terminate the Underwriting Agreement by notice in writing given to the Company at or prior to the Latest Time for Underwriting Termination, if:

- (i) there occurs any new regulation or any change in the existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) there occurs any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, or after the date hereof, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (iv) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue;

then in any such case the Underwriter may, after consultation with the Company or its advisers as the circumstances shall admit, by notice in writing to the Company on its own behalf (which may be given at any time up to the Latest Time for Underwriting Termination) rescind the Underwriting Agreement.

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement.

If the Underwriter exercises its rights to terminate the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

LETTER FROM THE BOARD

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

The gross proceeds from the Rights Issue are expected to be approximately HK\$30.2 million. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$29.0 million. The Company intends to apply the net proceeds from the Rights Issue by 31 March 2025 as follows:

- (i) approximately HK\$17.5 million for the setting up of a new retail shop in the PRC, in particular, (a) approximately HK\$3.0 million as startup cost for such shop including, renovation cost, rental expense and staff cost; and (b) approximately HK\$14.5 million for procurements of premium liquor for such PRC shop;
- (ii) approximately HK\$9.7 million for procurements of high-end premium liquor for the Hong Kong business of the Group, including red wine, white wine and champagne; and
- (iii) approximately HK\$1.8 million for improvement of the online shop and IT infrastructure of the Group.

The Group is principally engaged in the sales and distribution of premium wine and spirits products and wine accessory products in Hong Kong. Products of the Group include red wine, white wine, sparkling wine, spirits, sake, wine accessory products and other products. The Group offers products through its retail showrooms, network of distributors, retail organisations, five-star hotels, and private clubs. Due to the complex global environment, such as the ongoing military conflict between Israel and Hamas, and Russia and Ukraine, global elevated high inflation and interest rate, the US-Sino trade war challenge, and intensified competition in premium wine industry, the overall business environment of the Group has been unstable and challenging. The Group recorded net loss attributable to owners of the Company of approximately HK\$16.6 million for the year ended 31 March 2023, and unaudited net loss attributable to owners of the Company of approximately HK\$4.7 million for the six months ended 30 September 2023. As at 30 September 2023, the Group recorded unaudited bank and cash balances of approximately HK\$6.4 million while bank borrowings of approximately HK\$2.7 million which are repayable within one year. Having considered the prevailing market condition and low level of cash on hand available to the Group, the Directors (including the members of the Independent Board Committee) are of the view that the Rights Issue could provide sufficient funds at no borrowing costs for the Group's operation and the development and expansion of the Group's business.

Leveraging on the business network and the renowned brand of the Group in the liquor industry, the Group plans to establish a new retail shop in the PRC so as to grasp the business opportunity and tap into the growing liquor market in the PRC. In Hong Kong, the Group commonly encounters customers from the PRC looking for genuine premium liquor. According to the National Bureau of Statistic, revenue and profit generated by Chinese Baijiu enterprises (above designated size) in 2022 amounted to approximately RMB662.6 billion and RMB220.2 billion, respectively, representing a year-on-year increase of approximately 9.6% and 29.4%, respectively. In addition, according to Statista, a global

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data and business intelligence platform, the wine market and spirits market in the PRC are expected to grow annually by 2.55% and 2.28% from 2023 to 2028, respectively. Hence, the Group considers there is demand for its products in the PRC. As at the Latest Practicable Date, the Group has been exploring the potential location for the new retail store in Shenzhen or Guangzhou.

Further, in order to improve the financial performance of the Group, the Company plans to adjust its marketing strategy in Hong Kong by focusing more on high-end premium wine from countries such as Europe, North America and Japan, from which the wine generally may have higher profit margin. The Board (including the members of the Independent Board Committee) is of the view that such high-end premium wine could help improve the performance of the Group. Moreover, in order to improve the customer experience, approximately HK\$1.8 million is allocated for the renovation of the flagship store of the Group and to improve the Group's online shop and IT infrastructure, respectively.

Fundraising alternatives

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

The Board (including the members of the Independent Board Committee) is of the view that while additional debt financing will increase the gearing ratio of the Group and having considered the prevailing high interest rate environment, additional debts will increase the on-going interest expenses of the Group which may in turn further affect the profitability of the Group.

With respect to equity financing alternatives, the Board (including the members of the Independent Board Committee) considers that placing of new Shares would be a sub-optimal fundraising means as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market. The Directors (including the members of the Independent Board Committee) are of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing the overall working capital to fulfill the development plan of the Group without further increase the interest burden to the Group. The Rights Issue also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid shareholding dilution for those Shareholders who take up their entitlement under the Rights Issue in full.

Having considered the above, the Directors (including the members of the Independent Board Committee) consider that the terms of the Rights Issue are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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INFORMATION ON THE UNDERWRITER

The Underwriter, Silver Tycoon Limited, is an investment holding company incorporated in the British Virgin Islands with limited liability and principally engaged in holding the Shares. As at the Latest Practicable Date, the Underwriter is wholly-owned by Mr. Cheung, the chairman and chief executive officer of the Company and an executive Director. Mr. Cheung is primarily responsible for overseeing and managing the overall operation of the Group, planning and executing the overall corporate strategies and developing and handling external relationship for the Group. Mr. Cheung has over 15 years of experience in the sales and distribution of premium wine and spirits products.

In the event that the Underwriter becomes the controlling shareholder of the Company as a result of the taking up of the Underwritten Shares pursuant to the Underwriting Agreement, it is the intention of the Underwriter to continue the existing businesses of the Group. The Underwriter has no intention to introduce any major changes to the businesses of the Group (including any redeployment of the fixed assets of the Group) or terminate the continued employment of the employees of the Group.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no further issue or repurchase of Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Share Consolidation becoming effective; (iii) immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders; (iv) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Underwriter pursuant to the Irrevocable Undertaking) have taken up any entitlements of the Rights Shares and all the Unsubscribed Shares are placed to the independent placees (“**Scenario I**”); and (v) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Underwriter pursuant to the Irrevocable Undertaking) have taken up any entitlements of the Rights Shares and none of the Unsubscribed Shares are placed to the Placees and all the unplaced Unsubscribed Shares are subscribed by the Underwriter (“**Scenario II**”):

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	As at the Latest Practicable Date		Immediately after the Share Consolidation becoming effective		Immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders		Scenario I		Scenario II	
	No. of Existing Shares	Approx. % (Note 2)	No. of Consolidated Shares	Approx. % (Note 2)	No. of Consolidated Shares	Approx. % (Note 2)	No. of Consolidated Shares	Approx. % (Note 2)	No. of Consolidated Shares	Approx. % (Note 2)
The Underwriter (Note 1)	975,859,600	29.34	97,585,960	29.34	162,643,266	29.34	162,643,266	29.34	319,319,292	57.60
Ms. Lin (Note 1)	11,140,000	0.33	1,114,000	0.33	1,856,667	0.33	1,114,000	0.20	1,114,000	0.20
Sub-total of the Underwriter and parties acting in concert with it	986,999,600	29.67	98,699,960	29.67	164,499,933	29.67	163,757,266	29.54	320,433,292	57.80
Zheng Huanming	480,000,000	14.43	48,000,000	14.43	80,000,000	14.43	48,000,000	8.66	48,000,000	8.66
Zhang Guangyuan	477,140,400	14.35	47,714,040	14.35	79,523,400	14.35	47,714,040	8.61	47,714,040	8.61
Zhang Guozhong	446,000,000	13.41	44,600,000	13.41	74,333,333	13.41	44,600,000	8.05	44,600,000	8.05
Independent placees	-	-	-	-	-	-	156,676,026	28.26	-	-
Other public Shareholders	935,860,000	28.14	93,586,000	28.14	155,976,666	28.14	93,586,000	16.88	93,586,000	16.88
Total	3,326,000,000	100.00	332,600,000	100.00	554,333,332	100.00	554,333,332	100.00	554,333,332	100.00

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Notes:

1. As at the Latest Practicable Date, Mr. Cheung beneficially owns the entire shareholding interests in Silver Tycoon Limited, the Underwriter. Therefore, Mr. Cheung is deemed to be interested in the 975,859,600 Existing Shares held by Silver Tycoon Limited. Ms. Lin, being the spouse of Mr. Cheung, beneficially owns 11,140,000 Existing Shares. By virtue of the SFO, Mr. Cheung is deemed to be interested in an aggregate 986,999,600 Existing Shares.
2. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

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

The Company will continue to comply with the public float requirements, being not less than 25% of the total issued share capital of the Company under Rule 8.08 of the Listing Rules, at all times and take appropriate steps/measures to ensure sufficient public float of the Shares (if necessary). The Underwriter has undertaken to the Company under the Irrevocable Undertaking that if the subscription for the Unsubscribed Shares by the Underwriter pursuant to the Underwriting Agreement will result in insufficient public float of the Company within the meaning of the Listing Rules, the Underwriter will, subject to compliance with the Takeovers Code, take all appropriate steps including but not limited to the engagement of a placing agent to procure subscribers (who are Independent Third Parties) to subscribe for the Shares which would otherwise be required to be taken up by the Underwriter under the Underwriting Agreement in order to restore the minimum public float requirement of the Company in compliance with Rule 8.08(1)(a) of the Listing Rules.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company did not conduct any equity fund raising activities during the 12 months immediately preceding the Latest Practicable Date.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR THE WHITEWASH WAIVER

As at the Latest Practicable Date, the Underwriter, Mr. Cheung, Ms. Lin and their respective concert parties are interested in 986,999,600 Shares in aggregate, representing approximately 29.67% of the entire issued share capital of the Company.

Assuming (i) there is no change in the number of issued Shares from the Latest Practicable Date up to and including the date of closing of the Rights Issue; (ii) none of the Qualifying Shareholders other than the Underwriter have taken up their entitlements under the Rights Issue; and (iii) none of the Unsubscribed Shares have been taken up under the Unsubscribed Arrangements and the Underwriter is required to take up all the Unsubscribed Shares, the aggregate interests in the Company held by the Underwriter, Mr. Cheung, Ms. Lin and their respective concert parties upon the close of the Rights Issue will increase from the current level of approximately 29.67% to approximately 57.80% of

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the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. The Underwriter will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it pursuant to Rule 26 of the Takeovers Code.

An application has been made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval of the Whitewash Waiver by at least 75% of the Independent Shareholders at the EGM by way of poll; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder. The Underwriter, Mr. Cheung, Ms. Lin and the parties acting in concert with any of them and those who are involved in and/or interested in the Rights Issue, the Placing Agreement, the Underwriting Agreement or the Whitewash Waiver are required to abstain from voting in favour of the proposed resolution approving the Whitewash Waiver at the EGM. If the Whitewash Waiver is not granted by the Executive, the Rights Issue will not proceed.

As at the Latest Practicable Date, the Company believes that the Rights Issue, the Placing Agreement and the Underwriting Agreement would not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue, the Placing Agreement and the Underwriting Agreement do not comply with other applicable rules and regulations.

The Executive has indicated that it is minded to grant the Whitewash Waiver which will be conditional upon, among others, (i) the approval of the Whitewash Waiver by at least 75% of the Independent Shareholders voting in person or by proxy at the EGM by way of poll; and (ii) the approval of more than 50% of the Independent Shareholders for the Rights Issue, the Placing Agreement and the Underwriting Agreement and the transactions contemplated thereunder at the EGM by way of poll.

LISTING RULES IMPLICATIONS

Rights Issue

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued Shares by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) 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, the Company has no controlling shareholder as defined under the Listing Rules. Mr. Cheung, the chairman and chief executive officer of

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the Company and an executive Director, beneficially controls 986,999,600 Existing Shares in aggregate, representing approximately 29.67% of the entire issued share capital of the Company, and accordingly, Mr. Cheung and his associates, including the Underwriter and Ms. Lin are required to abstain from voting in favour of the proposed resolution to approve the Rights Issue at the EGM in accordance with Rule 7.27A(1) of the Listing Rules. No other Directors are interested in the Shares as at the Latest Practicable Date. Save for Mr. Cheung, the Underwriter and Ms. Lin, no other Shareholder is required to abstain from voting on the relevant resolution at the EGM.

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

Connected transaction in relation to the Underwriting Agreement

As at the Latest Practicable Date, Silver Tycoon Limited, the Underwriter under the Underwriting Agreement, is a substantial Shareholder and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Underwriter and its associates shall abstain from voting in respect of the resolution relating to the Underwriting Agreement at the EGM.

GENERAL

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

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Yue Kwai Wa Ken, Mr. Ngai Hoi Ying and Mr. Siu Shing Tak, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver, and as to the voting action therefor.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 46 to 47 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver, and as to the voting action therefor, and the letter from Independent Financial Adviser set out on pages IFA-1 to IFA-34 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The notice convening the EGM to be held at Suite 1507, Tower 2, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 29 January 2024 at 12:00 p.m. is enclosed with this circular.

LETTER FROM THE BOARD

The register of members of the Company will be closed from Tuesday, 23 January 2024 to Monday, 29 January 2024 (both dates inclusive) for determining the eligibility of the Shareholders to attend and vote at the EGM.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, 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. Completion and return of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Subject to the fulfilment of certain conditions of the Rights Issue, the Company will make available the Prospectus containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will also despatch the PAL in printed form to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may make available the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL. For the avoidance of doubt, the Excluded Shareholders (if any) are entitled to attend and vote at the EGM.

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

The Rights Issue is conditional upon fulfilment of the conditions set out in the paragraph headed "Conditions of the Rights Issue", 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; and the Executive having granted the Whitewash Waiver to the Underwriter. Accordingly, the Rights Issue may or may not proceed.

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

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

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the members of the Independent Board Committee) believe that the terms of the Share Consolidation, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver are fair and reasonable and in the interests of the Group and the Shareholders as a whole, therefore, the Directors (including the members of the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

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

For and on behalf of the Board
Major Holdings Limited
CHEUNG Chun To
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this circular.



美捷滙控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1389)

12 January 2024

To the Independent Shareholders

Dear Sir/Madam,

- (1) PROPOSED SHARE CONSOLIDATION;**
- (2) PROPOSED CHANGE IN BOARD LOT SIZE;**
- (3) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY THREE (3) CONSOLIDATED SHARES HELD ON THE RECORD DATE;**
- (4) CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT; AND**
- (5) APPLICATION FOR WHITEWASH WAIVER**

We refer to the circular of the Company dated 12 January 2024 (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether (i) the Rights Issue; (ii) the Placing Agreement; (iii) the Underwriting Agreement and the transactions contemplated thereunder; and (iv) the Whitewash Waiver are on normal commercial terms, fair and reasonable, so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders how to vote at the EGM. Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of its advice together with the principal factors and reasons it has taken into consideration on giving its advice, are contained in its letter set out on pages IFA-1 to IFA-34 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the principal factors and reasons considered by, and the advice of the Independent Financial Adviser, we considered that (i) the Rights Issue, the Placing Agreement and the Underwriting Agreement (including the transactions contemplated thereunder) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; and are in the interests of the Company and the Shareholders as a whole; and (ii) the Whitewash Waiver is to facilitate the implementation of the Rights Issue, and therefore the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of (i) the ordinary resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder; and (ii) the special resolution to be proposed at the EGM to approve the Whitewash Waiver.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Yue Kwai Wa Ken

Mr. Ngai Hoi Ying

Mr. Siu Shing Tak

Independent non-executive Directors

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in relation to the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder, and the Whitewash Waiver which has been prepared for the purpose of inclusion in this circular.



RAINBOW CAPITAL (HK) LIMITED
法博資本有限公司

12 January 2024

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY THREE (3) CONSOLIDATED SHARES HELD ON THE RECORD DATE;
(2) CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT; AND
(3) APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder, and the Whitewash Waiver, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 12 January 2024 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

With reference to the Letter from the Board, the Company proposes the Share Consolidation and to offer for subscription of up to 221,733,332 Rights Shares (with par value of HK\$0.0125 each upon the Share Consolidation having become effective, and assuming there is no other changes in the total number of issued Shares on or before the Record Date) by way of the Rights Issue at the Subscription Price of HK\$0.136 each to the Qualifying Shareholders on the basis of two (2) Rights Shares for every three (3) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date in order to raise gross proceeds of approximately HK\$30.2 million.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The Company had entered into the Underwriting Agreement with the Underwriter, which is a substantial Shareholder, whereby the Underwriter conditionally agrees to underwrite a maximum of 156,676,026 Rights Shares, being such number of Rights Shares to be issued pursuant to the Rights Issue, excluding the 65,057,306 Rights Shares to be undertaken by the Underwriter pursuant to the Irrevocable Undertaking. The Rights Issue is conditional upon, among other things, the Executive granting the Whitewash Waiver to the Underwriter.

On 14 December 2023, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company conditionally agreed to appoint the Placing Agent and the Placing Agent conditionally agreed to act as the placing agent for the Company to procure, on a best effort basis, places to subscribe for the Unsubscribed Share on the terms and subject to the conditions set out in the Placing Agreement.

Listing Rules Implications

In accordance with Rule 7.19A and Rule 7.27A of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50%, the Rights Issue is conditional upon the Independent Shareholders' approval at the EGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM. As at the Latest Practicable Date, the Underwriter is interested in 986,999,600 Existing Shares, representing approximately 29.67% of the entire issued share capital of the Company. Therefore, Mr. Cheung and his associates, including the Underwriter and Ms. Lin are required to abstain from voting in favour of the resolution(s) in relation to the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder at the EGM.

Silver Tycoon Limited, the Underwriter, is a substantial Shareholder and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction for the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Takeovers Code Implications

Assuming (i) there is no change in the number of issued Shares up to and including the date of closing of the Rights Issue save for the Rights Shares; (ii) none of the Qualifying Shareholders other than the Underwriter have taken up their entitlements under the Rights Issue; and (iii) none of the Unsubscribed Shares have been taken up under the Unsubscribed Arrangements and the Underwriter is required to take up all the Unsubscribed Shares, the aggregate interests in the Company held by the Underwriter, Mr. Cheung, Ms. Lin and their respective concert parties upon the close of the Rights Issue will increase from approximately 29.67% to approximately 57.80% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Accordingly, the Underwriter would be required to make a mandatory offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by it and parties acting in concert with it, unless the Whitewash Waiver is granted.

An application has been made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that it is minded to grant the Whitewash Waiver, which will be conditional upon, among other things, (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder. The Underwriter, Mr. Cheung, Ms. Lin and the parties acting in concert with any of them and those who are involved in and/or interested in the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the EGM.

The Rights Issue is conditional on, among other things, the granting of the Whitewash Waiver by the Executive and the approval by the Independent Shareholders at the EGM in respect of the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder, and the Whitewash Waiver. If the Whitewash Waiver is not granted and/or approvals by the Independent Shareholders are not obtained, or if any other conditions precedent under the Underwriting Agreement is not fulfilled, the Rights Issue will not proceed.

Independent Board Committee

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Yue Kwai Wa Ken, Mr. Ngai Hoi Ying and Mr. Siu Shing Tak, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder, and the Whitewash Waiver are fair and reasonable so far as the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the EGM. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in the same regard and such appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

We are not associated or connected financially or otherwise with the Company, the Underwriter, their respective substantial shareholders and professional advisers, or any party acting, or presumed to be acting, in concert with any of them. In the last two years, there was no engagement or connection between the Group or the Underwriter on one hand and us on the other hand. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangement exists whereby we will receive any fees or benefits from the Company, the Underwriter, their respective substantial shareholders and financial or other professional

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advisers, or any party acting, or presumed to be acting, in concert with any of them. As such, we are qualified to give independent advice to the Independent Board Committee in respect of the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder, and the Whitewash Waiver pursuant to Rule 2.6 of the Takeovers Code.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have considered, among other things, (i) the information and facts contained or referred to in this Circular; (ii) the annual reports of the Company for the years ended 31 March 2022 and 2023 (the “**2022 Annual Report**” and “**2023 Annual Report**”, respectively) and the interim report of the Company for the six months ended 30 September 2023 (the “**2023 Interim Report**”); (iii) the information and opinions provided by the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in this Circular were true, accurate and complete in all material respects as at the Latest Practicable Date. We have also assumed that all statements contained and representations made or referred to in this Circular are true in all material respects at the time they were made and continue to be true in all material respects as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in this Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in this Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so until the Latest Practicable Date.

Shareholders will be informed by the Group and us as soon as possible if there is any material change to the information disclosed in this Circular during the period from the Latest Practicable Date up to the date of the EGM, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee and the Shareholders accordingly.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in this Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, the Underwriter or any of their respective subsidiaries and associates.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Background of the Group

As stated in the Letter from the Board, the Group is principally engaged in the sales and distribution of premium wine and spirits products and wine accessory products in Hong Kong. Products of the Group include red wine, white wine, sparkling wine, spirits, sake, wine accessory products and other products. The Group offers products through its retail showrooms, network of distributors, retail organisations, five-star hotels, and private clubs.

(i) Financial performance

Set out below is a summary of (a) the audited financial information of the Group for the two years ended 31 March 2022 and 2023 (“FY2022” and “FY2023”, respectively) as extracted from the 2023 Annual Report; and (b) the unaudited financial information of the Group for the six months ended 30 September 2022 and 2023 (“6M 2022” and “6M 2023”, respectively) as extracted from the 2023 Interim Report:

	FY2022	FY2023	6M 2022	6M 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	107,789	74,443	41,218	29,519
Cost of sales	(93,948)	(66,574)	(36,224)	(25,814)
Gross profit	13,841	7,869	4,994	3,705
Interest revenue	4	28	–	–
Other income	5,976	2,879	1,615	2,066
Other gains and losses, net	(3,014)	(6,352)	27	(28)
Promotion, selling and distribution expenses	(11,385)	(9,632)	(5,248)	(4,480)
Administrative expenses	(9,606)	(10,665)	(4,595)	(5,853)
Finance costs	(577)	(758)	(268)	(121)
Loss before tax	(4,761)	(16,631)	(3,475)	(4,711)
Income tax (expense)/ credit	(3,953)	37	19	–
Loss attributable to the Shareholders	(8,714)	(16,594)	(3,456)	(4,711)

LETTER FROM INDEPENDENT FINANCIAL ADVISER

FY2023 compared to FY2022

For FY2023, the Group's revenue was approximately HK\$74.4 million, representing a decrease of approximately 30.9% from approximately HK\$107.8 million for FY2022. Such decrease was mainly due to decrease of the sales of red wine under the sluggish retail market in Hong Kong. As a results of the decrease in revenue and the sluggish retail market, more discounts were offered to customers in FY2023 to boost sales, whereby the gross profit margin decreased from approximately 12.8% for FY2022 to approximately 10.6% for FY2023.

The Group's loss attributable to the Shareholders increased by approximately 90.4% from approximately HK\$8.7 million for FY2022 to approximately HK\$16.6 million for FY2023. Such increase was primarily attributable to (a) the decrease in revenue and gross profit margin as mentioned above; (b) the decrease in other income as there was a one-off tax indemnity provided by shareholder of approximately HK\$3.8 million in FY2022; and (c) the increase in other losses due to the impairment loss on goodwill of approximately HK\$2.3 million on the wine trading, wine storage and wine consignment business.

6M 2023 compared to 6M 2022

For 6M 2023, the Group's revenue was approximately HK\$29.5 million, representing a decrease of approximately 28.4% from approximately HK\$41.2 million for 6M 2022, which was mainly due to the continuous decrease in sales of red wine during the period. In line with the decrease in revenue, the gross profit of the Group also decreased by approximately 25.8% from approximately HK\$5.0 million for 6M 2022 to approximately HK\$3.7 million for 6M 2023. The Group recorded other losses of approximately HK\$28,000 for 6M 2023 as compared to other gains of approximately HK\$27,000 for 6M 2022. Such increase in other losses was mainly due to fluctuation in foreign exchange. The Group's other losses mainly consist of loss allowance provision for trade receivables, impairment losses and loss on disposal of property, plant and equipment. Loss attributable to the Shareholders also increased from approximately HK\$3.5 million for 6M 2022 to approximately HK\$4.7 million for 6M 2023.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

(ii) *Financial position*

Set out below is a summary of the consolidated statements of financial position of the Group as at 31 March 2022 and 2023 and 30 September 2023 as extracted from the 2023 Annual Report and the 2023 Interim Report:

	As at 31 March		As at 30
	2022	2023	September
	HK\$'000	HK\$'000	HK\$'000
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Non-current assets, including:	4,876	9,775	8,373
– Property, plant and equipment	2,041	2,085	884
– Right-of-use assets	356	7,489	7,489
Current assets, including:	168,472	122,587	116,284
– Inventories	75,706	71,678	76,888
– Trade receivables	14,236	9,380	11,968
– Prepayments, deposits and other receivables	65,290	35,146	20,533
– Pledged bank deposits	6,060	–	–
– Bank and cash balances	7,180	5,933	6,445
Total assets	173,348	132,362	124,657
Current liabilities, including:	46,904	17,755	14,761
– Trade payables	1,063	1,701	2,325
– Contract liabilities	12,093	5,961	5,951
– Bank borrowings	22,546	4,000	2,733
– The amount due to a director	5,000	2,000	–
– Lease liabilities	1,100	3,337	3,337
Net current assets	121,568	104,832	101,523
Non-current liabilities:	37	4,794	4,794
– Lease liabilities	–	4,794	4,794
Total liabilities	46,941	22,549	19,555
Net assets	126,407	109,813	105,102

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As at 30 September 2023, total assets of the Group were approximately HK\$124.7 million, which mainly consisted of (a) inventories of approximately HK\$76.9 million, which primarily were premium wine and spirits products; (b) prepayments, deposits and other receivables of approximately HK\$20.5 million, which mainly comprised of trade deposits paid for the purchase of wine; (c) trade receivables of approximately HK\$12.0 million; and (d) bank and cash balances of approximately HK\$6.4 million.

As at 30 September 2023, total liabilities of the Group were approximately HK\$19.6 million, which mainly consisted of (a) contract liabilities of approximately HK\$6.0 million; (b) lease liabilities of approximately HK\$8.1 million; and (c) bank borrowings of HK\$2.7 million, which were unsecured import loans payable on demand.

(iii) Overall comment

The financial performance of the Group had been unsatisfactory in FY2023 and 6M 2023, both of which recorded escalation in loss for the period mainly due to the decrease in sales of red wines as a result of the sluggish retail market in Hong Kong. With reference to the 2023 Interim Report, due to the unstable global macroeconomic condition, the vulnerable Hong Kong retail market and the intensified competition in premium wine industry, the business environment of the Group had been unstable and challenging. In response to such business environment, the Group intends to improve its financial performance by improving its sales and marketing channels, adjusting its sales and marketing strategies and customizing its inventory portfolio, with an aim to become one of the main premium wine retailers in Hong Kong.

According to the Report on Monthly Survey of Retail Sales of October 2023 issued by the Hong Kong Census and Statistics Department, the value of total retail sales by type of retail outlet increased from approximately HK\$286.8 billion for the ten months ended 31 October 2022 to approximately HK\$336.1 billion for the ten months ended 31 October 2023, representing an increase of approximately 17.2%. For alcoholic drinks and tobacco segment, the value of total retail sales increased from approximately HK\$1.0 billion for the ten months ended 31 October 2022 to approximately HK\$3.0 billion for the ten months ended 31 October 2023, representing an increase of approximately 199.7%. With the strong growth in the market, we concur with the Directors that the financial performance of the Group may improve by optimizing its sales and marketing strategies and inventory portfolio.

In respect of the financial position of the Group, while the Group had net assets of approximately HK\$105.1 million as at 30 September 2023, the liquidity of the Group is relatively thin, with bank and cash balances of only approximately HK\$6.4 million as at 30 September 2023. On the other hand, the Group had high level of inventories and prepayments, deposits and other receivables of approximately HK\$76.9 million and HK\$20.5 million, respectively. As advised by the management of the Group, it is in line with the industry norm for the alcohol

LETTER FROM INDEPENDENT FINANCIAL ADVISER

retailers to maintain a high level of inventory to cater for customers' needs. Nevertheless, the high level of inventory poses liquidity pressures on the Group and the Group had obtained import loans from time to time to maintain its liquidity.

2. Reasons for the Rights Issue and use of proceeds

The gross proceeds from the Rights Issue are expected to be approximately HK\$30.2 million. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$29.0 million. The Company intends to apply the net proceeds from the Rights Issue by 31 March 2025 as follows:

- (i) approximately HK\$17.5 million for the setting up of a new retail shop in the PRC, in particular, (a) approximately HK\$3.0 million as startup cost for such shop including, renovation cost, rental expense and staff cost; and (b) approximately HK\$14.5 million for procurements of premium liquor for such PRC shop;
- (ii) approximately HK\$9.7 million for procurements of high-end premium liquor for the Hong Kong business of the Group, including red wine, white wine and champagne; and
- (iii) approximately HK\$1.8 million for improvement of the online shop and IT infrastructure of the Group.

As stated in the Letter from the Board, due to the complex global environment, such as the ongoing military conflict between Israel and Hamas, and Russia and Ukraine, global elevated high inflation and interest rate, the US-Sino trade war challenge, and intensified competition in premium wine industry, the overall business environment of the Group has been unstable and challenging. As mentioned in the section headed "1. Background of the Group — (i) Financial performance" above, the financial performance of the Group had worsen for FY2023 and 6M 2023, with loss attributable to the Shareholders increased by approximately 90.4% from approximately HK\$8.7 million for FY2022 to approximately HK\$16.6 million for FY2023, and from approximately HK\$3.5 million for 6M 2022 to approximately HK\$4.7 million for 6M 2023. As at 30 September 2023, the Group recorded unaudited bank and cash balances of approximately HK\$6.4 million while bank borrowings of approximately HK\$2.7 million which are repayable within one year. Having considered the prevailing market condition and low level of cash on hand available to the Group, the Directors are of the view that the Rights Issue could provide sufficient funds at no borrowing costs for the Group's operation and the development and expansion of the Group's business.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Leveraging on the business network and the renowned brand of the Group in the liquor industry, the Group plans to establish a new retail shop in the PRC so as to grasp the business opportunity and tap into the growing liquor market in the PRC. In Hong Kong, the Group commonly encounters customers from the PRC looking for genuine premium liquor. Hence, the Group considers there is demand for its products in the PRC. According to the National Bureau of Statistic, revenue and profit generated by Chinese Baijiu enterprises (above designated size) in 2022 amounted to approximately RMB662.6 billion and RMB220.2 billion, respectively, representing a year-on-year increase of approximately 9.6% and 29.4%, respectively. According to Statista, the wine market and spirits market in the PRC are expected to grow annually by 2.55% and 2.28% from 2023 to 2028, respectively. As disclosed in its official company website, Statista is a global data and business intelligence platform with an extensive collection of statistics, reports and insights on over 80,000 topics from 22,500 sources in 170 industries. Established in Germany in 2007, Statista operates in 13 locations worldwide and employs around 1,100 professionals. Hence, the Group considers there is demand for its products in the PRC. As at the Latest Practicable Date, the Group has been exploring the potential location for the new retail store in Shenzhen or Guangzhou.

Further, in order to improve the financial performance of the Group, the Company plans to adjust its sales and marketing strategy in Hong Kong by focusing more on high-end premium wine from countries such as Europe, North America and Japan, from which the wine generally may have higher profit margin. The Board is of the view that such high-end premium wine could help improve the performance of the Group. Moreover, in order to improve the customer experience, approximately HK\$1.8 million is allocated for the renovation of the flagship store of the Group and to improve the Group's online shop and IT infrastructure, respectively.

As mentioned in the section headed "1. Background of the Group — (i) Financial position" above, while the financial position of the Group is generally healthy with net assets position of HK\$105.1 million as at 30 September 2023, the majority of which comprised of in inventories and prepayments, deposits and other receivables of approximately HK\$76.9 million and HK\$20.5 million, respectively. As advised by the management of the Group, the inventories are the stock of wine and spirits necessary for the Group to maintain a wide selection to cater for customers' needs from time to time, and the Group is also required to continuously purchase and pay deposits new wine and spirits when they released. Hence, with the low level of cash position of the Group of approximately HK\$6.4 million as at 30 September 2023, the Group encountered pressures on liquidity and is in need for fund raising to relieve its liquidity pressure as well as to establish a new retail shop in the PRC so as to grasp the business opportunity and tap into the growing liquor market in the PRC and implement the adjustment in its sales and marketing strategies in Hong Kong to increase focus on high-end premium wine, and thereby improve the financial performance of the Group.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Fundraising alternatives

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

The Board is of the view that additional debt financing will increase the gearing ratio of the Group and having considered the prevailing high interest rate environment, additional debts will increase the on-going interest expenses of the Group which may in turn further affect the profitability of the Group.

With respect to equity financing alternatives, the Board considers that placing of new Shares would be a sub-optimal fundraising means as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market. The Directors are of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing the overall working capital to fulfill the development plan of the Group without further increase the interest burden to the Group. The Rights Issue also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid shareholding dilution for those Shareholders who take up their entitlement under the Rights Issue in full.

In this respect, we have enquired to the management of the Group and were advised that given the loss-making performance of the Company, banks have been reducing their facilities to the Company. On the other hand, as the Company does not have material assets that could be provided as security to secure loans with amount sufficient for implementing its adjustment in sales and marketing strategies, the Company did not seek for debt financing or consider other financing alternatives.

Taking into account (i) the unsatisfactory financial performance and the liquidity level of the Group; (ii) the funding requirement of the Group to expand its business in the PRC and implement its adjustment in sales and marketing strategies in Hong Kong so as to improve its financial performance; (iii) that the Rights Issue will strengthen the capital base of the Group for further development of its existing businesses; and (iv) that the Rights Issue offers all Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables them to maintain their proportionate interests in the Company and continue to participate in the future development of the Company, we concur with the management of the Group that the Rights Issue is the most appropriate means of financing over the alternative fund-raising methods and is in the interest of the Company and the Shareholders as a whole.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

3. Principal terms of the Rights Issue, the Irrevocable Undertaking, the Underwriting Agreement and the Placing Agreement

(i) *The Rights Issue*

The Rights Issue will proceed on a fully underwritten basis. For details of the terms of the Rights Issue, please refer to the section headed "Proposed Rights Issue" in the Letter from the Board. Set out below are the principal terms of the Rights Issue:

Basis of the Rights Issue	:	Two (2) Rights Shares for every three (3) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.136 per Rights Share
Number of Consolidated Shares in issue upon the Share Consolidation having become effective	:	332,600,000 Consolidated Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	221,733,332 Rights Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Total number of Consolidated Shares in issue upon completion of the Rights Issue	:	554,333,332 Consolidated Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Gross proceeds from the Rights Issue	:	Approximately HK\$30.2 million before expenses (assuming no Shares are issued or repurchased on or before the Record Date)

As at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares on or before the Record Date.

Assuming no Shares are issued or repurchased on or before the Record Date, the 221,733,332 Rights Shares to be issued pursuant to the terms of the Rights Issue represent approximately 66.7% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and approximately 40.0% of the total number of issued Consolidated Shares as enlarged by the issue of the Rights Shares.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

(ii) The Irrevocable Undertaking

As at the Latest Practicable Date, the Underwriter is interested as to 975,859,600 Shares, representing approximately 29.34 % of the Existing Shares.

Pursuant to the Irrevocable Undertaking, the Underwriter has unconditionally and irrevocably undertaken to the Company,

- (a) prior to the close of the Rights Issue, not to offer for sale, sell, transfer, contract to sell or otherwise dispose of any of (1) the 975,859,600 Existing Shares of HK\$0.00125 each (equivalent to 97,585,960 Consolidated Shares of HK\$0.0125 each, upon the Share Consolidation becoming effective) ultimately beneficially held by the Underwriter as at the date of the Irrevocable Undertaking or (2) the nil-paid rights pertaining to the 65,057,306 Rights Shares provisionally allotted to the Underwriter;
- (b) the 975,859,600 Existing Shares (equivalent to 97,585,960 Consolidated Shares, upon the Share Consolidation becoming effective) registered in its name and/or under the name(s) of its nominee(s) as at the date of the Irrevocable Undertaking shall remain registered in its name and/or under the name(s) of its nominee(s) on the Record Date and until the close of the Rights Issue;
- (c) to apply and pay for the Rights Shares which will be in the provisional allotment of Rights Shares in respect of the 975,859,600 Existing Shares (equivalent to 97,585,960 Consolidated Shares, upon the Share Consolidation become effective); and
- (d) subject to compliance with the Takeovers Code, take all appropriate steps including but not limited to the engagement of a placing agent to procure subscribers (who are Independent Third Parties) to subscribe for the Shares which would otherwise be required to be taken up by the Underwriter under the Underwriting Agreement in order to restore the minimum public float requirement of the Company in compliance with Rule 8.08(1)(a) of the Listing Rules, if the subscription for the Unsubscribed Shares by the Underwriter pursuant to the Underwriting Agreement will result in insufficient public float of the Company within the meaning of the Listing Rules.

As disclosed in the Letter from the Board, Ms. Lin has indicated her intention to apply and pay for the Rights Shares which will be in the provisional allotment of Rights Shares in respect of the Shares held by her on the Record Date. Save for the Irrevocable Undertaking and Ms. Lin's intention as aforesaid, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

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(iii) The Underwriting Agreement

For details of the terms of the Underwriting Agreement, please refer to the section headed "The Underwriting Agreement" in the Letter from the Board. Set out below are the principal terms of the Underwriting Agreement:

Date	:	14 December 2023
Underwriter	:	Silver Tycoon Limited, being a substantial shareholder of the Company
Number of Rights Shares to be underwritten	:	The total number of the Unsubscribed Shares that have not been placed by the Placing Agent or they have been placed by the placees have not paid therefor at 4:00 p.m. on the Placing End Date Up to 156,676,026 Rights Shares (upon the Share Consolidation becoming effective), being the maximum total number of Rights Shares issuable (assuming no change in the number of Consolidated Shares in issue on or before the Record Date), excluding the 65,057,306 Rights Shares to be undertaken by the Underwriter pursuant to the Irrevocable Undertaking
Underwriting commission	:	Nil

(iv) The Placing Agreement

Pursuant to Rule 7.21(2) of the Listing Rules, as the Underwriter, being a substantial Shareholder, will act as the underwriter of the Rights Issue, the Company must make arrangements as stipulated in Rule 7.21(1)(b) of the Listing Rules to dispose of any Unsubscribed Shares by offering such Unsubscribed Shares to independent placees for the benefit of the relevant No Action Shareholders.

Any Unsubscribed Shares (which comprise (a) the fractional Rights Shares aggregated as mentioned above; (b) the Rights Shares that are not subscribed by the Qualifying Shareholders; and/or (c) Rights Shares which would otherwise have been in the provisional allotments of the Excluded Shareholders) will be first placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties and not acting in concert with the Underwriter, Mr. Cheung or Ms. Lin. The Net Gain will be paid to those No Action Shareholders (except for the fractional Right Shares which will be sold for the benefit of the Company). For the avoidance of doubt, the Placing Agent will place the Unsubscribed Shares in the seniority and order of the Rights Shares that are not subscribed by the Qualifying Shareholders

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and/or which would otherwise have been in the provisional allotments of the Excluded Shareholders the first, and the fractional Rights Shares the second. The Placing Agent will, pursuant to the terms of the Placing Agreement, procure, by no later than Tuesday, 5 March 2024, acquires for all (or as many as possible) of those Unsubscribed Shares at a price not less than the Subscription Price. Any Unsubscribed Shares not successfully placed out, will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

In order to comply with the Listing Rules, the Company has entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Shares at the Placing Price. Any unplaced Unsubscribed Shares will then be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

For details of the terms of the Placing Agreement, please refer to the section headed "Placing Agreement" in the Letter from the Board. Set out below are the principal terms of the Placing Agreement:

Placing Agent	:	Lego Securities Limited
Placing commission	:	3% of the actual gross proceeds from the subscription of the Unsubscribed Shares under the Placing
Placing Price	:	not less than HK\$0.136 per Unsubscribed Share
Placing Period	:	a period commencing from the first (1st) Business Day immediately after the Latest Time for Acceptance (i.e. 29 February 2024 under the current timetable) and ending on 5:00 p.m. on the fourth (4th) business after the Latest Time for Acceptance
Placees	:	The Unsubscribed Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties and not acting in concert with the Underwriter, Mr. Cheung, Ms. Lin or their respective concert parties

The Placing Agent will, on a best effort basis during the Placing Period, seek to procure subscribers who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties and not acting in concert with the Underwriter, Mr. Cheung, Ms. Lin or their respective concert parties for all (or as many as possible) of the Unsubscribed Shares.

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4. Assessment of the principal terms of the Rights Issue, the Irrevocable Undertaking, the Underwriting Agreement and the Placing Agreement

(i) *The Subscription Price*

The Subscription Price of HK\$0.136 per Rights Share is payable in full when a Qualifying Shareholder accepts 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 was determined taking into consideration (i) the recent market price of the Existing Shares; (ii) the prevailing market conditions; (iii) the low trading volume of the Existing Shares; and (iv) the amount of funds the Company intends to raise under the Rights Issue for the purposes described in the section headed "Reasons for the Rights Issue and the use of proceeds" in the Letter from the Board.

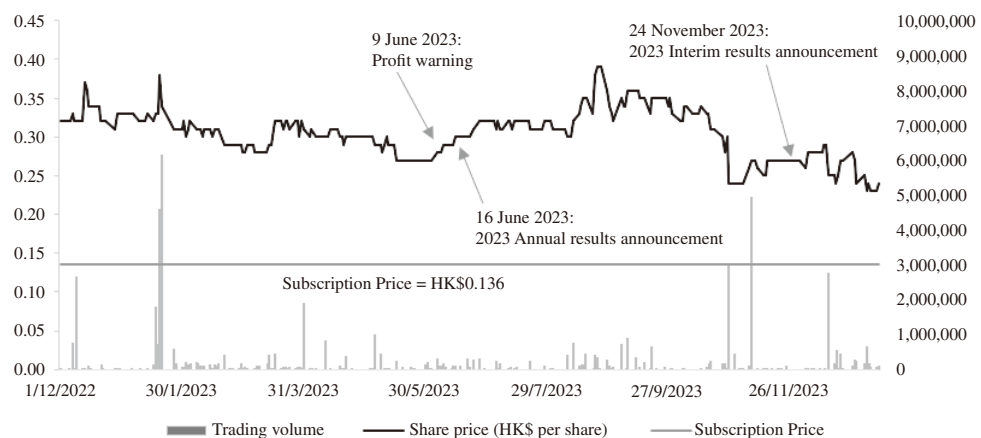
The Subscription Price of HK\$0.136 per Rights Share represents:

- (a) a discount of approximately 43.33% to the closing price of HK\$0.240 per Consolidated Share as quoted on the Stock Exchange on the Latest Practicable Date, assuming Share Consolidation has become effective;
- (b) a discount of approximately 53.10% to the closing price of HK\$0.290 per Consolidated Share as quoted on the Stock Exchange on the Last Trading Day, assuming Share Consolidation has become effective;
- (c) a discount of approximately 51.77% to the average closing price per Consolidated Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.282, assuming Share Consolidation has become effective;
- (d) a discount of approximately 50.90% to the average closing price per Consolidated Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.277, assuming Share Consolidation has become effective;
- (e) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 21.24% represented by the theoretical diluted price of approximately HK\$0.228 to the benchmarked price of approximately HK\$0.290 per Consolidated Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.290 per Consolidated Share and the average closing price of the Consolidated Shares in the five trading days immediately prior to the date of the Announcement of HK\$0.282 per Consolidated Share), assuming Share Consolidation has become effective;

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- (f) a discount of approximately 58.79% to the consolidated net asset value per share attributable to the Shareholders as at 31 March 2023 of approximately HK\$0.330 calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$109,813,000 as at 31 March 2023 as set out in the annual report of the Company for the year ended 31 March 2023 and 332,600,000 Consolidated Shares in issue as at the Latest Practicable Date, assuming the Share Consolidation became effective on 31 March 2023; and
- (g) a discount of approximately 56.96% to the consolidated net asset value per Share attributable to the Shareholders as at 30 September 2023 of approximately HK\$0.316 calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$105,102,000 as at 30 September 2023 as set out in the interim report of the Company for the six months ended 30 September 2023 and 332,600,000 Consolidated Shares in issue as at the Latest Practicable Date, assuming the Share Consolidation became effective on 30 September 2023.
- (a) *Comparison with adjusted historical closing prices of the Consolidated Shares*

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the daily adjusted closing prices (as adjusted for the Share Consolidation) of the Consolidated Shares from 1 December 2022 to the Last Trading Day (i.e. 13 December 2023) (the “**Review Period**”), being approximately one year preceding the Last Trading Day, and up to the Latest Practicable Date, assuming the Share Consolidation became effective before the Review Period. We consider the Review Period is adequate to reflect the general market sentiment and illustrates the general trend and level of movement of the daily closing price of the Existing Shares.



Performance of Share price

Source: Website of the Stock Exchange

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As shown above, the closing prices of the Consolidated Shares were above the Subscription Price at all times during the Review Period, ranging from HK\$0.24 from 27 October 2023 to 3 November 2023 to HK\$0.39 from 23 August 2023 to 25 August 2023. In other words, the discounts of the Subscription Price to the closing prices of the Consolidated Shares ranged from approximately 43.33% to 65.13%.

The closing price of the Consolidated Shares exhibited a general downward trend and decreased from HK\$0.32 per Share on 1 December 2022 to HK\$0.27 per Share on 16 May 2023. It then rose to the highest of HK\$0.39 on 23 August 2023. Afterwards, the closing price of the Consolidated Shares fell sharply and reached a low of HK\$0.24 on 27 October 2023. The closing price of the Consolidated Shares then rebounded to HK\$0.29 on 13 December 2023, the Last Trading Day. Based on our review of the Company's announcements published on the website of the Stock Exchange during the Review Period, except for the publication of profit warning, annual results and interim results announcements as indicated in the graph above, there is no particular reason and we are not aware of any information causing the fluctuations on the closing price of the Consolidated Shares. We have further made inquiry to the Directors and the management of the Group who are also not aware of any other reasons for the fluctuations on the closing price of the Consolidated Shares during the Review Period. As at the Latest Practicable Date, the closing price of the Consolidated Shares was HK\$0.24, to which the Subscription Price represents a discount of approximately 43.33%.

As discussed in the section headed "(c) Comparison with recent rights issue exercises" below, we note that it is a common market practice to set the subscription price at a discount to the prevailing market prices of the relevant share in order to increase the attractiveness and encouraging shareholders to participate in the rights issue so as to meet the company's need for additional funding.

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(b) *Average daily trading volume of the Shares*

The following table sets out the average daily trading volume of the Shares for each month or period and the percentages of such average daily trading volume to the total number of Shares in issue and held by the public during the period from 1 December 2022 to the Latest Practicable Date.

	Number of trading days	Approximate average daily trading volume	Approximate percentage of average daily trading volume to total number of Shares in issue <i>(Note 1)</i>	Approximate percentage of average daily trading volume to total number of Shares held by the public <i>(Note 2)</i>
2022				
December	20	1,894,200	0.06%	0.21%
2023				
January	18	7,970,889	0.24%	0.90%
February	20	1,158,600	0.03%	0.13%
March	23	1,546,087	0.05%	0.17%
April	17	828,235	0.02%	0.09%
May	21	1,035,905	0.03%	0.12%
June	21	979,838	0.03%	0.11%
July	20	444,000	0.01%	0.05%
August	23	1,397,391	0.04%	0.16%
September	19	1,560,000	0.05%	0.18%
October	20	2,132,700	0.06%	0.23%
November	22	2,414,727	0.07%	0.26%
December	19	2,427,895	0.07%	0.26%
2024				
From 1 January to the Latest Practicable Date	6	1,968,000	0.06%	0.21%

Source: Website of the Stock Exchange

Notes:

1. Based on the total number of the Shares in issue at the end of each month or period.
2. Based on the number of Shares held by public Shareholders at the end of each month or period.

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As illustrated in the table above, the trading of the Shares was generally inactive. The average daily trading volume for the respective month or period during the above period ranged from approximately 444,000 Shares in July 2023 to approximately 7,970,889 Shares in January 2023, representing approximately 0.01% to 0.24% of the total number of the Shares in issue and approximately 0.05% to 0.90% of the total number of the Shares held by the public, respectively.

Given the thin trading liquidity of the Shares during the Review Period, we consider that it is reasonable for the Subscription Price to be set at a discount to the prevailing historical closing prices of the Shares in order to attract the Qualifying Shareholders to participate in the Rights Issue and to maintain their respective shareholdings in the Company.

(c) Comparison with recent rights issue exercises

In order to further assess the fairness and reasonableness of the terms of the Rights Issue, we have further reviewed the rights issue exercises based on the following selection criteria: (1) initially announced by the companies listed on the Main Board of the Stock Exchange for the period from 1 June 2023 up to the Last Trading Day (being approximately six months); and (2) the rights issue exercises with gross proceeds less than approximately HK\$100 million having regarded to the fundraising size of the Rights Issue of approximately HK\$30.2 million. We have identified an exhaustive list of nine rights issue transactions (the “**Comparable Transactions**”). We consider that the aforesaid review period is adequate and appropriate to capture the recent market practice in relation to rights issue exercises under the prevailing market conditions, and provide a sufficient sample for comparison with the Rights Issue.

Although the listed issuers involved in the Comparable Transactions have different principal activities, market capitalisations, profitability and financial positions as compared to those of the Company, and includes rights issue transactions which are underwritten with different basis of entitlement and arrangements to dispose of any unsubscribed rights shares, we consider that the Comparable Transactions can provide a general reference to the pricing trend of recent rights issue transactions under the current market conditions as well as a sufficient sample size for comparison purpose, so as to determine whether the Subscription Price is in line with those of recent rights issue transactions in the market.

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The details of the Comparable Transactions are set out below:

Date of Announcement	Company name (stock code)	Basis of entitlement	Gross proceeds (HK\$ million)	Discount of the subscription price to the closing price on the last trading day (%)	Discount of the subscription price to the closing price on the latest practicable date of the circular (%)	Discount of the subscription price to the consolidated net asset value attributable to the shareholders (%)	Discount of the subscription price to the theoretical ex-rights price based on the closing price on the last trading day (%)	Maximum dilution (%) (Note 2)	Theoretical dilution (%) (Note 3)	Underwriting commission (%) (Note 4)	Excess application	Placing arrangement
1 December 2023	China Financial Leasing Group Limited (2312.HK)	1 for 1	20.8	(32.60)	(23.10)	(65.68)	(19.50)	50.00	16.30	1.00	Yes	No
17 November 2023	Huabang Technology Holdings Limited (3638.HK)	1 for 2	56.8	(24.05)	(29.41)	(34.07)	(17.43)	33.33	8.02	N/A	No	Yes
3 November 2023	Rego Interactive Co., Ltd (2422.HK)	1 for 2	100.0	(49.37)	(41.18)	(38.84)	(16.46)	33.33	16.46	N/A	No	Yes
11 September 2023	Asian Citrus Holdings Limited (73.HK)	1 for 2	43.7	(33.96)	(10.26)	(46.78)	(25.53)	33.33	11.32	2.50	Yes	No
3 September 2023	Rare Earth Magnesium Technology Group Holdings Limited (601.HK)	1 for 2	16.6	(39.85)	(56.52)	(96.52)	(23.81)	33.33	13.53	7.07	Yes	No
26 July 2023	China Best Group Holding Limited (370.HK)	2 for 5	98.8	(37.30)	(30.70)	(71.01)	(31.00)	28.57	11.10	N/A	No	Yes
24 July 2023	Platt Nera International Limited (1949.HK)	1 for 2	20.0	(57.98)	(42.86)	(54.13)	(47.92)	33.33	19.33	N/A	No	Yes
16 June 2023	Future World Holdings Limited (572.HK)	1 for 1	69.7	(27.71)	(15.79)	(91.72)	(16.08)	50.00	13.86	2.50	Yes	No
7 June 2023	GBA Holdings Limited (261.HK)	4 for 5	52.9	(25.00)	(1.64)	(90.24)	(16.67)	44.44	11.11	4.00	No	Yes
			Maximum	(57.98)	(56.52)	(96.52)	(47.92)	50.00	19.33	7.07		
			Minimum	(24.05)	(1.64)	(34.07)	(16.08)	28.57	8.02	1.00		
			Average	(36.42)	(27.94)	(65.44)	(23.82)	37.74	13.45	3.41		
14 December 2023	The Company	2 for 3	30.2	(53.10)	(43.33)	(56.96)	(40.35)	40.00	21.24	Nil	No	Yes

Source: Website of the Stock Exchange
Notes:

- Theoretical ex-rights price is calculated as the sum of (1) the issuer's total market capitalisation by reference to the benchmarked price (as defined under Rule 7.27B of the Listing Rules) and the number of issued shares immediately before the rights issue; and (2) the total funds to be raised from the rights issue, divided by the total number of shares as enlarged by the rights issue;
- The maximum dilution is calculated by the number of rights shares divided by the total number of issued shares as enlarged by the issue of the rights shares;
- The theoretical dilution effect is calculated in accordance with Rule 7.27B of the Listing Rules;
- "N/A" denotes that the rights issue was conducted on a non-underwritten basis and therefore the underwriting commission is not applicable; and
- Based on the exchange rate of RMB0.9 to HK\$1.

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As set out in the table above, we note that it is a common market practice that the pricing of a rights issue represents a discount to the prevailing closing share prices prior to the announcement of the rights issue and to the theoretical ex-rights price of the shares. We also note that:

- (1) the subscription prices to the share price on the last trading day of the Comparable Transactions ranged from a discount of approximately 57.98% to a discount of approximately 24.05%, with an average discount of approximately 36.42%. The discount of approximately 53.10% as represented by the Subscription Price to the adjusted closing price of the Consolidated Shares on the Last Trading Day is within the range of the Comparable Transactions and deeper than the average discount of the Comparable Transactions;
- (2) the subscription prices to the consolidated net asset value attributable to the shareholders of the Comparable Transactions ranged from a discount of approximately 96.52% to a discount of approximately 34.07%, with an average discount of approximately 65.44%. The discount of approximately 56.96% as represented by the Subscription Price to the consolidated net asset value per Share attributable to the Shareholders as at 30 September 2023 is within the range of the Comparable Transactions and smaller than the average discount of the Comparable Transactions;
- (3) the subscription prices to the theoretical ex-rights price per share based on the last trading day of the Comparable Transactions ranged from a discount of approximately 47.92% to a discount of approximately 16.08%, with an average discount of approximately 23.82%. The discount of approximately 40.35% as represented by the Subscription Price to the theoretical ex-rights price based on the adjusted closing price of the Consolidated Shares on the Last Trading Day is within the range of the Comparable Transactions and deeper than the average discount of the Comparable Transactions; and
- (4) the theoretical dilution effect of the Comparable Transactions ranged from approximately 8.02% to 19.33%, with average dilution effect of approximately 13.45%. The theoretical dilution effect of the Rights Issue of approximately 21.24% is close to the high end of the range of the Comparable Transactions.

Given that (1) as shown in the table above, it is a common market practice that the subscription price of a rights issue represents a discount to (a) the closing share price prior to the announcement of the rights issue, (b) the consolidated net asset value attributable to the shareholders and (c) the theoretical ex-rights price of the shares; (2) the higher discount of the Subscription Price could enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to participate in the Rights Issue; (3) the interests of the Qualifying Shareholders will not be prejudiced by the

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discount of the Subscription Price as long as they are offered with an equal opportunity to participate in the Rights Issue and subscribe for the Rights Shares; (4) those Qualifying Shareholders who do not wish to subscribe for their pro-rata entitlement of the Rights Shares can receive economic benefits from selling their nil-paid Rights Shares in the market; (5) the discounts of the Subscription Price to the adjusted closing price of the Consolidated Shares on the Last Trading Day and the theoretical ex-rights price of the Consolidated Shares on the Last Trading Day are within the ranges of those of the Comparable Transactions and deeper than the average discounts of the Comparable Transactions; (6) although the discounts to the adjusted closing price and the theoretical ex-rights price of the Consolidated Shares on the Last Trading Day are the second highest among the Comparable Transactions, the discount of the Subscription Price to the consolidated net asset value attributable to the Shareholders is within the ranges of those of the Comparable Transactions and smaller than the average discount of the Comparable Transactions; (7) as discussed in the section headed “1. Background of the Group” above, the financial performance of the Group had been unsatisfactory in FY2023 and 6M 2023, both of which recorded escalation in loss for the period mainly due to the decrease in sales of red wines as a result of the sluggish retail market in Hong Kong. In response to such business environment, the Group intends to improve its financial performance by improving its sales and marketing channels, adjusting its sales and marketing strategies and customizing its inventory portfolio, with an aim to become one of the main premium wine retailers in Hong Kong. As at 30 September 2023, the Group only had bank and cash balances of approximately HK\$6.4 million with continuous pressure on liquidity. As the Group is in need to raise funds for working capital, it is reasonable to set the Subscription Price with a deep discount to enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to take part in the Rights Issue; and (8) although the theoretical dilution effect of the Rights Issue is higher than the high end of the range of the Comparable Transactions, it is below 25% as required under Rule 7.27B of the Listing Rules and only slightly higher than the high end of the range of the Comparable Transactions by approximately 1.91%, we are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

In comply with Rule 7.21(1)(b) of the Listing Rules, there will be no excess application arrangement in relation to the Rights Issue and the Company has arranged for the Unsubscribed Arrangement and the Placing.

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(ii) The Underwriting Agreement

Pursuant to the Underwriting Agreement, the Underwriter will not charge any underwriting commission for the Rights Issue. We consider that this is beneficial to the Company as it can avoid any additional transaction cost to be incurred should the Company appoint a willing independent broker to act as the underwriter for the Rights Issue.

Having considered that (a) the Unsubscribed will first be placed to the independent placee(s) before underwritten by the Underwriter; (b) the underwriting arrangement will enable the Group to secure funding if the level of subscription of the Rights Issue is low; (c) the underwriting arrangement by the Underwriter is in compliance with Rule 7.21(1)(b) of the Listing Rules and demonstrates the Underwriter's continuous support to the Company's development; (d) the nil underwriting commission for the Underwriter under the Underwriting Agreement is beneficial to the Company; and (e) the Rights Issue (including its use of proceeds) is in the interests of the Company and the Shareholders as a whole, we are of the view that (a) the Underwriting Agreement and the transactions contemplated thereunder are in the interests of the Company and the as a whole; and (b) the terms in relation to the Underwriting Agreement are on normal commercial terms and are fair and reasonable.

(iii) The Irrevocable Undertaking

Pursuant to the Irrevocable Undertaking, the Underwriter has unconditionally and irrevocably undertaken to the Company, (a) prior to the close of the Rights Issue, not to offer for sale, sell, transfer, contract to sell or otherwise dispose of any of (1) the 975,859,600 Existing Shares of HK\$0.00125 each (equivalent to 97,585,960 Consolidated Shares of HK\$0.0125 each, upon the Share Consolidation becoming effective) ultimately beneficially held by the Underwriter as at the date of the Irrevocable Undertaking or (2) the nil-paid rights pertaining to the 65,057,306 Rights Shares provisionally allotted to the Underwriter; (b) the 975,859,600 Existing Shares (equivalent to 97,585,960 Consolidated Shares upon the Share Consolidation becoming effective) registered in its name and/or under the name(s) of its nominee(s) as at the date of the Irrevocable Undertaking shall remain registered in his name and/or under the name(s) of its nominee(s) on the Record Date and until the close of the Rights Issue; (c) to apply and pay for the Rights Shares which will be in the provisional allotment of Rights Shares in respect of the 975,859,600 Existing Shares (equivalent to 97,585,960 Consolidated Shares, upon the Share Consolidation become effective); and (d) subject to compliance with the Takeovers Code, take all appropriate steps including but not limited to the engagement of a placing agent to procure subscribers (who are Independent Third Parties) to subscribe for the Shares which would otherwise be required to be taken up by the Underwriter under the Underwriting Agreement in order to restore the minimum public float requirement of the Company in compliance with Rule 8.08(1)(a) of the Listing Rules, if the subscription for the Unsubscribed Shares by the Underwriter pursuant to the

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Underwriting Agreement will result in insufficient public float of the Company within the meaning of the Listing Rules.

Having considered that (a) the Irrevocable Undertaking was given by the Underwriter in favour of the Company which solely represents the intention of the Underwriter in respect of its interests in the securities of the Company under the Rights Issue; and (b) the Irrevocable Undertaking indicates the Underwriter's support for the Rights Issue as he has undertaken to take up its own pro-rata entitlements under the Rights Issue, we consider that the terms of the Irrevocable Undertaking are fair and reasonable.

(iv) The Placing Agreement

Pursuant to the Placing Agreement, any Unsubscribed Shares will be placed by the Placing Agent to independent placees on a best effort basis in compliance with Rule 7.21(1)(b) of the Listing Rules. Under the Placing Agreement, the Placing Agent will charge the Company a placing commission (the "**Placing Commission**") of 3% of the of the actual gross proceeds from the subscription of the Unsubscribed Shares under the Placing. There will be no excess application arrangements in relation to the Rights Issue as required by Rule 7.21(1)(a) of the Listing Rules.

(a) The Placing Price

Given that (1) the Placing Price shall be not less than the Subscription Price, which is not prejudicial to the interests of the Qualifying Shareholders; and (2) the Subscription Price is fair and reasonable as discussed in the paragraph headed "(i) The Subscription Price" above, we consider that the Placing Price is fair and reasonable so far as the Independent Shareholders are concerned.

(b) The Placing Commission

Pursuant to the Placing Agreement, the Company shall pay the Placing Agent the Placing Commission of 3% of the actual gross proceeds from the subscription of the Unsubscribed Shares under the Placing. As advised by the management of the Group, the Placing Commission was determined with reference to the prevailing market rate and the Company considers the terms to be normal commercial terms.

In evaluating the fairness and reasonableness of the principal terms of the Placing Agreement, including the Placing Commission payable to the Placing Agent, we have further assessed the Comparable Transactions which included placing exercises as a result of the compensatory arrangement as required under the Listing Rules. Among the Comparable Transactions, there were five Comparable Transactions adopted placing as the compensatory arrangements (the "**Placing Comparables**"). We consider that the aforesaid review period is adequate and appropriate to (1) reflect the latest market sentiment on share placements; and (2) provide a sufficient sample for comparison with the Placing.

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Set out below is a summary of the Placing Comparables:

Date of announcement	Company name (stock code)	Commission rate payable to the placing agent
17 November 2023	Huabang Technology Holdings Limited (3638.HK)	2% of the aggregate amount of the placing price multiplied by the number of shares successfully placed by the placing agent
3 November 2023	Rego Interactive Co., Ltd (2422.HK)	0.5% of the amount equal to the placing price multiplied by the number of shares successfully placed by the placing agent
26 July 2023	China Best Group Holding Limited (370.HK)	1% of the amount equal to the placing price multiplied by the number of shares successfully placed by the placing agent
24 July 2023	Platt Nera International Limited (1949.HK)	3% of the aggregate placing price of the shares successfully placed by the placing agent
7 June 2023	GBA Holdings Limited (261.HK)	3.5% of the amount equal to the placing price multiplied by the total number of shares successfully placed by the placing agent
14 December 2023	The Company	3% of the actual gross proceeds from the subscription of the Unsubscribed Shares under the Placing

Source: website of the Stock Exchange

As shown in the table above, we noted that the commission fees payable to the respective placing agents under the Placing Comparables are based on certain percentage of the gross proceeds from the subscription of the unsubscribed shares ranging from 0.5% to 3.5%. Although the placing commission of the Placing Comparables fell from 3.5% in June 2023 to a low of 0.5% in November 2023, it rebounded to 2% for the latest Placing Comparable. Given (1) the Placing Commission was determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate; (2) the placing commission of the latest Placing Comparable doesn't follow the downward trend; and (3) the Placing Commission falls within the range of the Placing Comparables, we consider that the Placing Commission is fair and reasonable.

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We have also reviewed other major terms of the Placing Agreement, including but not limited to the conditions and termination clause of the Placing Agreement, details of which are set out in the Letter from the Board, and we are not aware of any term which is unusual. As such, we are of the view that the terms of the Placing Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

In view of the above, we consider that the implementation of the Unsubscribed Arrangements and the Placing is in the interests of the Company and the Shareholders as a whole.

5. Potential dilution effect on the shareholding interests of the Independent Shareholders

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will not be diluted after the Rights Issue. Qualifying Shareholders who do not accept the Rights Issue can, subject to the then prevailing market conditions, consider selling their nil-paid rights to subscribe for the Rights Shares in the market. However, they and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue.

Upon the completion of the Rights Issue (assuming no subscription by the Shareholders (other than those subscriptions pursuant to the Irrevocable Undertakings) and none of the Placing Shares are placed to the placees under the compensatory arrangements), the shareholding of the existing public Shareholders will be diluted to approximately 16.88%.

For illustrative purposes only, set out below is the shareholding structure of the Company as at (i) the Latest Practicable Date; (ii) immediately after the Share Consolidation becoming effective; (iii) immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders; (iv) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Underwriter pursuant to the Irrevocable Undertaking) have taken up any entitlements of the Rights Shares and all the Unsubscribed Shares are placed to the independent placees ("**Scenario I**"); and (v) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Underwriter pursuant to the Irrevocable Undertaking) have taken up any entitlements of the Rights Shares and none of the

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Unsubscribed Shares are placed to the Placees and all the unplaced Unsubscribed Shares are subscribed by the Underwriter (“**Scenario II**”):

	As at the Latest Practicable Date		Immediately after the Share Consolidation becoming effective		Immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders		Scenario I		Scenario II	
							No. of		No. of	
	Existing	Approx.	Consolidated	Approx.	Consolidated	Approx.	Consolidated	Approx.	Consolidated	Approx.
	Shares	% (Note 2)	Shares	% (Note 2)	Shares	% (Note 2)	Shares	% (Note 2)	Shares	% (Note 2)
The Underwriter (Note 1)	975,859,600	29.34	97,585,960	29.34	162,643,266	29.34	162,643,266	29.34	319,319,292	57.60
Ms. Lin (Note 1)	11,140,000	0.33	1,114,000	0.33	1,856,667	0.33	1,114,000	0.20	1,114,000	0.20
Sub-total of the Underwriter and parties acting in concert with it	986,999,600	29.67	98,699,960	29.67	164,499,933	29.67	163,757,266	29.54	320,433,292	57.80
Zheng Huanming	480,000,000	14.43	48,000,000	14.43	80,000,000	14.43	48,000,000	8.66	48,000,000	8.66
Zhang Guangyuan	477,140,400	14.35	47,714,040	14.35	79,523,400	14.35	47,714,040	8.61	47,714,040	8.61
Zhang Guozhong	446,000,000	13.41	44,600,000	13.41	74,333,333	13.41	44,600,000	8.05	44,600,000	8.05
Independent placees	-	-	-	-	-	-	156,676,026	28.26	-	-
Other public Shareholders	935,860,000	28.14	93,586,000	28.14	155,976,666	28.14	93,586,000	16.88	93,586,000	16.88
Total	3,326,000,000	100.00	332,600,000	100.00	554,333,332	100.00	554,333,332	100.00	554,333,332	100.00

Notes:

- As at the Latest Practicable Date, Mr. Cheung beneficially owns the entire shareholding interests in Silver Tycoon Limited, the Underwriter. Therefore, Mr. Cheung is deemed to be interested in the 975,859,600 shares held by Silver Tycoon Limited. Ms. Lin, being the spouse of Mr. Cheung, beneficially owns 11,140,000 Existing Shares. By virtue of the SFO, Mr. Cheung is deemed to be interested in an aggregate 986,999,600 Existing Shares.
- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

As set out in the table under the above section headed “(i) The Subscription Price — (c) Comparison with recent rights issue exercises”, the maximum dilution of the Comparable Transactions ranged from approximately 28.57% to approximately 50.0% with an average dilution of approximately 37.74%. For the Non-Qualifying Shareholders and those Qualifying Shareholders who do not take up their full provisional allotments under the Rights Issue, depending on the extent to which they subscribe for the Rights Shares, their shareholding interests in the Company upon completion of the Rights Issue will be diluted by up to a maximum of approximately 40.0%, which falls within the range of the Comparables. Although the theoretical dilution impact of approximately 21.24% is not within the range but close to the low end of the Comparable Transactions of approximately 19.33%, it is below 25% which is in compliance with Rule 7.27B of the Listing Rules. As such, we consider that it is acceptable for the Rights Issue with such a theoretical dilution impact.

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In all cases of rights issue, the dilution on the shareholding of those qualifying shareholders who do not take up in full their provisional allotments under the rights issue is inevitable. In fact, the dilution magnitude of any rights issue depends mainly on the extent of the basis of entitlement under such exercise since the higher offering ratio of new shares to existing shares is, the greater the dilution on the shareholding would be.

Having considered (i) the dilution effect is not prejudicial as all Qualifying Shareholders are offered an equal opportunity to participate in the enlargement of the capital base of the Company and Independent Shareholders' interests in the Company will not be diluted if they elect to exercise their full provisional allotments under the Rights Issue; (ii) the Qualifying Shareholders have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market, subject to availability; (iii) shareholding dilution is inherent in rights issue in general; and (iv) the positive impact on the financial position of the Group as a result of the Rights Issue as detailed in the section headed "6. Financial impact of the Rights Issue" below, we are of the view that the potential dilution effect on the shareholding, which may only happen to the Qualifying Shareholders who decide not to subscribe for their pro-rata Rights Shares, is justifiable.

6. Financial impact of the Rights Issue

(i) Net tangible assets

We set out below the unaudited consolidated net tangible liabilities and the pro forma consolidated net tangible assets per Consolidated Share, assuming completion of the Rights Issue took place on 30 September 2023, based on the unaudited pro forma financial information of the Group (the "Unaudited Pro Forma Financial Information") in Appendix II to the Circular:

	As at 30 September 2023	Upon completion of the Rights Issue (assuming there is no change in the number of Consolidated Shares in issue on or before the Record Date) <i>(Note 1)</i>
Consolidated net tangible assets attributable to the Shareholders (in HK\$)	105,102,000	134,102,000
Total number of Consolidated Shares in issue	332,600,000	554,333,332
Unaudited consolidated net tangible assets per Consolidated Share (in HK\$)	0.32	0.24

Note:

- Based on (a) 221,733,332 Rights Shares (assuming there is no change in the number of Consolidated Shares in issue on or before the Record Date); (b) the Subscription Price of HK\$0.136 per Rights Share; and (c) the estimated professional fees and related expenses of approximately HK\$1,156,000 as disclosed in the Circular.

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As show in the table above, the net tangible assets of the Group as at 30 September 2023 would increase upon completion of the Rights Issue. The pro forma consolidated net tangible assets per Consolidated Share upon completion of the Rights Issue would be approximately HK\$0.24 (assuming there is no change in the number of Consolidated Shares in issue on or before the Record Date).

(ii) Liquidity

As at 30 September 2023, the Group had bank and cash balances of approximately HK\$6.4 million, current assets of approximately HK\$116.3 million and current liabilities of approximately HK\$14.8 million. Upon completion of the Rights Issue, bank and cash balances of the Group is expected to increase by the estimated net proceeds from the Rights Issue of approximately HK\$29.0 million. The current ratio of the Group will increase from approximately 7.9 times to approximately 9.8 times. As such, the liquidity position of the Group would be improved upon completion of the Rights Issue.

(iii) Gearing

As at 30 September 2023, the Group's gearing ratio, being the sum of lease liabilities and bank borrowings divided by equity, was approximately 10.34%. The capital base of the Group would be enlarged from approximately HK\$105.1 million to approximately HK\$134.1 million upon completion of the Rights Issue. Accordingly, assuming there is no material change in the total lease liabilities and bank borrowings of the Group, the gearing ratio of the Group would decrease to approximately 8.10% as a result of the Rights Issue.

(iv) Earnings

Given that the net proceeds from the Rights Issue will be used to (a) establish a new retail shop in the PRC and tap into the growing liquor market in the PRC; (b) procure high-end premium wine for its wine distribution and thereby achieve its adjustment in its sales and marketing strategies; and (c) improve the online shop and IT infrastructure of the Group, the Group may generate additional revenue if the strategies are implemented successfully. As at the Latest Practicable Date, the Group doesn't have any detailed projections on the strategies.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Company upon completion of the Rights Issue.

7. The Whitewash Waiver

As at the Latest Practicable Date, the Underwriter, Mr. Cheung, Ms. Lin and parties acting in concert with any of them are interested in 986,999,600 Shares in aggregate, representing approximately 29.67% of the entire issued share capital of the Company.

Upon completion of the Rights Issue, assuming (i) there is no change in the number of issued Shares from the Latest Practicable Date up to and including the date of closing of the Rights Issue; (ii) none of the Qualifying Shareholders other than the Underwriter have taken up their entitlements under the Rights Issue; and (iii) none of the Unsubscribed Shares have been taken up under the Unsubscribed Arrangements and the Underwriter is required to take up all the Unsubscribed Shares, the aggregate interests in the Company held by the Underwriter, Mr. Cheung, Ms. Lin and their respective concert parties upon the close of the Rights Issue will increase from the current level of approximately 29.67% to approximately 57.80% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. The Underwriter will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it pursuant to Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by them and parties acting in concert with any of them.

An application has been made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that it is minded to grant the Whitewash Waiver, which will be conditional upon, among other things, (i) the approval of the Whitewash Waiver by at least 75% of the Independent Shareholders at the EGM by way of poll; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder. The Underwriter, Mr. Cheung, Ms. Lin and the parties acting in concert with any of them and those who are involved in and/or interested in the Rights Issue and the Whitewash Waiver are required to abstain from voting in favour of the proposed resolution approving the Whitewash Waiver at the EGM. If the Whitewash Waiver is not granted by the Executive, the Rights Issue will not proceed. In other words, a general offer obligation on the part of the Underwriter will not arise if it fails to obtain the Whitewash Waiver.

Based on our analysis of the benefits and terms of the Rights Issue, we consider that the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole. As such, we are of the view that the approval of the Whitewash Waiver, which is a prerequisite for the implementation of the Rights Issue, is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole for the purpose of proceeding with the Rights Issue.

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OPINION AND RECOMMENDATION

In arriving at our opinion and recommendation, we have considered the principal factors and reasons as discussed above and in particular the following:

- as at 30 September 2023, the Group only had bank and cash balances of approximately HK\$6.4 million with continuous pressures on liquidity. The Group is in need to raise funds for working capital;
- to improve the financial performance of the Group, the Group propose to expand its business in the PRC and adjust its sales and marketing strategies in Hong Kong to increase focus on high-end premium wine, the implementation would require fundings for procurement of high-end premium wine and renovate the retail shop of the Group;
- the Rights Issue is the most preferred option over other financing alternatives such as debt financing, placing of new Shares and open offer, as it will not result in a deterioration of the Group's gearing and allows all Qualifying Shareholders to participate in the fund-raising exercise for the future development of the Group with the flexibility of trading of rights entitlements in the market;
- the principal terms of the Rights Issue, in particular the Subscription Price, are fair and reasonable after considering the following:
 - it is a common market practice that the pricing of a rights issue represents a discount to the prevailing closing share prices prior to the announcement of the rights issue and to the theoretical ex-rights price of the shares;
 - the discount of the Subscription Price could enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to participate in the Rights Issue given the current financial difficulties of the Group;
 - the interests of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as long as they are offered with an equal opportunity to participate in the Rights Issue and subscribe for the Rights Shares;
 - those Qualifying Shareholders who do not wish to subscribe for their pro-rata entitlement of the Rights Shares can receive economic benefits from selling their nil-paid Rights Shares in the market;
 - the discounts of the Subscription Price to the historical adjusted closing price of the Consolidated Shares on the Last Trading Day and the theoretical ex-rights price of the Consolidated Shares on the Last Trading Day are within the ranges of those of the Comparable Transactions and deeper than the average discounts of the Comparable Transactions; and

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- although the discounts to the adjusted closing price and the theoretical ex-rights price of the Consolidated Shares on the Last Trading Day are the second highest among the Comparable Transactions, the discount of the Subscription Price to the consolidated net asset value attributable to the Shareholders is within the ranges of those of the Comparable Transactions and smaller than the average discount of the Comparable Transactions;
- the Irrevocable Undertaking, being the intention of the Underwriter in respect of its interests in the securities of the Company under the Rights Issue, was given by the Underwriter in favour of the Company, indicating its support for the Rights Issue;
- the Unsubscribed Arrangements under the Placing Agreement, being part of the Rights Issue, are in compliance with the Listing Rules, which are managed by the Placing Agent who is an Independent Third Party. The Placing price will be not less than the Subscription Price which is fair and reasonable as mentioned above and the Placing Commission payable to the Placing Agent is in line with those charged in the Placing Comparables;
- the dilution effect on the shareholding interests of public Shareholders, which will be potentially diluted by up to a maximum of approximately 40.0% following completion of the Rights Issue, is considered to be acceptable given the current financial position of the Group, that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable as mentioned above and that the Rights Issue is not prejudicial to the Shareholders' interests in the Company if they choose to subscribe for their full entitlement of the Rights Shares under the Rights Issue. Meanwhile, the Rights Issue does not result in a theoretical dilution effect of 25% or more on its own, complying with the Listing Rules; and
- the Rights Issue is expected to bring an overall positive financial impact on the Group and improving the liquidity and gearing of the Group, which is in line with the interests of the Shareholders.

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Based on the above, we consider that the terms of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver, while not in the ordinary and usual course of business of the Group, are nevertheless in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Larry Choi
Managing Director

Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the corporate finance industry.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Details of the audited consolidated financial information of the Group for the years ended 31 March 2021, 2022 and 2023, and the unaudited consolidated financial information of the Group for the six months ended 30 September 2023 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.majorcellar.com):

- (i) the audited financial information of the Group for the year ended 31 March 2021 is disclosed in the annual report of the Company for the year ended 31 March 2021 published on 25 June 2021
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0625/2021062500864.pdf>);
- (ii) the audited financial information of the Group for the year ended 31 March 2022 is disclosed in the annual report of the Company for the year ended 31 March 2022 published on 11 July 2022
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0711/2022071100498.pdf>);
- (iii) the audited financial information of the Group for the year ended 31 March 2023 is disclosed in the annual report of the Company for the year ended 31 March 2023 published on 6 July 2023
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0706/2023070600759.pdf>);
and
- (iv) the unaudited financial information of the Group for the six months ended 30 September 2023 is disclosed in the interim report of the Company for the six months ended 30 September 2023 published on 30 November 2023
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1130/2023113000841.pdf>).

Set out below is a summary of the audited consolidated financial results of the Group for the financial years ended 31 March 2021, 2022 and 2023 respectively, as extracted from the relevant published annual report of the Company for the relevant years, and the unaudited consolidated financial results of the Group for the six months ended 30 September 2022 and 2023 as extracted from the published interim report of the Company for the relevant periods.

	For the year ended 31 March		
	2023	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)
Revenue	74,443	107,789	114,587
Cost of sales	<u>(66,574)</u>	<u>(93,948)</u>	<u>(97,230)</u>
Gross profit	7,869	13,841	17,357

	For the year ended 31 March		
	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Interest revenue	28	4	20
Other income	2,879	5,976	1,907
Other gains and losses, net	(6,352)	(3,014)	171
Promotion, selling and distribution expenses	(9,632)	(11,385)	(13,163)
Administrative expenses	<u>(10,665)</u>	<u>(9,606)</u>	<u>(10,616)</u>
Loss from operations	(15,873)	(4,184)	(4,324)
Finance costs	<u>(758)</u>	<u>(577)</u>	<u>(1,254)</u>
Loss before tax	(16,631)	(4,761)	(5,578)
Income tax credit/(expense)	<u>37</u>	<u>(3,953)</u>	<u>543</u>
Loss and total comprehensive expense for the year attributable to owners of the Company	<u><u>(16,594)</u></u>	<u><u>(8,714)</u></u>	<u><u>(5,035)</u></u>
Loss per share			
– Basic and diluted (HK cents)	<u><u>(0.50)</u></u>	<u><u>(0.26)</u></u>	<u><u>(0.15)</u></u>
Dividend per Share	<u><u>Nil</u></u>	<u><u>Nil</u></u>	<u><u>Nil</u></u>

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue	29,519	41,218
Cost of sales	<u>(25,814)</u>	<u>(36,224)</u>
Gross profit	3,705	4,994
Other income	2,066	1,615
Other gains and losses, net	(28)	27
Promotion, selling and distribution expenses	(4,480)	(5,248)
Administrative expenses	<u>(5,853)</u>	<u>(4,595)</u>
Loss from operations	(4,590)	(3,207)
Finance costs	<u>(121)</u>	<u>(268)</u>
Loss before tax	(4,711)	(3,475)
Income tax credit	<u>–</u>	<u>19</u>
Loss and total comprehensive expense for the period attributable to owners of the Company	<u><u>(4,711)</u></u>	<u><u>(3,456)</u></u>
Loss per share		
– basic and diluted (HK cents)	<u>(0.14)</u>	<u>(0.10)</u>
Dividend per Share	<u>Nil</u>	<u>Nil</u>

The management discussion and analysis of the Company for each of the years ended 31 March 2021, 2022 and 2023, and for the six months ended 30 September 2023, are disclosed in the annual reports of the Company for the years ended 31 March 2021, 2022 and 2023, and the interim report of the Company for the six months ended 30 September 2023, respectively.

No modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the Company's auditor's report for the financial years ended 31 March 2021, 2022 and 2023.

2. INDEBTEDNESS STATEMENT

As at the close of business of 30 November 2023, being the latest practicable date for the purpose of determining the indebtedness of the Group prior to the printing of this circular, the details of the Group's indebtedness were as follows:

Bank borrowings

As at the close of business on 30 November 2023, the Group had unsecured import loans of approximately HK\$1,783,000, which was guaranteed by the Company.

Lease liabilities

As at the close of business on 30 November 2023, the Group had lease liabilities of approximately HK\$5,928,000.

Save as disclosed above and for intra-group liabilities, the Group did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guaranteed, unguaranteed, secured and unsecured borrowing and debt, or other material contingent liabilities as at the close of business on 30 November 2023.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, in the absence of unforeseen circumstances, after taking into account the financial resources presently available to the Group including internally generated funds, the currently available banking facilities and other borrowings and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the date of the publication of this circular.

4. MATERIAL CHANGE

The Directors confirm that, save as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31 March 2023, the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date:

- (i) As disclosed in the interim report of the Company for six months ended 30 September 2023 (“6M 2023”), the Group’s revenue was approximately HK\$29.5 million, representing a decrease of approximately 28.4% from approximately HK\$41.2 million for six months ended 30 September 2022 (“6M 2022”), which was mainly due to the continuous decrease in sales of red wine during the period. Loss attributable to the Shareholders also increased from approximately HK\$3.5 million for 6M 2022 to approximately HK\$4.7 million for 6M 2023; and
- (ii) as disclosed in the interim report of the Company for 6M 2023, the Group generated net cash from operating activities of approximately HK\$3.9 million for 6M 2023, as compared to net cash from operating activities of approximately HK\$9.3 million for 6M 2022, which was mainly due to the decrease in revenue.

5. BUSINESS TREND AND FINANCIAL AND TRADING PROSPECT

The Group is principally engaged in the sales and distribution of premium wine and spirits products and wine accessory products in Hong Kong. Products of the Group include red wine, white wine, sparkling wine, spirits, sake, wine accessory products and other products. The Group offers products through its retail showrooms, network of distributors, retail organisations, five-star hotels, and private clubs.

According to the Report from Trading Economics in September 2023, retail sales in Hong Kong increased by 10.1% year-on-year in September of 2023, slowing from an 11% rise in the previous month. This was the smallest gain since January 2023. The retail trade growth for department stores also slowed from 11.4% in August 2023 to 9.2% in September 2023. According to the report from Hong Kong Census and Statistics Department, the year-on-year percentage change in sales of other consumer goods increased from 26.2% in August 2023 to 32.6% in September 2023, while the year-on-year percentage change in sales of food, alcoholic drinks and tobacco rebounded sharply from -3.7% in August 2023 to 13.1% in September 2023. On a monthly basis, retail sales decreased 2% in September 2023, slipping further from a revised 1.6% drop in August 2023. According to the Trading Economics global macro models and analysts expectations, the year-on-year growth of retail sales in Hong Kong is expected to be 12% by the end of the third quarter in 2023. In the long-term, the year-on-year growth of retail sales in Hong Kong is projected to be around 2.1% in 2024 and 2.4% in 2025.

As released by the “Report on Monthly Survey of Retail Sales” in September 2023 by the Census and Statistics Department, the value of total retail sales by type of retail outlet increased from approximately HK\$254.8 billion for the nine months ended 30 September 2022 to approximately HK\$302.3 billion for the nine months ended 30 September 2023, representing an increase of approximately 18.6%. For alcoholic drinks and tobacco segment, the value of total retail sales increased from approximately HK\$1.3 billion for the nine months ended 30 September 2022 to approximately HK\$2.7 billion for the nine months ended 30 September 2023, representing an increase of approximately 202.0%.

Leveraging on the business network and the renowned brand of the Group in the liquor industry, the Group plans to establish a new retail shop in the PRC so as to grasp the business opportunity and tap into the growing liquor market in the PRC. In Hong Kong, the Group commonly encounters customers from the PRC looking for genuine premium liquor. According to the National Bureau of Statistic, revenue and profit generated by Chinese white wine enterprises (above designated size) in 2022 amounted to approximately RMB662.6 billion and RMB220.2 billion, respectively, representing a year-on-year increase of approximately 9.6% and 29.4%, respectively. In addition, according to the “Wine: Market data and Analysis” report issued by Statista in November 2023, a global data and business intelligence platform, the wine market and spirits market in the PRC are expected to grow annually by 2.55% and 2.28% from 2023 to 2028, respectively. In particular, according to the Statista report, it is noted that (i) demand of wine in Hong Kong market has shifted towards higher quality and premium wines as consumers are becoming more knowledgeable about wine and are willing to spend more on high-end products; and (ii) due to the cultural factor in China, consumers are willing to spend more on high-quality wines for gifting purpose and has contributed to the growth of the premium wine segment in China.

Red wine continued to be the Group’s core product type and main source of revenue driver. In response to the challenging retail market in Hong Kong, the Group will continue to improve its sales and marketing channels, adjust its sales and marketing strategies and customize its inventory portfolio.

Looking forward, despite the uncertain worldwide economic environment, in light of the growing demand for premium wine in Hong Kong and China, the Group is confident to position itself as one of the Hong Kong’s main premium wine retailers. The Group will continue to seek for new business opportunities from time to time in order to diversify its business and enhance the long-term growth potential of the Group and its shareholders’ value.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 September 2023.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the unaudited consolidated net tangible assets of the Group as at 30 September 2023, adjusted as described below:

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2023 <i>(Note 1)</i> HK\$'000	Estimated net proceeds from the Rights Issue <i>(Note 2)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 September 2023 HK\$'000
105,102	29,000	134,102
Unaudited consolidated net tangible asset per Consolidated Share before completion of the Rights Issue <i>(Note 3)</i>		HK\$0.32
Unaudited pro forma adjusted consolidated net tangible assets per Consolidated Share immediately after completion of the Rights Issue <i>(Note 4)</i>		HK\$0.24

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2023 are based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2023 as set out in the published interim report of the Group for the six months end 30 September 2023.
2. The estimated net proceeds from the Rights Issue of approximately HK\$29,000,000 are based on the 221,733,332 Rights Shares to be issued at the Subscription Price of HK\$0.136 per Rights Share, after deduction of the estimated related expenses of approximately HK\$1,156,000, assuming that the Rights Issue had been completed on 30 September 2023.
3. The calculation is determined based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2023 of approximately HK\$105,102,000 divided by 332,600,000 Consolidated Shares as if the Share Consolidation had occurred on 30 September 2023.
4. The calculation is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 September 2023 of approximately HK\$134,102,000 divided by total number of Consolidated Shares as enlarged by the issue of the Rights Shares of 554,333,332 which is arrived at on the basis that 332,600,000 Consolidated Shares in issue and 221,733,332 Rights Shares to be issued upon completion of the Rights Issue, as if the Share Consolidation and Rights Issue had been completed on 30 September 2023.

B. ACCOUNTANT’S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.



ZHONGHUI ANDA CPA Limited
Certified Public Accountants

12 January 2024

The Board of Directors
Major Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Major Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 30 September 2023 as set out on pages II-1 to II-2 of the circular (the “**Circular**”) issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in Section A of Appendix II to the Circular.

The pro forma financial information has been compiled by the directors to illustrate the impact of the Rights Issue on the Group’s consolidated net tangible assets as at 30 September 2023 as if the transaction had been taken place at 30 September 2023. As part of this process, information about the Group’s consolidated net tangible assets has been extracted by the directors from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 September 2023, on which no review report has been published.

Directors’ Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 13 of Appendix 1B and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2023 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under "Reasons for and benefits of the Rights Issue and use of proceeds" set out on pages 37 to 38 of the Circular.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Yeung Hong Chun

Practising Certificate Number P07374

Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular (other than those relating to the Underwriter and parties acting in concert with it (including Mr. Cheung and Ms. Lin)) is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than those relating to the Underwriter and parties acting in concert with it (including Mr. Cheung and Ms. Lin)) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the director of the Underwriter in his capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

Mr. Cheung, being the sole director and the ultimate beneficial owner of the Underwriter, accepts full responsibility for the accuracy of the information contained in this circular (other than those relating to the Group), and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this circular (other than those expressed by the Directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company, assuming no further issue or repurchase of the Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue), (i) as at the Latest Practicable Date; (ii) immediately following the Share Consolidation becoming effective but before the completion of the Rights Issue; and (iii) immediately following the allotment and issue of the Rights Shares will be as follows:

(i) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
8,000,000,000	Existing Shares of HK\$0.00125 each	10,000,000
<i>Issued and paid-up share capital:</i>		
3,326,000,000	Existing Shares of HK\$0.00125 each	4,157,500

- (ii) **Immediately following the Share Consolidation becoming effective (assuming no further issue or repurchase of the Shares from the Latest Practicable Date up to the Share Consolidation having become effective):**

Authorised: HK\$

800,000,000	Consolidated Shares of HK\$0.0125 each	10,000,000
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Issued and paid-up share capital:

332,600,000	Consolidated Shares of HK\$0.0125 each	4,157,500
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- (iii) **Immediately after the Share Consolidation becoming effective and the completion of the Rights Issue (assuming no further issue or repurchase of Shares from the Latest Practicable Date up to completion of the Rights Issue):**

Authorised:

800,000,000	Consolidated Shares of HK\$0.0125 each	10,000,000
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Issued and paid-up share capital:

332,600,000	Consolidated Shares of HK\$0.0125 each	4,157,500
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221,733,332	Rights Shares to be allotted and issued upon completion of the Rights Issue	2,771,666
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554,333,332	Consolidated Shares in issue immediately after completion of the Rights Issue	6,929,166
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All of the Consolidated Shares and the Rights Shares when allotted, issued and fully paid, will rank pari passu in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the Consolidated Shares in issue as at the date of allotment and issue 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.

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 Shares.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. MARKET PRICE

The table below sets forth the closing price(s) of the Existing Shares as quoted on the Stock Exchange (i) on the Last Trading Day, (ii) at the end of each calendar months during the Relevant Period and (iii) on the Latest Practicable Date:

Date	Closing price per Existing Share HK\$
30 June 2023	0.032
31 July 2023	0.032
31 August 2023	0.032
29 September 2023	0.033
31 October 2023	0.024
30 November 2023	0.027
13 December 2023 (the Last Trading Date)	0.029
29 December 2023	0.024
9 January 2024 (the Latest Practicable Date)	0.024

The highest and lowest closing prices per Existing Share as quoted on the Stock Exchange during the period commencing from 15 June 2023, being the first day of the Relevant Period, and ending on the Latest Practicable Date are HK\$0.039 per Existing Share on 23, 24 and 25 August 2023, and HK\$0.023 per Existing Share of 3, 5 and 8 January 2024, respectively.

4. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any associated corporations

As at the Latest Practicable Date, the interest and the short positions the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange; or (iv) were required to be disclosed under the Takeovers Code, were as follows:

Name of Director or chief executives	Capacity	Number of Existing Shares	Approximate percentage of shareholdings
Mr. Cheung Chun To	Interest in controlled corporation (<i>Note 1</i>)	975,859,600	29.34%
Mr. Cheung Chun To	Interest of Spouse (<i>Note 1</i>)	11,140,000	0.34%

Note:

- Mr. Cheung beneficially owns the entire shareholding interests in Silver Tycoon Limited, the Underwriter. Therefore, Mr. Cheung is deemed to be interested in the 975,859,600 Existing Shares held by the Underwriter. Ms. Lin, being the spouse of Mr. Cheung, beneficially owns 11,140,000 Existing Shares. As a consequence, Mr. Cheung is deemed to be interested in 986,999,600 Existing Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the securities of the Company or its associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, required pursuant to section 352 of the SFO to be entered in the register referred to therein or required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

Interest of substantial Shareholders

As at the Latest Practicable Date, so far as it were known to the Directors or chief executive of the Company, the following persons (other than a director or chief executive of the Company) have interests or short positions in the shares and underlying shares of the Company that would fall to be disclosed to the Company

under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO:

Name of substantial Shareholder	Capacity	Number of Existing Shares	Approximate percentage of shareholdings
The Underwriter	Beneficial Owner (Note 1)	975,859,600	29.34%
Ms. Lin	Interest of Spouse and beneficial owner (Note 2)	986,999,600	29.68%
Mr. Zheng Huanming	Beneficial Owner	480,000,000	14.43%
Mr. Zhang Guangyuan	Beneficial Owner	477,140,400	14.35%
Mr. Zhang Guozhong	Beneficial Owner	446,000,000	13.41%

Notes:

1. Mr. Cheung beneficially owns the entire shareholding interests in Silver Tycoon Limited, the Underwriter. Therefore, Mr. Cheung is deemed to be interested in the 975,859,600 Existing Shares held by the Underwriter.
2. Ms. Lin is the spouse of Mr. Cheung, by virtue of the SFO, is therefore deemed to be interested in all the Existing Shares held/owned by Mr. Cheung (by himself and through the Underwriter), and together with the 11,140,000 Existing Shares beneficially owned by her.

5. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES OF THE COMPANY

As at the Latest Practicable Date:

- (a) save as disclosed in the section headed "Effects on the Shareholding Structure of the Company" in the "Letter from the Board" of this circular, none of the Underwriter, Mr. Cheung, Ms. Lin or any parties acting in concert including those by virtue of the class (6) presumption under the definition of "acting in concert" under the Takeovers Code with any of them held, owned or controlled any other Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company. In addition, save for the Irrevocable Undertaking given by the Underwriter, details of which as set out in the section headed "The Irrevocable Undertaking" in the "Letter from the Board" of this circular and the Underwriting Agreement, none of the Underwriter, Mr. Cheung, Ms. Lin or any parties acting in concert with any of them had dealt for value in any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;

- (b) save as disclosed in the section headed “Effects on the shareholding structure of the Company” in the “Letter from the Board” of this circular, the sole director of the Underwriter, Mr. Cheung, was not interested in any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company or similar rights which are convertible or exchangeable into any Shares. In addition, the sole director of the Underwriter had not dealt in any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;
- (c) no person had irrevocably committed themselves to vote for or against the resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver;
- (d) save for the Irrevocable Undertaking given by the Underwriter, details of which as set out in the section headed “The Irrevocable Undertaking” in the “Letter from the Board” of this circular and the Underwriting Agreement, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Underwriter, Mr. Cheung, Ms. Lin or any parties acting in concert with any of them, and none of them had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Relevant Period;
- (e) none of the Underwriter, Mr. Cheung, Ms. Lin or any parties acting in concert with any of them has borrowed or lent any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company, save for any borrowed Shares which have been either on-lent or sold during the Relevant Period;
- (f) none of the Company and the Directors held any shares, convertible securities, warrants, options or derivatives of the Underwriter or similar rights which are convertible or exchangeable into shares of the Underwriter. None of them had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Underwriter during the Relevant Period;
- (g) save as disclosed in the paragraph headed “4. Disclosure of Interests” in this appendix, none of the Directors had owned or controlled, or had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Relevant Period;

- (h) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code had owned or controlled, or had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Relevant Period;
- (i) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Relevant Period;
- (j) none of the Company nor any Directors had borrowed or lent any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company, save for any borrowed shares which have been either on-lent or sold during the Relevant Period;
- (k) save for the Irrevocable Undertaking given by the Underwriter, details of which as set out in the section headed “The Irrevocable Undertaking” in the “Letter from the Board” of this circular and the Underwriting Agreement, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate”, and none of them had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Relevant Period;
- (l) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Underwriter, Mr. Cheung, Ms. Lin or any parties acting in concert with any of them and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver;
- (m) save for the Irrevocable Undertaking given by the Underwriter, details of which as set out in the section headed “The Irrevocable Undertaking” in the “Letter from the Board” of this circular and the Underwriting Agreement, there is no other understanding, arrangement, agreement or special deal between (i) any Shareholders; and (ii)(a) the Underwriter, Mr. Cheung, Ms. Lin and any parties acting in concert with any of them, or (b) the Company, its subsidiaries or associated companies;

- (n) save for the Irrevocable Undertaking, there was no agreement, arrangement or understanding between the Underwriter and other persons in relation to the transfer, charge or pledge of the Shares that (i) are held by the Underwriter; or (ii) will be issued and allotted to the Underwriter pursuant to the Rights Issue or may be issued and allotted to the Underwriter pursuant to the fulfillment of its obligations under the Underwriting Agreement;
- (o) the Company has not paid and will not pay any consideration, compensation or benefit in whatever form to the Underwriter, Mr. Cheung or Ms. Lin or their respective concert parties in connection with the Rights Issue and the Underwriting Agreement; and
- (p) apart from the Underwriting Agreement and the Irrevocable Undertaking, there is no other understanding, arrangement or special deal between the Company on the one hand, and the Underwriter, Mr. Cheung or Ms. Lin or their respective concert parties on the other hand.

6. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver;
- (b) there was no agreement or arrangement between any Director and any other person which was conditional or dependent upon the outcome of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver or otherwise connected with the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver; and
- (c) there was no material contract entered into by the Underwriter in which any Director had a material personal interest.

7. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which, since 31 March 2023, being the date to which the latest published audited financial statements of the Group were made up, had been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group. Nevertheless, the Company entered into the Underwriting Agreement with Silver Tycoon Limited, the Underwriter, a substantial shareholder of the Company and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction for the Company under the Listing Rules. Mr. Cheung, the chairman and chief executive officer of the Company and an executive Director, wholly owns the Underwriter, and as such, may have conflict of interests in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver. He has abstained from voting at the meeting of the Board convened to consider such matters.

8. DIRECTORS' INTERESTS IN COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, the controlling shareholders of the Company or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

9. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of compensation (other than statutory compensation)).

10. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

11. EXPERTS AND CONSENTS

The following sets out the qualifications of the experts who have given opinions, letters or advices included in this circular:

Name	Qualifications
ZHONGHUI ANDA CPA Limited	Certified Public Accountants
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

As at the Latest Practicable Date, each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the experts had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the experts had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2023, being the date to which the latest published audited accounts of the Company were made up.

12. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which have been entered into by any member of the Group within the two years immediately preceding the date of the Announcement up to and including the Latest Practicable Date:

- (i) the Placing Agreement;
- (ii) the supplemental placing agreement to the Placing Agreement;
- (iii) the Underwriting Agreement;
- (iv) the supplemental underwriting agreement to the Underwriting Agreement;
- (v) the Irrevocable Undertaking; and
- (vi) the supplement undertaking to the Irrevocable Undertaking.

13. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

Board of Directors	<i>Executive Director</i> Mr. Cheung Chun To
	<i>Independent non-executive Directors</i> Mr. Yue Kwai Wa Ken Mr. Ngai Hoi Ying Mr. Siu Shing Tak
Registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Principal place of business in Hong Kong	Suite 1507, Tower 2, Silvercord 30 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Authorised representatives	Mr. Cheung Suite 1507, Tower 2, Silvercord 30 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
	Mr. Sin Chi Keung Suite 1507, Tower 2, Silvercord 30 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Company secretary	Mr. Sin Chi Keung
Auditors and reporting accountants	ZHONGHUI ANDA CPA Limited <i>Certified Public Accountants</i> 23/F, Tower 2 Enterprise Square Five 38 Wang Chiu Road, Kowloon Bay, Kowloon Hong Kong
Principal bankers	DBS Bank (Hong Kong) Limited G/F, The Center, 99 Queen's Road Central, Central, Hong Kong
	Shanghai Commercial Bank Limited 666 Nathan Road, Mongkok, Kowloon, Hong Kong

	Standard Chartered Bank (Hong Kong) Limited 4-4A, Des Voeux Rd. C., Hong Kong
	China Construction Bank (Asia) Corporation Limited 3-3A, Humphreys Avenue, Tsim Sha Tsui Kowloon, Hong Kong
	Fubon Bank (Hong Kong) Limited G/F, Fubon Bank Bldg, 38 Des Voeux Road Central, Hong Kong
Hong Kong share registrar and transfer office	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road, Hong Kong
Legal adviser to the Company in relation to the Rights Issue	<i>As to Hong Kong law</i> Robertsons 57/F., The Center 99 Queen's Road Central Hong Kong
Financial adviser to the Company	Lego Corporate Finance Limited Room 1601, 16/F, China Building 29 Queen's Road Central, Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Rainbow Capital (HK) Limited Office No. 710, 7/F, Wing On House 71 Des Voeux Road Central, Central Hong Kong
Underwriter	Silver Tycoon Limited Suite 1507, Tower 2, Silvercord 30 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Ultimate beneficial owner of the Underwriter	Mr. Cheung

Principal members of the Underwriter's concert group	Mr. Cheung Suite 1507, Tower 2, Silvercord 30 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
	Ms. Lin Suite 1507, Tower 2, Silvercord 30 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Director of the Underwriter	Mr. Cheung

14. EXPENSES

The expenses in connection with the proposed Rights Issue and the transactions contemplated respectively thereunder, including underwriting commission, financial advisory fees, legal fee, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$1.2 million, which are payable by the Company.

15. PARTICULARS OF DIRECTORS OF THE COMPANY

Executive Director

Mr. Cheung Chun To, aged 44, our Chairman and an executive Director, was appointed to the Board on 2 April 2013. Mr. Cheung is the brother of Mr. Cheung Chun Pang (a former executive Director) and Ms. Cheung Wing Shun (a former executive Director). Mr. Cheung is primarily responsible for overseeing and managing the overall operation of our Group, planning and executing the overall corporate strategies and developing and handling external relationship for our Group. Mr. Cheung graduated from Wilfrid Laurier University, Canada in June 2001 with a bachelor's degree in arts. From July 2001 to July 2002, Mr. Cheung worked at a property agency as a sales representative in Shanghai, the People's Republic of China ("PRC"). From July 2002 to February 2005, Mr. Cheung worked at Hang Shing Jewellery Company Limited as a management trainee, responsible for liaising with suppliers, meeting clients, implementing sales and marketing campaigns and conducting market research. From March 2005 to December 2008, Mr. Cheung worked at Shenzhen Henglong Electronic Company Limited (深圳市恆隆電子有限公司), responsible for leading and managing the sales team. In June 2008, Mr. Cheung became the shareholder of Rouge & Blanc Wines Limited ("**Rouge & Blanc**"). In September 2009, Mr. Cheung and Mr. Leung Chi Kin Joseph together founded Major Cellar Company Limited ("**Major Cellar**") and Mr. Cheung has been appointed a director of Major Cellar since November 2009.

Independent non-executive Directors

Mr. Ngai Hoi Ying (“**Mr. Ngai**”), aged 66, an independent non-executive Director, was appointed to the Board on 30 December 2013. Mr. Ngai is the Chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. Mr. Ngai obtained an executive master in business administration from Tsinghua University, PRC in June 2011. Mr. Ngai is currently the president of Global World Investment (Group) Limited (寰宇投資(集團)有限公司) and the legal representative of Zhongshan City Golden Sun Aluminum Limited (中山市金日鋁業有限公司). He is also currently the honorary chairman of Federation of Hong Kong Chiu Chow Community Organization, the chairman of International Teochew Association of Zhongshan (中山潮人海外聯誼會) and the vice chairman of Tsinghua University EMBA Alumni Association of Hong Kong and the Macau Special Administrative Region (清華大學EMBA港澳同學會). Mr. Ngai was a member of the 10th and 11th National Committee of the Chinese People’s Political Consultative Conference of the Guangdong Province, PRC. He was also appointed the honorary president of the Central District Junior Police Call in 2009. During the years 2014-2019, he was also appointed as Central Advisory Board Member of the Senior Police Call Central Advisory Board. Mr. Ngai was awarded the MH Medal of Honor by the Hong Kong SAR Government in 2020.

Mr. Yue Kwai Wa Ken (“**Mr. Yue**”), aged 57, an independent non-executive Director, was appointed to the Board on 30 December 2013. Mr. Yue is the Chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Yue has approximately 24 years of experience in accounting, finance and valuation. Mr. Yue obtained a Diploma of Technology in Financial Management Accounting Option from the British Columbia Institute of Technology in Canada in June 1989. Mr. Yue also obtained a bachelor degree of science from Upper Iowa University of the United States in March 2005. Mr. Yue has been admitted as a member of the American Institute of Certificate Public Accountants in October 2005, a member of the Chartered Global Management Accountant in 2012 and a fellow member of the Colorado Society of Certified Public Accountants in September 2005. Mr. Yue has been appointed as an executive director of Roma Group Limited (“**Roma Group**”), a company listed on the GEM of the Stock Exchange (Stock Code: 8072), since 18 March 2011 and company secretary and compliance officer of Roma Group since 26 September 2011. Also, Mr. Yue has been redesignated as the chief executive officer of Roma Group since 1 October 2017 and appointed as the chairman of Roma Group since 18 December 2017. Mr. Yue has been appointed as an independent non-executive director of China Starch Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3838), since 5 September 2007 and has been appointed as an independent non-executive director of Manfield Chemical Holdings Limited, a company listed on the Stock Exchange (Stock Code: 1561) since 6 November 2015 until 31 December 2018.

Mr. Siu Shing Tak (“Mr. Siu”), aged 39, an independent non-executive Director, was appointed to the Board on 22 March 2018. Mr. Siu is the Chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee. He graduated from Walter A. Haas School of Business of the University of California, Berkeley, with a Bachelor degree in Science in Business Administration. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountant. He has over ten years of experience in accounting, auditing and internal control. He held various senior management positions in companies listed in the United States and Hong Kong, where he was responsible for internal audit and daily financial operation and he assisted in their transactions and compliance with applicable rules and regulations. He also worked in PricewaterhouseCoopers in its United States and Hong Kong offices during which he engaged in auditing work of listed companies and initial public offering projects.

Business address of the Directors

The business address of the Directors is the same as the Company’s principal place of business in Hong Kong at Suite 1507, Tower 2 Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

16. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Sin Chi Keung, age 61, joined the Group as Company Secretary and Chief Financial Officer on 26 April 2017. He is a fellow member with the Hong Kong Institute of Certified Public Accountants and holds a Master degree in Business Administration from the Oklahoma City University USA. He held various senior management positions in listed companies of Hong Kong and the People’s Republic of China, and has gained more than 20 years of solid experience in corporate management, capital markets and financial management.
- (b) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (c) The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.
- (d) The English text of this circular and the accompanying form of proxy shall prevail over the respective Chinese text in case of inconsistency.

17. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.majorcellar.com) from the date of this circular up to and including the date of EGM:

- (i) the memorandum and articles of association of the Company;
- (ii) the memorandum and articles of association of the Underwriters;
- (iii) the letter from the Board, the text of which is set out on pages 15 to 45 of this circular;
- (iv) the letter from Independent Board Committee, the text of which is set out on pages 46 to 47 of this circular;
- (v) the letter from Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-34 of this circular;
- (vi) the annual reports of the Company for each of the years ended 31 March 2021, 2022 and 2023 and the interim report of the Company for the six months ended 30 September 2023;
- (vii) the accountants' report on the unaudited pro forma financial information of the Group set out in Appendix II to this circular;
- (viii) the material contracts referred to in the paragraph headed "12. Material Contracts" in this appendix;
- (ix) the written consents of the experts referred to in the paragraph headed "11. Experts and consents" in this appendix; and
- (x) this circular.

NOTICE OF EGM



美捷滙控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1389)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Major Holdings Limited (the “Company”) will be held at Suite 1507, Tower 2, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong at 12:00 p.m. on Monday, 29 January 2024 for the purpose of considering and, if though fit, passing the following resolutions as ordinary resolutions of the Company. Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 12 January 2024 (the “Circular”):

ORDINARY RESOLUTIONS

1. “THAT subject to and conditional upon (i) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the Listing Rules to effect the Share Consolidation (as defined below), and (ii) the Listing Committee of the Stock Exchange (as defined below) granting the listing of, and permission to deal in, the Consolidated Shares (as defined below) arising from the Share Consolidation, with effect from the next business day immediately following the day of passing of this resolution, being a day on which the shares of the Company are traded on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”):
 - (a) every ten (10) issued and unissued shares of par value HK\$0.00125 each in the share capital of the Company be consolidated into one (1) share of par value HK\$0.0125 (each a “Consolidated Share”), and such Consolidated Share(s) shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company (the “Share Consolidation”);
 - (b) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the board of directors (the “Directors”) of the Company may think fit; and

* For identification purpose only

NOTICE OF EGM

- (c) any one or more Directors be and is/are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Share Consolidation.”
2. “**THAT** conditional upon (i) all other resolutions set out in this notice being passed by the shareholders of the Company (the “**Shareholders**”); (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Rights Shares (as defined below) (in their nil-paid and fully-paid forms); (iii) the fulfilment or waiver of the conditions set out in the Underwriting Agreement (as defined below); and (iv) the filing and registration of all documents relating to the Rights Issue (as defined below) required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the Underwriting Agreement not being terminated in accordance with its terms:
- (a) the allotment and issue of 221,733,332 rights shares (the “**Rights Share(s)**”) by way of Rights Issue (the “**Rights Issue**”) at the Subscription Price of HK\$0.136 per Rights Share on the basis of two (2) Rights Shares for every three (3) Consolidated Shares of the Company held by the shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company as at the close of business on Friday, 9 February 2024 (or such later date as may be determined and announced by the Company) (the “**Record Date**”) other than those shareholders (the “**Excluded Shareholders**”) of the Company whose names appear on the register of members of the Company as at the close of business on the Record Date and whose addresses as shown on the register of members of the Company are outside Hong Kong, whom the Directors, after making enquiry regarding the legal restrictions under the laws of relevant place and requirements of the relevant regulatory body or stock exchange, consider it necessary or expedient to exclude from Rights Issue, based on legal advice provided by legal advisers in the relevant jurisdictions, and the transactions contemplated thereunder, be and are hereby approved;
- (b) the placing agreement dated 14 December 2023 entered into between the Company and Lego Securities Limited (“**Placing Agreement**”) in relation to the placing of the Unsubscribed Shares on a best effort basis (a copy of the Placing Agreement marked “B” is produced to this meeting and initialled by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

NOTICE OF EGM

- (c) the board of Directors (the “**Board**”) or a committee thereof be and is/are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Board may make such exclusions or other arrangements in relation to the Excluded Shareholders as it may deem necessary or expedient having regard to the legal restrictions under the laws of the place and requirements of the relevant regulatory body or stock exchange;
- (d) the entering into of the underwriting agreement dated 14 December 2023 among the Company and Silver Tycoon Limited (the “**Underwriter**”) in relation to the Rights Issue (the “**Underwriting Agreement**”) and the transactions contemplated thereunder (a copy of the Underwriting Agreement marked “C” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification) be and is hereby approved, confirmed and ratified in all respects and the performance of the transactions contemplated thereunder by the Company (including but not limited to the arrangements for taking up of the underwritten Rights Shares, if any, by the Underwriter) be and are hereby approved, confirmed and ratified; and
- (e) any one Director be and are hereby authorised to sign or execute such documents and do all such acts and things in connection with the allotment and issue of the Rights Shares, the implementation of the Rights Issue in accordance with all terms and conditions of the Rights Issue, the implementation of or giving effect to or the completion of any matters relating to the Underwriting Agreement and the transactions contemplated thereunder as set out in the “Letter from the Board” in the circular of the Company dated 12 January 2024 and the Underwriting Agreement, the exercise or enforcement of any of the Company’s rights under the Underwriting Agreement and to make and agree to make such variations of the terms of the Underwriting Agreement as he/she may in his/her discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders as a whole.”

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SPECIAL RESOLUTION

3. **“THAT:**
- (a) Subject to the granting of the Whitewash Waiver (as defined below) by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate(s) and any conditions that may be imposed thereon, the granting of a waiver pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers (the **“Takeovers Code”**) to the Underwriter of any obligation to make a general offer under the Takeovers Code for all the issued shares of the Company (other than those owned or agreed to be acquired by the Underwriter and parties acting in concert with the Underwriter) as a result of the taking up of up to 156,676,026 Rights Shares (upon Share Consolidation becoming effective) by the Underwriter pursuant to the Underwriting Agreement (the **“Whitewash Waiver”**) be and is hereby approved; and
- (b) any one or more Directors be and is/are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Whitewash Waiver and the transactions contemplated thereunder.”

By order of the Board
MAJOR HOLDINGS LIMITED
CHEUNG Chun To
Chairman

Hong Kong, 12 January 2024

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

*Head office and principal place of business
in Hong Kong:*
Suite 1507, Tower 2, Silvercord,
30 Canton Road, Tsim Sha Tsui,
Kowloon, Hong Kong

As at the date of this notice, the Board comprises Mr. Cheung Chun To as executive Directors, Mr. Yue Kwai Wa Ken, Mr. Ngai Hoi Ying and Mr. Siu Shing Tak as independent non-executive Directors.

NOTICE OF EGM

Notes:

1. A member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint a proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A member holding two or more shares entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority, at the office of the Company's branch share registrar (the "**Share Registrar**"), Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong at least 48 hours before the time appointed for the holding of the EGM (i.e. at 12:00 p.m. on Saturday, 27 January 2024) or any adjournment thereof.
3. The register of members of the Company will be closed from Tuesday, 23 January 2024 to Monday, 29 January 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 22 January 2024.
4. In the case of joint holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. If Typhoon Signal No. 8 or above, or extreme conditions caused by super typhoons or a "black" rainstorm warning is in effect in Hong Kong any time after 6:30 a.m. on the date of the EGM, the EGM will be adjourned. The Company will post an announcement on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.majorcellar.com) to notify Shareholders of the date, time and place of the rescheduled meeting.
6. Any voting at the EGM shall be taken by poll.