
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Hatcher Group Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

HATCHER GROUP LIMITED

亦辰集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8365)

- (1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
- (2) PROPOSED CHANGE IN BOARD LOT SIZE;
- (3) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE;
- (4) CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT;
- (5) APPLICATION FOR WHITEWASH WAIVER;
- (6) PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;
- (7) PROPOSED CAPITAL REDUCTION AND SUB-DIVISION; AND
- (8) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company



建泉融資有限公司
VBG Capital Limited

Underwriter to the Rights Issue
Tanner Enterprises Group Limited
Placing Agent

Redbridge Global Strategies Limited

Independent Financial Adviser to the Listing Rules IBC and Takeovers Code IBC
and Independent Shareholders



Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 8 to 52 of this circular and a letter from the Listing Rules IBC and Takeovers Code IBC containing its recommendation to the Independent Shareholders is set out on page 53 and 54 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Listing Rules IBC and Takeovers Code IBC and the Independent Shareholders is set out on pages 55 to 100 of this circular.

Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 18 February 2025 to Tuesday, 25 February 2025 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Tuesday, 18 February 2025 to Tuesday, 25 February 2025 (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 21/F., Grand Millennium Plaza, 181 Queen's Road Central, Sheung Wan, Hong Kong on Tuesday, 28 January 2025 at 11:00 a.m. is set out on pages EGM-1 to EGM-6 of this circular. Whether you are able to attend the EGM or not, you are requested to complete the enclosed proxy form in accordance with the instructions printed on it and return the completed proxy form 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 so that it is received at least 48 hours before the time appointed (i.e. Sunday, 26 January 2025 at 11:00 a.m.) for the EGM. Submission of a proxy form shall not preclude you from attending the EGM (or any adjournment of such meeting) and voting in person should you so wish.

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.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
Expected Timetable	iii
Definitions	1
Letter from the Board	8
Letter from the Listing Rules IBC	53
Letter from the Takeovers Code IBC	54
Letter from the Independent Financial Adviser	55
Appendix I – Financial Information of the Group	I-1
Appendix II – Unaudited Pro Forma Financial Information of the Group	II-1
Appendix III – General Information	III-1
Notice of EGM	EGM-1

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue, which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled or waived (where permitted):

Event	Date and Time
Despatch of the Circular together with notice of EGM and proxy form for EGM	Friday, 10 January 2025
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Tuesday, 21 January 2025
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM	Wednesday, 22 January 2025 to Tuesday, 28 January 2025 (both dates inclusive)
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Sunday, 26 January 2025
Record date for attendance and voting at the EGM	Tuesday, 28 January 2025
Date and time of the EGM to approve the proposed Rights Issue	11:00 a.m. on Tuesday, 28 January 2025
Announcement of the poll results of the EGM	Tuesday, 28 January 2025
Register of members of the Company re-opens	Monday, 3 February 2025
The following conditional on the implementation of the Change in Board Lot Size and the Rights Issue and therefore the dates are tentative only:	
Last day of dealings in the Shares on a cum-rights basis relating to the Rights Issue	Tuesday, 4 February 2025
Effective date of the Change in Board Lot Size, from 5,000 Shares each to 10,000 Shares each	Wednesday, 5 February 2025
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	9:00 a.m. on Wednesday, 5 February 2025

EXPECTED TIMETABLE

Event	Date and Time
First day of dealings in the Shares on an ex-rights basis relating to the Rights Issue	Wednesday, 5 February 2025
Latest time for the Shareholders to lodge transfer documents of the Shares in order to be qualified for the Rights Issue	4:30 p.m. on Thursday, 6 February 2025
Closure of register of members to determine the entitlements to the Rights Issue (both dates inclusive)	Friday, 7 February 2025 to Thursday, 13 February 2025
Record date for the Rights Issue	Thursday, 13 February 2025
Register of members of the Company re-opens	Friday, 14 February 2025
Despatch of the Prospectus Documents (including the PAL and Prospectus), and in case of the Non-Qualifying Shareholders, the Prospectus only	Friday, 14 February 2025
First day of dealings in nil-paid Rights Shares	Tuesday, 18 February 2025
Latest time for splitting the PAL	4:30 p.m. on Thursday, 20 February 2025
Last day of dealings in nil-paid Rights Shares	Tuesday, 25 February 2025
Designated broker ceases to provide matching services for odd lots of Shares	4:00 p.m. on Tuesday, 25 February 2025
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Friday, 28 February 2025
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements	Wednesday, 5 March 2025
Commencement of placing of Unsubscribed Rights Shares by the Placing Agent	Thursday, 6 March 2025
Latest time for placing of the Unsubscribed Rights Shares by the Placing Agent	Monday, 10 March 2025
Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Monday, 10 March 2025

EXPECTED TIMETABLE

Event	Date and Time
Announcement of results of the Rights Issue published on the respective websites of the Stock Exchange and the Company	Wednesday, 12 March 2025
Despatch of share certificates for fully-paid Rights Shares and completion of placing or subscription of any Unsubscribed Rights Share	Thursday, 13 March 2025
Despatch of refund cheques, if any, if the Rights Issue is terminated	Thursday, 13 March 2025
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Friday, 14 March 2025
Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any)	Wednesday, 19 March 2025
The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reduction and Sub-division and therefore the dates are tentative	
Expected effective date of the Capital Reduction and the Sub-division	Before 9:00 a.m. on Friday, 21 March 2025
Commencement of dealing in the New Ordinary Shares	9:00 a.m. on Friday, 21 March 2025
First day of free exchange of existing share certificates for new certificates for the New Ordinary Shares	Friday, 21 March 2025
Last day of free exchange of existing share certificates for new certificates for the New Ordinary Shares	Tuesday, 22 April 2025

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out above and all dates and deadlines specified in this announcement are indicative only and may be subject to change. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

EXPECTED TIMETABLE

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

The Latest Time for Acceptance will be changed if a tropical cyclone warning signal no.8 or above, or “extreme conditions” are announced by the Government of the Hong Kong Special Administrative Region or a “black” rainstorm warning:

- (i) 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 day; or
- (ii) is/are in force in Hong Kong at any 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 next following Business Day which does not have either 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 is changed, the dates mentioned in the section headed “Expected timetable of the Rights Issue” above may be affected. The Company will notify the Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE DATE OF THE EGM

If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time after 9:00 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 of Hong Kong Limited and the Company to notify the Shareholders of the date, time and place of the adjourned meeting. The EGM will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather condition bearing in mind their own situation.

DEFINITIONS

In this circular, the following terms have the following meanings unless the contract requires otherwise:

“acting in concert”	the meaning ascribed thereto under the Takeovers Code
“associate(s)”	the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“Capital Reduction”	the proposed reduction of the issued share capital of the Company by reducing the par value of each issued Share from HK\$0.25 to HK\$0.01 by cancelling the paid up share capital to the extent of HK\$0.24 per issued Share
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CB Subscriber”	Redbridge Capital Global Opportunities OFC, an open ended fund company which was incorporated with variable capital, limited liability and segregated liability between the sub-funds in Hong Kong under the SFO and registered with the SFC with the objective to operate as a collective investment scheme
“CB Subscription”	the proposed subscription of Convertible Bonds in the Company by the CB Subscriber in the principal amount of HK\$5,670,000
“CB Subscription Agreement”	the subscription agreement dated 23 September 2024 entered into between the Company and the CB Subscriber in respect of the subscription of the Convertible Bonds
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 5,000 Shares to 10,000 Shares
“Circular”	this Circular published by the Company containing, amongst other things, information about the proposed Increase in Authorised Share Capital, proposed Change in Board Lot Size, the Rights Issue, the application for Whitewash Waiver, the CB Subscription and transactions contemplated thereunder, and notice of the EGM

DEFINITIONS

“Company”	Hatcher Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (Stock Code: 8365)
“Compensatory Arrangements”	the arrangements involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 10.31(1)(b) of the GEM Listing Rules
“connected person(s)”	the meaning ascribed to it under the GEM Listing Rules
“Conversion Price”	the conversion price of HK\$0.315 per Conversion Share
“Conversion Share(s)”	a maximum of 18,000,000 Shares to be issued upon conversion of the Convertible Bonds pursuant to the terms and conditions of the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$5,670,000 to be issued by the Company to the CB Subscriber pursuant to the CB Subscription Agreement
“Director(s)”	the director(s) of the Company
“Executive”	the meaning ascribed thereto under the Takeovers Code
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the proposed Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the CB Subscription, notice of which is set out in this circular
“First Announcement”	the announcement of the Company dated 23 September 2024 in relation to the proposed Increase in Authorised Share Capital, proposed Change in Board Lot Size, the appointment of Mr. Michael Stockford as an executive Director, the Rights Issue, the application for Whitewash Waiver and the CB Subscription
“GEM”	the “GEM” securities market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$20,000,000 divided into 80,000,000 Shares to HK\$100,000,000 divided into 400,000,000 Shares
“Independent Non-Executive Directors	the independent non-executive Directors, being Mr. William Robert Majcher, Mr. Ho Lik Kwan Luke and Mr. Lau Pak Kin Patric
“Independent Financial Adviser”	Pelican Financial Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO, appointed as the independent financial adviser with (i) the approval of the Takeovers Code IBC pursuant to Rule 2.1 of the Takeovers Code to advise the Takeovers Code IBC; and (ii) with the approval of the Listing Rules IBC pursuant to Rule 20.42 of the GEM Listing Rules to advise the Listing Rules IBC and the Independent Shareholders, as to whether the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver are fair and reasonable and make recommendations as to voting
“Independent Shareholder(s)”	all shareholders other than (i) the Underwriter, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan, and parties acting in concert with any of them; and (ii) those shareholders who are materially interested or involved in the Whitewash Waiver and transactions contemplated under the Rights Issue, the Underwriting Agreement, Placing Agreement and CB Subscription Agreement, as the case may be
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons
“Latest Practicable Date”	8 January 2025, being the latest practicable date prior to printing of this circular for ascertaining certain information included in this circular
“Last Trading Day”	23 September 2024, being the date of the First Announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 28 February 2025 or such other time or date as may be agreed in writing between the Company and the Underwriter, as the latest time for acceptance of, and payment for, the Rights Shares, as will be described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Monday, 10 March 2025 or such other time or date as the Underwriter may agree in writing with the Company, as the latest time for termination of the Underwriting Agreement

DEFINITIONS

“Listing Rules IBC”	the independent board committee of the Board, comprising all the Independent Non-Executive Directors, which has been formed in accordance with the requirements of the GEM Listing Rules for the purpose of giving recommendations to Independent Shareholders as to whether the transactions contemplated under the Rights Issue and the Underwriting Agreement may be fair and reasonable as to the voting action therefor
“New Ordinary Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company immediately following the Capital Reduction and the Sub-division becoming effective
“No Action Shareholders”	those Qualifying Shareholders who do not take up the Right Shares under their PALs (whether partially or fully) or their renounees, or any other persons who hold any nil-paid rights at the time such nil-paid rights lapse and the Non-Qualifying Shareholders in respect of the NQS Rights Shares
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Directors, after making enquiries with the legal advisers in the relevant jurisdictions, consider it necessary or expedient not to offer the Rights Issue to such Overseas 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
“NQS Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil paid form
“Overseas Shareholder(s)”	the 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 provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	professional, institutional, corporate or other investor(s), procured by the Underwriter and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of a maximum of 40,000,000 Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement

DEFINITIONS

“Placing Agent”	Redbridge Global Strategies Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 23 September 2024 entered into between the Company and the Placing Agent in relation to the Placing
“PRC”	the People’s Republic of China, excluding for the purpose of this circular, Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Friday, 14 February 2025 or such other date as may be agreed in writing between the Underwriter and the Company, being the date of despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Thursday, 13 February 2025 or such other date as may be agreed between the Company and the Underwriter in writing, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Relevant Period”	the period commencing six months prior to the date of the First Announcement and ending on the Latest Practicable Date
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the proposed issue of Rights Shares on the basis of three (3) Rights Shares for every one (1) Share held by Qualifying Shareholders on the Record Date at the Rights Subscription Price, payable in full on acceptance and on the terms and subject to the conditions in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	not less than 128,452,080 new Shares and not more than 130,264,080 new Shares to be allotted and issued pursuant to the Rights Issue

DEFINITIONS

“Rights Subscription Price”	HK\$0.25 per Rights Share
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Share Option(s)”	the share options to subscribe for Shares granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 4 May 2017
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Sub-division”	the proposed sub-division of each authorised but unissued Share with par value of HK\$0.25 each be subdivided into 25 authorised but unissued New Ordinary Shares with par value of HK\$0.01 each
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Takeovers Code IBC”	the independent board committee of the Board, comprising all the Independent Non-Executive Directors, which has been formed in accordance with the requirements of the Takeovers Code for the purpose of giving recommendations to Independent Shareholders as to whether the Whitewash Waiver, and the transactions contemplated under the Rights Issue and the Underwriting Agreement are fair and reasonable as to the voting action therefor
“Underwriter” or “Tanner Enterprises”	Tanner Enterprises Group Limited, an investment holding company incorporated in the British Virgin Islands with limited liability beneficially owned by Mr. Li Man Keung Edwin, an executive Director
“Underwriting Agreement”	the underwriting agreement dated 23 September 2024 entered into between the Company and the Underwriter in respect of the Rights Issue
“Underwritten Shares”	up to 88,452,080 Rights Shares (including Unsubscribed Rights Shares), to be underwritten by the Underwriter pursuant to the terms and conditions under the Underwriting Agreement

DEFINITIONS

“Unsubscribed Rights Shares”	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations of Rule 26 of the Takeovers Code, in respect of the obligations of Tanner Enterprises to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by Tanner Enterprises, Mr. Li Man Keung Edwin and parties acting in concert with any of them which might otherwise arise as a result of the taking up of the Underwritten Shares under the Underwriting Agreement
“%”	per cent.

LETTER FROM THE BOARD

HATCHER GROUP LIMITED
亦辰集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8365)

Executive Directors:

Mr. Li Man Keung Edwin (*Executive Chairman*)
Mr. Hui Ringo Wing Kun
Mr. Yeung Chun Yue David (*Vice Chairman*)
Mr. Michael Stockford

Non-executive Director:

Ms. Chan Hiu Shan

Independent non-executive Directors:

Mr. William Robert Majcher
Mr. Ho Lik Kwan Luke
Mr. Lau Pak Kin Patric

Registered office:

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

Principal place of business in Hong Kong:

21/F., Low Block,
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

10 January 2025

*To the Qualifying Shareholders and, for information only,
the Non-Qualifying Shareholders*

Dear Sir or Madam,

- (1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;**
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
**(3) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES
FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE;**
(4) CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT;
(5) APPLICATION FOR WHITEWASH WAIVER;
(6) PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;
(7) PROPOSED CAPITAL REDUCTION AND SUB-DIVISION;
AND
(8) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the (i) the First Announcement; (ii) the holding announcement of the Company dated 27 September 2024; (iii) the supplemental and delay in despatch announcement of the Company dated 14 October 2024; (iv) the further supplemental and clarification announcement of the Company dated 5 November 2024; (v) the delay in despatch of circular announcement of the Company dated 11 November 2024; (vi) the revised expected timetable announcement of the Company dated 15 November 2024; (vii) the appointment of IFA announcement of the Company dated 15 November 2024; (viii) the further delay in despatch of circular announcement of the Company dated 29 November 2024 (ix) the revised expected timetable announcement of the Company dated 9 December 2024; (x) the further delay in despatch of circular announcement of the Company dated 20 December 2024; and (xi)

LETTER FROM THE BOARD

the revised expected timetable announcement of the Company dated 3 January 2025 (collectively, the “**Previous Announcements**”) of the Company in relation to, among other things, the Increase in Authorized Share Capital, the Change in Board Lot Size, the Rights Issue, the Underwriting Agreement, application for Whitewash Waiver and CB Subscription.

The purpose of this circular is to provide you with, among other things, (i) further details of the Change in Board Lot Size, the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the CB Subscription, the Capital Reduction and Sub-division; (ii) a letter of recommendations from the Listing Rules IBC in respect of the Rights Issue and the Underwriting Agreement; (iii) a letter of recommendations from the Takeovers Code IBC in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (iv) a letter of advice from the Independent Financial Adviser to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in respect of the aforesaid; (v) other information required under the Listing Rules and the Takeovers Code; and (vi) the notice of the EGM.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$20,000,000 divided into 80,000,000 Shares to HK\$100,000,000 divided into 400,000,000 Shares. Subject to the passing of an ordinary resolution by the Shareholders at the EGM to approve the Increase in Authorised Share Capital, the Increase in Authorised Share Capital will become effective on the date of the EGM.

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

Condition of the Increase in Authorised Share Capital

The Increase in Authorised Share Capital is conditional on the passing of the relevant ordinary resolution by the Shareholders at the EGM.

The Increase in Authorised Share Capital is not conditional on completion of the Rights Issue or the CB Subscription Agreement.

PROPOSED CHANGE IN BOARD LOT SIZE

The Shares are currently traded on the Stock Exchange in board lot size of 5,000 Shares. The Board proposes to change the board lot size for trading from 5,000 Shares to 10,000 Shares per board lot. Based on the closing price of HK\$0.325 per Share as at the Latest Practicable Date, the value of each board lot of 10,000 Shares would be HK\$3,250.

Condition of the Change in Board Lot Size

The Shareholders’ approval is not required for the Change in Board Lot.

Completion of the Change in Board Lot Size is not conditional on completion of the Increase in Authorised Share Capital, the Rights Issue and the CB Subscription Agreement.

LETTER FROM THE BOARD

Reasons for Change in Board Lot Size

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer to change the trading method or to proceed with a consolidation or splitting of its securities. Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated on 1 October 2020, the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. As at 8 January 2025, being the Latest Practicable Date, the closing price of each Share was HK\$0.325, with a board lot size of 5,000 Shares, the Shares are trading at HK\$1,625 per board lot.

The Board considers that the proposed Change in Board Lot Size, resulting in a value of HK\$3,250 per board lot of 10,000 Shares (by reference to the price on 8 January 2025), would enable the Company to avoid the occurrence of non-compliance with the trading requirements under the GEM Listing Rules. The Board believes 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.

PROPOSED RIGHTS ISSUE

The Board proposes, subject to, amongst other things, the approval by the Independent Shareholders at the EGM, the Rights Issue with the terms summarised as follows:

Issue statistics

Basis of the Rights Issue	:	three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Rights Subscription price	:	HK\$0.250 per Rights Share
Net price per Rights Share (i.e. Rights Subscription price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.242 per Rights Share
Number of Shares in issue as at the date of this circular	:	42,817,360 Existing Shares

LETTER FROM THE BOARD

- Number of Rights Shares to be issued pursuant to the Rights Issue : Up to 128,452,080 Rights Shares (assuming no further issue or repurchase of the Shares on or before the Record Date) and up to 130,264,080 Rights Shares (assuming no further issue or repurchase of the Shares on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options)
- The aggregate nominal value of the Rights Shares will be up to HK\$1,302,640.80
- Total number of Shares in issue upon completion of the Rights Issue : Up to 171,269,440 Shares (assuming no further issue or repurchase of Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before the completion of the Rights Issue) and up to 173,685,440 Shares (assuming no further issue or repurchase of Shares on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
- Gross proceeds from the Rights Issue : Not less than approximately HK\$32.1 million and not more than approximately HK\$33.0 million before expenses
- Right of excess applications : There will be no right of excess application in the Rights issue
- Rights Shares subject to the Underwriting: Up to 88,452,080 Unsubscribed Rights Shares

As at the Latest Practicable Date, there were 604,000 outstanding Share Options granted by the Company exercisable into 604,000 Shares. Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares prior to the Record Date. Save for the Rights Issue and the CB Subscription, the Company has no further intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming no further issue or repurchase of Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 128,452,080 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent approximately 300% of the total number of issued Shares as at the Latest Practicable Date and 75% of the total number of issued Shares as enlarged by the issue of the Rights Shares.

LETTER FROM THE BOARD

Assuming no further issue or repurchase of Shares on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 130,264,080 Rights Shares proposed to be issued pursuant to the Rights Issue represents approximately 300% of the total number of issued Shares as at the Latest Practicable Date and 75% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

Undertaking

As at the Latest Practicable Date, the Company had not received any information or undertaking from any Shareholder as to whether such Shareholder intends to take up his/her entitlements under the Rights Issue (or otherwise).

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s)) must be lodged with the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 6 February 2025.

It is expected that the dealings in the Rights Shares in nil-paid form will take place from Tuesday, 18 February 2025 to Tuesday, 25 February 2025 (both dates inclusive).

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider each nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Shareholders with their Shares held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. For investors whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 6 February 2025.

Holders of Share Options who wish to participate in the Rights Issue should exercise their Share Options (if permitted) in accordance with the terms and conditions of the Share Option Scheme and be registered as holders of the Shares so allotted and issued to them pursuant to such exercise with the Company on or before the Record Date.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL) to the Non-Qualifying Shareholder for their information only.

LETTER FROM THE BOARD

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company.

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

Closure of register of members for the Rights Issue

The register of members of the Company will be closed from Friday, 7 February 2025 to Thursday, 13 February 2025 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. No transfer of the Shares will be registered during the above book closure period.

Basis of provisional allotments

The Rights Shares will be provisionally allotted on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

The PAL relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by completing a PAL and lodging the same with a remittance for the Rights Shares being accepted with the Registrar by 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.

Rights of Overseas Shareholders (if any)

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.

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Board will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, such Overseas Shareholders will become Non-Qualifying Shareholders and the Rights Issue will not be extended to them. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus.

LETTER FROM THE BOARD

Based on the register of members of the Company, as at the Latest Practicable Date, there are 2 Overseas Shareholders with registered addresses located in BVI, 1 Overseas Shareholder with registered address located in the PRC, 1 Overseas Shareholder with registered address located in Canada and 1 Overseas Shareholder with a registered address located in United Arab Emirates. The Company has sought legal opinion regarding the legal restrictions under the applicable securities legislation of such jurisdictions and the requirements of the relevant regulatory body or stock exchange with respect to the Rights Issue in relation to the Overseas Shareholders and has been advised that there is no restrictions under relevant securities law or other similar laws which would prevent the Company from including the Overseas Shareholder(s) with registered address(es) located in BVI, the PRC, Canada and United Arab Emirates in the Rights Issue. Based upon such advice, the Overseas Shareholders having registered address in BVI, the PRC, Canada and United Arab Emirates will not be excluded from the Rights Issue and shall therefore be the Qualifying Shareholders. Accordingly, the Rights Issue will be extended to such Overseas Shareholders having registered address in BVI, the PRC, Canada and United Arab Emirates.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 17.41(1) of the GEM Listing Rules.

Arrangements for the NQS Rights Shares

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

The Rights Subscription Price

The Rights Subscription Price of HK\$0.250 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Rights Subscription Price represents:

- (i) a discount of approximately 31.5% to the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 24.0% to the average closing price of HK\$0.329 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (iii) a discount of approximately 22.4% to the average closing price of approximately HK\$0.322 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 24.6% to the average closing price of approximately HK\$0.332 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 10.4% to the theoretical ex-rights price of approximately HK\$0.279 per Share based on the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 91.9% to the audited consolidated net asset value per Share of approximately HK\$3.087 (based on the latest published audited consolidated net asset value of the Group of approximately HK\$132.2 million as disclosed in the annual result announcement of the Company for the year ended 30 September 2024);
- (vii) a discount of approximately 94.1% to the unaudited consolidated net asset value per Share of approximately HK\$4.270 (based on the latest published unaudited consolidated net asset value of the Group of approximately HK\$182.8 million as disclosed in the interim report of the Company for the six months ended 31 March 2024);
- (viii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 23.6% represented by the theoretical diluted price of approximately HK\$0.279 to the benchmarked price of approximately HK\$0.365 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.365 and the average closing price of HK\$0.329 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day); and
- (ix) a discount of approximately 23.1% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Rights Subscription Price was determined after arm's length negotiation between the Company, the Placing Agent and the Underwriter with reference to, among others, (i) the recent closing price of the Shares taking into consideration that the Company's average Share price per month experienced a month-by-month drop ranging 7.6% to 25.4% per month since 1 January 2024 up to the Last Trading Day; (ii) the prevailing market conditions of the capital market in Hong Kong taking into consideration the cautious investment sentiment in Hong Kong as a result of economic uncertainties; (iii) the financial position of the Group taking into consideration that the Company recorded a loss of approximately HK\$8.2 million and HK\$14.3 million for the years ended 30 September 2023 and 2024

LETTER FROM THE BOARD

respectively; and (iv) the imminent funding and capital needs of the Company in Hong Kong taking into consideration the increase in administrative expenses and other operating expenses from approximately HK\$69.9 million for the year ended 30 September 2023 to approximately HK\$122.0 million for the year ended 30 September 2024, and the potential cost of the Company's expansion plan intended to turn around the Company's loss-making position as more particularly disclosed in the paragraph headed "Reasons for the Rights Issue and use of proceeds" in this circular.

In determining the discount of the Rights Subscription Price, the Directors have taken into account that it is a common practice for listed companies on the Stock Exchange to issue rights shares at a discount to the prevailing market price in order to enhance the attractiveness of the rights issue and to encourage the Shareholders to participate in the future growth of the Group, hence consider the terms of the Rights Issue, including the Rights Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the Independent non-executive Directors) believe that despite the dilution impact that the existing Shareholders will experience as a result of the Rights Issue, the Rights Issue will enable the Group to strengthen its capital base, improving its financial performance and allowing it to turn around from its loss-making position, and to grow its business pursuant to the Group's ongoing development strategies. The Directors (including the Independent non-executive Directors) also believe that despite the fact that the Subscription Price is a deep discount to the closing price on the Last Trading Day of approximately 31.5%, a discounted subscription price provides a more attractive opportunity to encourage the Qualifying Shareholders to participate in the Rights Issue and to maintain their respective shareholding interests in the Company. Based on the foregoing, the Directors (other than the members of the Listing Rules IBC and the Takeovers Code IBC whose opinion are set forth in the letters from the Listing Rules IBC and Takeovers Code IBC below after considering the advice from the Independent Financial Adviser) consider that the Subscription Price is fair and reasonable, and the Rights Issue is in the interests of the Company and the Shareholders as a whole.

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 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 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.

Stamp duty and other applicable fees

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

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 the fully paid Rights Shares are expected to be sent on or before Thursday, 13 March 2025 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. If the Underwriting Agreement is terminated or does not become unconditional, refund cheques will be despatched on or before Thursday, 13 March 2025, by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Fractional entitlement to the Rights Shares

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

Odd lots matching services

In order to alleviate the difficulties arising from the existence of odd lots of the Rights Shares arising from the Rights Issue, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from 9:00 a.m. on Wednesday, 5 February 2025 to 4:00 p.m. on Tuesday, 25 February 2025 (both dates inclusive). Holders of the Shares in odd lots represented by the existing certificates for the Shares who wish to take advantage of this facility either to acquire odd lots of the Shares to make up a full board lot or dispose of their odd lots of the Shares may, directly or through their broker, contact Mr. Ringo Hui of VBG Capital Limited at 21/F, Grand Millennium Plaza, 181 Queen's Road Central, Hong (telephone number: 2200 7611) during such period. Holders of odd lots of the Shares should note that successful matching of the sale and purchase of odd lots of the Shares is on the best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Application for listing

The Company will apply to the GEM Listing Committee for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. 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.

After the Change in Board Lot Size, the nil-paid Rights Shares shall be traded in the board lot of 10,000 Shares.

LETTER FROM THE BOARD

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 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 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 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.

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

Pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, the Company must make arrangements to dispose of any Unsubscribed Shares not validly applied for by the No Action Shareholders by offering such Unsubscribed Shares to independent placees for the benefit of those Shareholders. There will be no excess application arrangements in relation to the Rights Issue as stipulated by Rule 10.31(1)(a) of the GEM Listing Rules.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium over the aggregate amount of (i) the Rights 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 the relevant No Action Shareholders and Non-Qualifying Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, seek to procure, by not later than 4:00 p.m. on Monday, 10 March 2025, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Rights Subscription Price. Any unsold Unsubscribed Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

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

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

LETTER FROM THE BOARD

- (ii) for Non-Qualifying Shareholders, the relevant Non-Qualifying Shareholders whose names and addresses appeared on the register of members of the Company on the Record Date with reference to their shareholdings in the Company on the Record Date.

If the Net Gain payable to a No Action Shareholder or Non-Qualifying Shareholder mentioned above (i) is more than HK\$100, the entire amount will be paid to them; or (ii) is HK\$100 or less, such amount will be retained by the Company for its own benefit.

No irrevocable undertaking

As at the Latest Practicable Date, no irrevocable undertaking regarding whether to take up or reject the Rights Issue has been provided by any Directors or substantial shareholders or the Underwriter.

Conditions of the Rights Issue

The Rights Issue is conditional upon the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriter not terminating the Underwriting Agreement.

The Underwriting Agreement contains detailed conditions and events which may cause the Underwriting Agreement to be terminated by the Underwriter. Please refer to the section headed “Conditions of the Rights Issue and the Underwriting Agreement” in this circular for details of the conditions and grounds of termination of the Underwriting Agreement. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

The terms of the Placing Agreement (including the placing fee) were determined after arm’s length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and are on normal commercial terms. The Directors consider that the terms of the Placing Agreement are fair and reasonable.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the relevant No Action Shareholders and Non-Qualifying Shareholders, the Directors consider that the Compensatory Arrangements are in the interest of the minority Shareholders.

LETTER FROM THE BOARD

THE UNDERWRITING AGREEMENT

The Underwriting Agreement

On 23 September 2024 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to underwrite the Underwritten Shares on a best effort basis subject to the terms and conditions of the Underwriting Agreement as below:

Date:	23 September 2024
Issuer:	The Company
Underwriter:	Tanner Enterprises Group Limited, being an investment holding company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Li Man Keung Edwin, an executive Director
	Mr. Li Man Keung Edwin, is a substantial shareholder, beneficially holding 6,598,800 Shares, representing approximately 15.41% of the issued share capital of the Company as at the Latest Practicable Date. As such, Tanner Enterprises is a connected person of the Company under Chapter 20 of the GEM Listing Rules
Number of Rights Shares underwritten:	Up to 88,452,080 Rights Shares
Underwriting commission:	No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement

It is not in the ordinary course of business for Tanner Enterprises to act as an underwriter or enter into underwriting agreements.

The terms of the Underwriting Agreement were determined after arm's length negotiation between the Company and the Underwriter by reference to the financial position of the Group, the size of the Rights Issue, the current and expected market condition and the prevailing market rate. The Directors (other than the members of the Listing Rules IBC and the Takeovers Code IBC whose opinion are set forth in the letters from the Listing Rules IBC and Takeovers Code IBC below after considering the advice from the Independent Financial Adviser) consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Subject to the fulfilment of the conditions (or any waiver, as the case may be, by the Underwriter) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe for, pursuant to the terms of Underwriting Agreement and the Prospectus Documents (insofar as the same are applicable), the Underwritten Shares.

LETTER FROM THE BOARD

Conditions of the Rights Issue and the Underwriting Agreement

The Rights Issue and the obligations of the Underwriter under the Underwriting Agreement are conditional on:

- (a) the passing by the Shareholders at the EGM of an ordinary resolution to approve the proposed Increase in Authorised Share Capital, the Rights Issue and the Underwriting Agreement, and a special resolution to approve the Whitewash Waiver in accordance with the Listing Rules and the Takeovers Code;
- (b) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms);
- (c) the Executive granting the Whitewash Waiver to Tanner Enterprises and the satisfaction of all conditions (if any) attached to the Whitewash Waiver;
- (d) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by all the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (together with any other documents required by the applicable law or regulation to be annexed thereto) by no later than the Prospectus Posting Date;
- (e) the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Prospectus Posting Date and the posting of the Prospectus and a letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue by no later than the Prospectus Posting Date;
- (f) the compliance with the requirements under the applicable laws and regulations of Hong Kong and Cayman Islands;
- (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 and none of the undertakings of the Company in the Underwriting Agreement having been breached;
- (h) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and
- (i) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination.

LETTER FROM THE BOARD

Other than conditions (g) to (i) 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 Termination, all other conditions above cannot be waived. In the event of the said conditions not being fulfilled or waived, the Underwriting Agreement shall terminate (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) and neither the Company nor the Underwriter shall have any claim against the other party for costs, damages, compensation or otherwise save for any antecedent breach and the Rights Issue will not proceed.

Completion of the Rights Issue is not conditional on completion of the CB Subscription Agreement, or vice versa.

The long stop date of the Underwriting Agreement (by which date all conditions to the Underwriting Agreement must have been fulfilled or (where permitted) waived) is 30 April 2025, or such other date as the Underwriter and the Company may agree in writing.

No irrevocable undertaking

As at the Latest Practicable Date, no irrevocable undertaking regarding whether to take up or reject the Rights Issue has been provided by any Directors or substantial shareholders or the Underwriter.

Termination of the Underwriting Agreement

- (1) If prior to the Latest Time for Termination, in the absolute opinion of the Underwriter:
 - (a) the success of the Rights Issue would be affected by:
 - (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the 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) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/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 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
 - (b) 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) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or

LETTER FROM THE BOARD

- (c) the Prospectus Documents when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the opinion of the Underwriter is material to the Group as a whole and is likely to affect the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it;

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate this Agreement.

- (2) The Underwriter shall be entitled by notice in writing to rescind this Agreement if prior to the Latest Time for Termination:
 - (a) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
 - (b) it comes to the knowledge of the Underwriter that any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the representations, warranties and undertakings contained in the Underwriting Agreement untrue or incorrect in any respect.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

If prior to the Latest Time for Termination any such notice as referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement shall cease and determine 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 (save for any antecedent breaches hereof) and the Rights Issue shall not proceed.

If the Underwriter terminate the Underwriting Agreement, the Rights Issue will not proceed. An announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

INFORMATION ON THE UNDERWRITER

The Underwriter is an investment holding company incorporated in the British Virgin Islands with limited liability, and is not engaged in underwriting of issue of securities in its ordinary course of business. The Underwriter is wholly beneficially owned by Mr. Li Man Keung Edwin, an executive Director. It is the intention of the Underwriter to continue to carry on the businesses of the Group and to continue the employment of the employees of the Group. The Underwriter has no intention to introduce any major changes to the businesses of the Group including redeployment of the fixed assets of the Group.

The Directors are of the view that the Underwriter's intention to continue to carry on the businesses of the Group and to continue the employment of the employees of the Group is fair and reasonable and in the interest of the Company and Shareholders as a whole.

LETTER FROM THE BOARD

Restriction on dealings

The Company has undertaken to the Underwriter that for the period from the date of the Underwriting Agreement and ending on the date which from the Latest Time for Termination is Monday, 10 March 2025, unless with the prior written consent of the Underwriter, the Company shall not (except for the Rights Shares):

- (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares (except for the allotment or issue of Shares upon exercise of the outstanding Share Options);
- (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (i); or
- (iii) announce any intention to enter into or effect any such transaction described in paragraph (i) or (ii).

THE COMPENSATORY ARRANGEMENTS

Placing Agreement

On 23 September 2024 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure places, on a best effort basis, to subscribe for up to 40,000,000 Unsubscribed Rights Shares with consideration that a maximum of 88,452,080 Unsubscribed Rights Shares have been fully taken up by the Underwriter. The Placing of a maximum of 40,000,000 Unsubscribed Rights Shares will be subject to the Underwriter having taken up 88,452,080 Unsubscribed Rights Shares which is the maximum number it may be required to take up under the Underwriting Agreement.

If there are fewer than 88,452,080 Unsubscribed Rights Shares, the Underwriter will take them up in full and there will be no Unsubscribed Right Shares to be placed in the Placing.

If there are more than 88,452,080 Unsubscribed Rights Shares but less than 128,452,080 Unsubscribed Rights Shares, the Underwriter will take up 88,452,080 Unsubscribed Rights Shares and the remaining Unsubscribed Rights Shares will be subject to the Placing.

LETTER FROM THE BOARD

Details of the Placing Agreement are as follows:

Date : 23 September 2024 (after trading hours of the Stock Exchange)

Placing Agent : Redbridge Global Strategies Limited, a licensed corporation carrying out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, was appointed as the placing agent to place, or procure the placing of, up to 40,000,000 Unsubscribed Rights Shares, on a best effort basis, to the Placee(s) after a maximum of 88,452,080 Unsubscribed Rights Shares have been fully taken up by the Underwriter.

Mr. Michael Stockford, who has been appointed as an executive director of the Company with effect from 1 October 2024, beneficially owns approximately 34.0% in Redbridge Global Strategies Limited, and the remaining 66% is beneficially owned by two Independent Third Parties, namely Mr. Panagiotis Georgiou and Mr. Ignacio Infante who are both businessmen based in Europe and investor in the capital markets in Asia.

As at the Latest Practicable Date, neither of Redbridge Global Strategies Limited or Mr. Michael Stockford owned any Shares of the Company.

Placing fee : No placing commission will be payable by the Company to the Placing Agent for the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares

Placing price of the Unsubscribed Rights Shares : The placing price of the Unsubscribed Rights Shares shall be not less than the Rights Subscription Price.

The price will be determined based on the demand for the Unsubscribed Rights Shares and market conditions at the time of placement.

Placees : The Unsubscribed Rights Shares shall only be offered

(i) to institutional, corporate or individual investor(s) who and whose ultimate beneficial owner(s) shall be Independent Third Parties and whom are not acting in concert with the Underwriter and its concert parties; (ii) such that no Placee shall become a Substantial Shareholder immediately following the Placing; and (iii) such that the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

LETTER FROM THE BOARD

- Ranking of Unsubscribed Rights Shares : The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.
- Completion date of the Placing : Monday, 10 March 2025 or such other date as the Company and the Placing Agent may agree.

Conditions of the Placing Agreement

The Placing Agreement is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Rights Shares;
- (b) all necessary consents and approvals (including but not limited to the approvals from the respective board of directors of each the Company and the Placing Agent) to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated under the Placing Agreement having been obtained (as at the Latest Practicable Date, there are no additional consents and approvals required in respect of the Placing Agreement); and
- (c) the Placing Agreement not having been terminate in accordance with the terms of the Placing Agreement.

None of the above conditions can be waived by the Company or the Placing Agent. If any of the conditions precedent above is not fulfilled by the Latest Time for Termination (or such later time or date as may be agreed between the Placing Agent and the Company in writing), all obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and terminate and none of the parties shall have any claim against the other in relation to the Placing Agreement.

INFORMATION ON MR. MICHAEL STOCKFORD AND RELATIONSHIP WITH THE PLACING AGENT AND CB SUBSCRIBER

As at the Latest Practicable Date, Mr. Michael Stockford is presumed to be acting in concert with Tanner Enterprises, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue, and Mr. Hui Ringo Wing Kun in respect of the Company under Class 6 (directors of the Company (together with their close relatives, related trusts and companies controlled by such directors, their close relatives and related trusts)) in the definition of “acting in concert” in the Takeovers Code.

Mr. Michael Stockford’s appointment as an executive director of the Company announced in the First Announcement took effect from 1 October 2024. Neither Mr. Michael Stockford nor any companies controlled by him nor any party acting in concert with him is a shareholder of the Company.

LETTER FROM THE BOARD

Mr. Michael Stockford beneficially owns approximately 34.0% of Redbridge Global Strategies Limited, being the Placing Agent, and the that remaining 66% is beneficially owned by two Independent Third Parties, namely Mr. Panagiotis Georgiou and Mr. Ignacio Infante who are both businessmen based in Europe and investors in the capital markets in Asia. As at the Latest Practicable Date, none of Redbridge Global Strategies Limited, Mr. Michael Stockford, Mr. Panagiotis Georgiou or Mr. Ignacio Infante beneficially owns any Shares of the Company.

Mr. Stockford is the sole ultimate beneficial owner of Redbridge Capital Management Limited, which is the investment manager of the CB Subscriber.

Neither the Placing Agent nor Mr. Michael Stockford has any side arrangements, agreements, understanding or undertaking (whether formal or informal and whether express or implied) with the Company. There will be no placing commission payable by the Company to the Placing Agent and the engagement of the Placing Agent is a connected transaction for the Company that is fully exempt under the “de minimis” provisions in Chapter 20 of the GEM Listing Rules.

Mr. Michael Stockford became an executive Director of the Company on 1 October 2024. Mr. Michael Stockford (i) has no other relationship with Tanner Enterprises or Mr. Li Man Keung Edwin; (ii) is not acting in concert with Tanner Enterprises, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue, Mr. Hui Ringo Wing Kun or any parties acting in concert with any of them in respect of the Company before the date of his appointment; and (iii) did not hold any Shares in the Company at the date of the CB Subscription Agreement and did not hold any Shares as at the Latest Practicable Date. At the time the CB Subscription Agreement was executed, Mr. Stockford was not a connected person of the Company.

The Company has been advised separately by Tanner Enterprises and the Placing Agent that they are not acting in concert.

TAKEOVERS CODE RULE 26.4

By reason of Rule 26.4 of the Takeovers Code, amongst other things, except with the consent of the Executive, no nominee of an offeror or persons acting in concert with it may be appointed to the board of the Company until the offer document has been posted. Mr. Michael Stockford is not a nominee of Tanner Enterprises.

Since the publication of the First Announcement and up to the Latest Practicable Date, apart from the appointment of Mr. Michael Stockford as an executive Director with effect from 1 October 2024, the Company has also appointed Ms. Chan Hiu Shan as a non-executive Director with effect from 2 January 2025. The Company considers that Rule 26.4 of the Takeovers Code does not apply to the appointment of Mr. Michael Stockford and Ms. Chan Hiu Shan for the following reasons: (i) neither Mr. Michael Stockford nor Ms. Chan Hiu Shan is connected with any directors, senior management, substantial shareholder or controlling shareholder (as defined in the GEM Listing Rules) of the Company before the their respective appointment; (ii) neither Mr. Michael Stockford, Ms. Chan Hiu Shan nor any of their companies held any shares in the Company as at the respective date of his/her appointment and as at the Latest Practicable Date; (iii) neither Mr. Michael Stockford nor Ms. Chan Hiu Shan is acting in concert with Tanner Enterprises, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue, Mr. Hui Ringo Wing Kun or any parties acting in concert with any of them in respect of the Company before their respective appointment; and (iv) the Company’s decision to appoint Ms. Chan

LETTER FROM THE BOARD

Hui Shan upon nomination by Mr. Hui Ringo Wing Kun is a regulatory compliance measure necessitated by Rule 17.104 of the GEM Listing Rules, which requires issuers to achieve board diversity by appointing at least one director of a different gender by 31 December 2024; hence the appointment of Ms. Chan Hui Shan is a mandatory governance measure and not a discretionary move by Tanner Enterprise, Mr. Li Man Keung Edwin, and parties acting in concert with any of them in the Company to exert influence or control over the Company.

Nevertheless, as a result of the appointment of Mr. Michael Stockford as an executive Director and Ms. Chan Hui Shan as a non-executive Director, Mr. Michael Stockford and Ms. Chan Hui Shan are presumed to be acting in concert with Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David and Mr. Hui Ringo Wing Kun as they will now fall within Class 6 (directors of the Company (together with their close relatives, related trusts and companies controlled by such directors, their close relatives and related trusts)) of those presumed to act in concert in the definition of “acting in concert” in the Takeovers Code.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

As at the Latest Practicable Date, there were 604,000 outstanding Share Options granted by the Company exercisable into 604,000 Shares. Pursuant to the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, 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 prior to the Record Date. Save for the Rights Issue and CB Subscription, the Company has no further intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

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

Pursuant to ongoing development strategies of the Group, the Group has been undergoing a diversified expansion from its SFC-licensed businesses to the inclusion of providing environment, social and governance advisory, business consultancy services, corporate secretarial services, accounting and taxation services, risk management and internal control advisory services and human resources services in Hong Kong.

Following 2023, the Group continued to seek and profit from potential investment targets, including but not limited to entering into strategic cooperations with payment gateway providers, AI algorithm developers, big data platforms and other integrated solutions providers.

The Board considers that it is in the interests of the Company and its shareholders to continue its diversified expansion and investing in gaming and entertainment businesses taking into consideration forecast increase in the global online game industry.

LETTER FROM THE BOARD

According to Statista, a leading online provider of market and consumer data headquartered in Germany, the global mobile online game industry was valued at approximately US\$108.2 billion in 2022 and is projected to grow annually at a compound annual growth rate (CAGR) of approximately 13.6% during the period from 2023 to 2030, reaching approximately US\$339.5 billion by 2030. In particular, the following sets forth the forecast market growth of the mobile online game industry by specific region or country.

- (a) Japan: The Japan mobile online game industry is projected to generate revenue of approximately US\$16.77 billion in 2024 and is expected to exhibit an annual growth rate of approximately 5.73% between 2024 and 2028, reaching approximately US\$20.96 billion by 2028;
- (b) United States: The United States mobile online game industry is projected to generate revenue of approximately US\$19.61 billion in 2024 and is expected to exhibit an annual growth rate of approximately 6.77% between 2024 and 2027, reaching approximately US\$23.87 billion by 2027;
- (c) Europe: The Europe mobile online game industry is projected to generate revenue of approximately US\$8.23 billion in 2024 and is expected to exhibit an annual growth rate of approximately 6.71% between 2024 and 2027, reaching approximately US\$10.0 billion by 2027; and
- (d) Southeast Asia: The Southeast Asia mobile online game industry is projected to generate revenue of approximately US\$3.14 billion in 2024 and is expected to exhibit an annual growth rate of approximately 7.40% between 2024 and 2027, reaching approximately US\$3.89 billion by 2027.

Source: <https://www.statista.com>

Based on the above and the fact that the Group's online gaming and entertainment business will set forth as a mobile platform comparable to other mobile online games and aimed specifically at mobile gaming users, the Board considers that the Group will be able to benefit from the potential growth by investing in the gaming and entertainment business.

With reference to the voluntary announcement of the Company dated 26 September 2024, the Company and Chromatic Media Ltd., an investment holding company principally engaged in the development and operations of its social gaming platform (the "**Target Company**"), entered into a non-legally binding letter of intent to which the Company intends to invest approximately US\$5.0 million in the establishment of a wholly-owned subsidiary to be incorporated in a gaming-friendly jurisdiction, being countries which would potentially include but not limited to Cambodia, Indonesia, Singapore, Thailand and Vietnam, and the strategic cooperation with the Target Company following the Company's development in the gaming industry.

The ultimate beneficial owner of Chromatic Media Ltd is Mr. Grant Rosenthal, who is the chief information officer of Omega Systems, an IT managed services provider. As at the Latest Practicable Date, Mr. Grant Rosenthal did not hold any Shares in the Company.

LETTER FROM THE BOARD

As mentioned in the First Announcement, the net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be not more than (i) approximately HK\$31.1 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$32.0 million (assuming no change in the number of Shares in issue on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding options to subscribe for Shares granted under the share option scheme adopted by the Company on 4 May 2017).

A portion of the estimated net proceeds of Rights Issue, being approximately HK\$21.8 million, is expected to be utilised in development of the gaming and entertainment business, and the remaining net proceeds, being approximately HK\$9.3 million, are expected to be used as general working capital in following manner:

Intended use of the net proceeds of Rights Issue	Net proceeds to be used
Establishment of a wholly-owned subsidiary to be incorporated in a gaming- friendly jurisdiction and the hiring of operational staff for the gaming platform	HK\$6.4 million
Marketing expense for capturing new customers to take part in the gaming platform	HK\$15.4 million
General working capital in the operation of existing licensed and non-licensed businesses	HK\$9.3 million
Total	HK\$31.1 million

In view that the Company is estimated to maintain an increasing administrative expense and other operating expenses, in particular the estimated increase in the number of staff for the year ending 30 September 2025, the Directors intend to allocate the net proceeds within the scope of general working capital as below:

Intended use of the net proceeds within the scope of general working capital in the operation of existing licensed and non-licensed businesses	Net proceeds to be used
Staff costs	HK\$7.9 million
Other general administrative expenses	HK\$1.4 million
Total	HK\$9.3 million

The size of the fundraising was determined based on the estimated budget for the Company to invest in the gaming and entertainment business, and divided in proportion to the details of the plan as disclosed above.

In determining the investment amount of US\$5.0 million, the size of the fundraising and the respective allocation of the net proceeds, the Directors has considered various factors including (i) the estimated operation expenses and marketing expenses of approximately US\$1.4 million and US\$1.6 million respectively based on the cashflow forecast provided by management of the Target Company in establishing and maintaining a new gaming platform for the first 12 months; and (ii) the profit-making nature in low and high estimates of the new gaming platform provided by management of the Target Company for the first 18 months.

LETTER FROM THE BOARD

As the Company does not yet have management expertise in the gaming industry, the Company seeks to identify and enter into service agreements with 2 suitable candidates by 30 June 2025, who would each be appointed in a management role and responsible in overseeing and providing key instructions in the operations and marketing sector of the gaming industry respectively, who possess the necessary experience in the operations and management of gaming and entertainment businesses. These expertise would include the knowledge and competence in business, financial and operations management, marketing and strategic planning that are relevant to the field of gaming and recreation management. In order to become accustomed with the necessary experiences and expertise in the gaming business, the Directors and existing senior management staff intend to undertake internal training organised on a weekly basis in relation to gaming business operations and management for a duration of 6 months prior to the commencement of the business operations of the Target Company provided by the 2 suitable candidates upon their respective employment. The Directors set out to commence the online gaming business only until full attendance of the internal training has been undertaken and until they can ascertain with confidence by undertaking management-relevant assessments in relation to the gaming and entertainment business set out by the 2 suitable candidates that they would be capable to manage and supervise the new business with the necessary experience and expertise in the gaming business.

The Company has not yet identified the 2 suitable candidates as at the Latest Practicable Date.

To realise its business objectives in the online gaming industry, the Company intends to work closely with the Target Company and implement the following strategies in setting up its online gaming platform:

- Establishing and maintaining technology infrastructure: In order to cater to the needs of the development of the online gaming platform, the Group intends to set up and continuously improve its technology infrastructure with focus on the efficiency of operations and the quality of services provided to users through the platform. To support the expected increasing amount of data exchange between the Group and the relevant users and the intended promotion of its online gaming platform, the Group plans to purchase, install and set up equipment and facilities by 30 June 2025, including advanced computer servers and Internet connection service with larger bandwidth. The Directors are of the opinion that well established and constantly improving technology infrastructure plays a fundamental role in ensuring the smooth operation and continued development of the Group's business. The Directors expect that the implementation cost of the technology infrastructure would amount to approximately US\$1.2 million for the first 12 months, and the online gaming platform as a mobile console app will be launched by 30 September 2025.
- Establishing marketing efforts: In order to promote awareness of the online gaming platform, the Group plans to implement a series of marketing measures and undertake advertising campaigns aiming to promote the general awareness of the online gaming platform. Advertisements will be produced and published on mainstream gaming websites following its launch in 30 September 2025 and reception reviewed on a monthly-basis, as well as other online resources and networks that provide exposure to potential customers based on interest and behaviour. Furthermore, the Group will organize and sponsor relevant conventions and exhibitions in the name of its online gaming platform for market players and users to participate. The Group also intends to promote by hosting various affairs on conventions and exhibitions of online game industries. The Directors expect that the cost of establishment of its marketing efforts would amount to approximately US\$1.6 million.

LETTER FROM THE BOARD

- Enhancing and expanding operating staff: In order to cater the future development and maintenance of the online gaming platform, the Group intends to enter into service contracts with a small number of staff with online game related experience by 30 June 2025 principally responsible for various functions of the online gaming platform leading to its launch in 30 September 2025. The Directors expect that an additional 8 employees, including 2 in management roles, will be hired by 31 December 2025, and the relevant labour costs for the allocated and newly hired employees for the operation would amount to approximately US\$0.2 million.

The business model of the Target Company principally sets out to be a social gaming platform featuring problem-solving puzzle games to be developed by the Target Company catered to adult gamers in the form of a mobile console app allowing players to purchase credit to play in online games which are for entertainment only. As part of the purchase of game credit, players will be awarded with alternative merchandise credit redeemable for merchandise prizes in the form of clothing and soft toys. The target revenue stream will mainly be derived from (i) the sales of in-game credit, virtual items and in-game avatars; and (ii) the provision of in-game marketing and promotion services to advertisers who promote products in the games to players.

With consideration that the business model and target revenue stream may be regarded as a regulated gambling activity under the legal restrictions and government policies under applicable laws and regulations where the online gaming business may set out in (the “**Applicable Laws**”), the Company has sought legal opinion and has been advised that the business model and target revenue stream, being the purchase of game credits in exchange for redeemable merchandise prizes in the form of clothing and soft toys, would not be categorized as a gambling activity in the jurisdictions of Cambodia, Indonesia, Singapore, Thailand and Vietnam, being the potential countries where the wholly-owned subsidiary will be incorporated and operated in. As a result, the Directors will seek to employ internal controls and procedures designed to help ensure that the online gaming operations are conducted in a professional manner. The internal control measures will set out to enable the Company to detect irregularities and unusual activity or trends in the transactions that take place in the online gaming platform, which if detected, are to be reported to the senior management for investigation and remediation. Should the Company detect any deviation when setting out the business model of the Target Company, the Company would not allow any commencement of its business operations until necessary changes have been made in order to maintain compliance under the Applicable Laws.

Following the strategic cooperation between the Group and the Target Company, the Group intends to leverage the expertise of the Target Company’s management team in development of the online mobile gaming platform, assistance in registration to any local gaming licensing and establishment of the marketing tactics as aforementioned above. The Company has yet to identify which country the online gaming operations will set to take place, and the Target Company has yet to commence realization of its online gaming operations in any country pending on the estimated funding required.

LETTER FROM THE BOARD

In view of the fact that the Group has been loss making for the past two financial years, the Directors believe that the development of its new gaming and entertainment business will allow a diversification of the Group's revenue stream and broaden the Group's reach to new clientele at an international level. The Directors believe this development would be in the interests of the Company.

The Company has no intention to dispose of, downsize or terminate any of its existing businesses, and will allocate as much time and effort as before in the maintaining and development of its existing businesses.

Save for the Rights Issue and the CB Subscription as disclosed in this circular, although the investment funds required are more than the estimated proceeds from the Rights Issue, the Company currently has no plan or intention to carry out any other fund-raising plans in the next 12 months.

Fund-raising alternatives

Apart from the Rights Issue, the Board has considered various fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing of new shares and open offer. The Board notes that bank borrowings, if available, would result in additional interest burden, higher gearing ratio of the Company from approximately 18.8% as at 30 September 2024 and create pressure to the liquidity of the Company. Hence, the Board does not consider it to be beneficial to the Company. As for an open offer, while it is similar to a rights issue, offering Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. As opposed to open offer, Rights Issue would allow Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro-rata shareholding interests in the Company and dealing with the Shares.

Having considered all the other fund-raising alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that it is an appropriate fund-raising method to strengthen the capital base of the Company and support the Company's continuing business development and growth.

As at the Latest Practicable Date, save for the Rights Issue and the CB Subscription as disclosed in this circular, the Company (i) did not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities; and (ii) had no other plan or intention to carry out any future corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Rights Issue.

APPLICATION FOR WHITEWASH WAIVER

As at the date of the Underwriting Agreement, and the Latest Practicable Date, the Underwriter and parties acting in concert with it (being Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan for the purposes of the Takeovers Code), taken together, in aggregate, hold 9,018,800 Shares, representing approximately 21.06% of the issued share capital of the Company.

LETTER FROM THE BOARD

Assuming (i) there is no change in the number of issued Shares from 23 September 2024, being the date of the first Previous Announcement, up to and including the closing date of the Rights Issue; (ii) none of the Qualifying Shareholders have taken up their entitlements under the Rights Issue; and (iii) a maximum of 88,452,080 Unsubscribed Rights Shares have been taken up by Tanner Enterprise, the aggregate shareholding of Mr. Li Man Keung Edwin, Tanner Enterprises and parties acting in concert with any of them in the Company (comprising Tanner Enterprises, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan, upon the close of the Rights Issue will increase from the current level of approximately 21.06% to approximately 56.91% of the issued share capital of the Company as enlarged by the issue of the Rights Shares. Tanner Enterprises 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 26.1 of the Takeovers Code.

If the Whitewash Waiver is granted by the Executive and approved by Independent Shareholders and the voting rights of the Company held by Mr. Li Man Keung Edwin and parties acting in concert with him (being Tanner Enterprises, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan) the taking up of Rights Shares by Tanner Enterprises pursuant to the Underwriting Agreement exceeds 50% of the voting rights of the Company. Mr. Li Man Keung Edwin, Tanner Enterprises and parties acting in concert with either of them may further increase their holdings of voting rights of the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer. An application has been made by Tanner Enterprises 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, will be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. Under the Takeovers Code, the resolution in relation to the Whitewash Waiver must be approved by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM by way of poll. The Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder will be subject to, among other things, the approval by more than 50% of the Independent Shareholders at the EGM by way of poll. The Executive may or may not grant the Whitewash Waiver. As it is a condition precedent to the Rights Issue that the Whitewash Waiver is granted by the Executive, the Rights Issue will not proceed if the Whitewash Waiver is not granted by the Executive or if any other condition precedent under the Underwriting Agreement is not fulfilled.

The Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver would not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the GEM Listing Rules). If a concern should arise after the release of this circular, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible. The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder do not comply with applicable rules and regulations.

LETTER FROM THE BOARD

The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive, if granted, is not approved by the Independent Shareholders, the Rights Issue and the Underwriting Agreement will not become unconditional and will not proceed.

If the Whitewash Waiver is granted by the Executive and approvals by the Independent Shareholders are obtained, upon completion of the Rights Issue, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, the maximum potential holding of voting rights of Mr. Li Man Keung, Tanner Enterprises and parties acting in concert with them in the Company will exceed 50%, Mr. Li Man Keung and Tanner Enterprises may thereafter increase their shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The CB Subscription Agreement

On 23 September 2024 (after trading hours, the Company entered into the CB Subscription Agreement with the CB Subscriber, pursuant to which the Company conditionally agreed to issue and the CB Subscriber conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$5,670,000.

Set out below are the principal terms of the CB Subscription Agreement:

Date: 23 September 2024

Parties: (i) the Company as issuer; and

(ii) the CB Subscriber

The CB Subscriber is an open ended fund company (“OFC”) with CR No. OF107 which was incorporated with variable capital, limited liability and segregated liability between the sub-funds in Hong Kong under the SFO and registered with the SFC under section 112D of the SFO on 15 November 2022 with the objective to operate as a collective investment scheme. The fund is a private OFC for the purposes of the Takeovers Code, and is an umbrella OFC for the purposes of all applicable laws and regulations including the SFO, the Securities and Futures (Open-ended Fund Companies) Rules (Cap. 571AQ), the Code and the SFC’s Fund Manager Code of Conduct, in all cases as may be amended from time to time.

LETTER FROM THE BOARD

The fund's investment objective is long-term capital appreciation through a combination of dividend income and capital appreciation of a sub-fund's underlying securities. A sub-fund can invest globally in a mix of listed and private equity investments with no particular geographic or sector focus. A sub-fund may invest in a portfolio of large, medium, and small capitalization stocks. The percentage of a sub-fund's assets invested in listed equity, private equity, fixed income, other funds or cash equivalents will vary from time to time based on the Investment Manager's outlook for the market. A sub-fund may have large weightings in a relatively few number of industries and/or individual securities.

Redbridge Capital Management Limited, a company incorporated with limited liability in Hong Kong with its principal business address at Room 2, Suite 3203-04, 32/F, (Queen's Road Central, Hong Kong, and licensed with the SFC with CE No. BAU760 to carry out Types 4 and 9 regulated activities pursuant to the SFO, has been appointed to provide discretionary investment management services, to give investment advice and provide other services to the fund with respect to each sub-fund. The investment manager is indirect wholly-owned by Mr. Michael Stockford.

The ultimate beneficial owner of the CB Subscriber is Dr. Zhe Zhang, who is the founder and CEO of SIFT Capital Partners Limited, a licensed corporation to carry out type 9 (asset management) under the SFO.

To the best of the Directors' knowledge and having made all reasonable enquiries, each of the CB Subscriber and its ultimate beneficial owner is a third party independent of the Company and its connected persons and do not hold any Shares as at the date of the CB Subscription Agreement and the Latest Practicable Date.

CB Subscription Price: HK\$5,670,000

LETTER FROM THE BOARD

Conditions of the CB Subscription Agreement

The CB Subscription is conditional upon:

- (i) the passing by the Independent Shareholders of relevant resolution(s) at the EGM in compliance with the requirements of the GEM Listing Rules approving:
 - (a) the CB Subscription Agreement and the transactions contemplated thereunder; and
 - (b) the issue of the Convertible Bonds and a specific mandate for the allotment and issue of the Conversion Shares to holder(s) of the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds;
- (ii) all necessary consents and approvals (including but not limited to the approvals from the board of directors to the CB Subscription Agreement) required to be obtained on the part of the Company in respect of the CB Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (iii) all necessary consents and approvals (including but not limited to the approvals from the Investment Manager to the CB Subscription Agreement) required to be obtained on the part of the CB Subscriber in respect of the CB Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (iv) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds;
- (v) none of the warranties given by the Company under the CB Subscription Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect; and
- (vi) none of the warranties given by the CB Subscriber under the CB Subscription Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect.

In the event that the conditions of the CB Subscription are not fulfilled on or before 30 April 2025 or such other date as may be agreed between the parties to the CB Subscription Agreement, the CB Subscription Agreement shall cease and terminate and neither the Company nor the Subscriber shall have any obligations and liabilities under the CB Subscription Agreement.

Completion of the CB Subscription will not be conditional to any conditional precedents of the Rights Issue or the completion of the Rights Issue.

Completion

The CB Subscription Agreement shall complete within 3 Business Days after the day on which the conditions set out above are fulfilled or, as the case may be, waived (or such later date as may be agreed between the Company and the Subscriber in writing).

LETTER FROM THE BOARD

The following is a summary of key terms of the Convertible Bonds:

Issuer:	The Company
Subscriber:	The CB Subscriber
Issue Price:	100% of the principal amount
Principal amount:	HK\$5,670,000
Conversion price:	The Conversion Price per Conversion Share shall be HK\$0.315, subject to the customary adjustments in certain events including share consolidation, share sub-division, capitalisation issue, capital distribution, rights issue and issue of other securities
Interest rate:	The Convertible Bonds bear no interest
Conversion Shares:	Based on the principal amount of the Convertible Bonds of HK\$5,670,000, the Convertible Bonds are convertible into 18,000,000 Conversion Shares at the initial conversion price of HK\$0.315 per Conversion Share (subject to adjustments)
Conversion Period:	The period commencing from one (1) month from the date of the completion of the Rights Issue, or subject to the mutual agreement between the Company and the Bondholder(s) from the date of the issue of the Convertible Bond, and ending on the maturity date (as defined below) (both dates inclusive)
Conversion rights and restrictions	The holder(s) of the Convertible Bonds shall, subject to compliance with the procedures set out in the terms and conditions thereunder, have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Bonds registered in its name into the Conversion Shares provided further the exercise of the conversion rights attached to the Convertible Bonds will not cause the Company to be unable to meet the public float requirement under the GEM Listing Rules
Ranking:	The Conversion Shares, when allotted and issued, shall rank <i>pari passu</i> in all respects with the Shares in issue on the relevant conversion date including the right to all dividends other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the relevant conversion date
Maturity date:	The date falling twenty-four (24) months after the date of the issue of the Convertible Bonds

LETTER FROM THE BOARD

Voting rights:	The holder(s) of the Convertible Bonds shall not have any right to attend or vote in any general meeting of the Company
Transferability:	Subject to compliance with the GEM Listing Rules, the Convertible Bond shall not be assigned or transferred in whole or in part except with the prior written consent of the Company, which consent shall not be unreasonably withheld
Security:	The obligations of the Company under the Convertible Bonds are unsecured

Based on the initial Conversion Price of HK\$0.315 per Conversion Share, a maximum number of 18,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent: (i) approximately 42.0% of the issued share capital of the Company as at the date of this circular; and (ii) approximately 29.6% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds in full. The maximum aggregate nominal value of the Conversion Shares is HK\$4,500,000.

Conversion Price

The initial Conversion Price of HK\$0.315 per Conversion Share represents:

- (i) a discount of approximately 13.7% from the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the date of the CB Subscription Agreement; and
- (ii) a discount of approximately 4.3% from the average closing price of HK\$0.329 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the CB Subscription Agreement.

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.315 per Conversion Share.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of (i) the recent trading performance of the Shares and the financial position of the Group; and (ii) the prevailing market conditions of the capital market in Hong Kong taking into consideration the cautious investment sentiment in Hong Kong as a result of economic uncertainties. The Directors consider that the Conversion Price and the terms and conditions of the CB Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mandate to issue the Conversion Shares

The Conversion Shares will be allotted and issued pursuant to a specific mandate to be sought from the Shareholders at the EGM.

LETTER FROM THE BOARD

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the possible changes in the shareholding structure of the Company arising from the proposed Rights Issue which are for illustrative purpose only.

Set out below is the shareholding structure of the Company (assuming no further issue or repurchase of the Shares and no exercise of any outstanding Share Options on or before the Record Date) (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming all Qualifying Shareholders take up their respective entitlements; (iii) immediately after completion of the Rights Issue assuming no Qualifying Shareholders take up their respective entitlements and the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are underwritten by the Underwriter; (iv) immediately after completion of the Rights Issue assuming the maximum Unsubscribed Rights Shares is underwritten by the Underwriter and no remaining Unsubscribed Rights Shares are placed to the placees under the Compensatory Arrangements; and (v) immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming that there are no other changes to the shareholding structure of the Company from the Latest Practicable Date up to the full conversion of the Convertible Bonds):

Substantial Shareholders and Directors	As at the Latest Practicable Date		Assuming all Qualifying Shareholders take up their respective entitlements		Assuming no Qualifying Shareholders take up their respective entitlements under the Rights Issue and the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are underwritten by the Underwriter and placed under the Compensatory Arrangements		Assuming the maximum Unsubscribed Shares and the NQS Unsold Rights Shares are underwritten by the Underwriter and no Unsubscribed Rights Shares are placed under the Compensatory Arrangements		Immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (Note 4)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Tanner Enterprises (Note 1)	4,549,200	10.62%	18,196,800	10.62%	93,001,280	54.30%	93,001,280	70.85%	93,001,280	49.14%
Mr. Li Man Keung Edwin (Note 1)	2,049,600	4.79%	8,198,400	4.79%	2,049,600	1.20%	2,049,600	1.56%	2,049,600	1.08%
Mr. Yeung Chun Yue David (Note 2)	1,520,000	3.55%	6,080,000	3.55%	1,520,000	0.89%	1,520,000	1.16%	1,520,000	0.80%
Mr. Hui Ringo Wing Kun (Note 3)	900,000	2.10%	3,600,000	2.10%	900,000	0.53%	900,000	0.69%	900,000	0.48%
Total Shares held by Tanner Enterprises and concert parties	9,018,800	21.06%	36,075,200	21.06%	97,470,880	56.91%	97,470,880	74.25%	97,470,880	51.50%
Public Shareholders										
Mr. Gan Fanglun	7,416,000	17.32%	29,664,000	17.32%	7,416,000	4.33%	7,416,000	5.65%	7,416,000	3.92%
Placees	-	0.00%	-	0.00%	40,000,000	23.36%	-	0.00%	40,000,000	21.13%
CB Subscriber	-	0.00%	-	0.00%	-	0.00%	-	0.00%	18,000,000	9.51%
Other public shareholders	26,382,560	61.62%	105,530,240	61.62%	26,382,560	15.40%	26,382,560	20.10%	26,382,560	13.94%
Total	42,817,360	100.00%	171,269,440	100.00%	171,269,440	100.00%	131,269,400	100.00%	189,269,440	100.00%

LETTER FROM THE BOARD

Notes:

1. 4,549,200 Shares are held by Tanner Enterprises Group Limited which is wholly owned by Mr. Li Man Keung Edwin, an executive Director. Mr. Li Man Keung Edwin also directly holds 2,049,600 Shares. The aggregate Shares beneficially owned by Mr. Li Man Keung Edwin is 6,598,800 Shares.
2. 1,520,000 Shares are held by Great Win Global Limited, which is wholly owned by Mr. Yeung Chun Yue David, an executive Director.
3. 900,000 Shares are held by Bright Music Limited, which is wholly owned by Mr. Hui Ringo Wing Kun, an executive Director.
4. Under the terms of the Convertible Bonds, the conversion rights attached to them cannot be exercised to the extent that the public float of the Company will be less than 25% of the issued share capital of the Company following such exercise, or such exercise will result in the Company being in breach of any provision of the GEM Listing Rules.

The above table is for illustration purposes only and the actual changes to the shareholding structure of the Company upon completion of the Rights Issue may be different for various reasons, including the results of the Rights Issue.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

The following is the equity fund raising activity conducted by the Company in the past 12 months immediately before this circular.

Date of announcement	Fundraising activity	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
23 February 2024	Subscription of new shares under general mandate	HK\$9.99 million	General working capital	Fully utilized as intended

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past 12 months immediately prior to the date of this circular.

INFORMATION OF THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of (i) corporate finance advisory services, (ii) placing and underwriting services, (iii) asset management services, (iv) business consultancy services, (v) environmental, social and governance advisory services, (vi) corporate secretarial services, (vii) accounting and taxation services, (viii) risk management and internal control advisory services, and (ix) human resources services in Hong Kong.

LETTER FROM THE BOARD

INFORMATION OF THE CB SUBSCRIBER

The CB Subscriber is an open ended fund company (“OFC”) with CR No. OF107 which was incorporated with variable capital, limited liability and segregated liability between the sub-funds in Hong Kong under the SFO and registered with the SFC under section 112D of the SFO on 15 November 2022 with the objective to operate as a collective investment scheme. The fund is a private OFC for the purposes of the Code, and is an umbrella OFC for the purposes of all applicable laws and regulations including the SFO, the Securities and Futures (Open-ended Fund Companies) Rules (Cap. 571AQ), the Code and the SFC’s Fund Manager Code of Conduct, in all cases as may be amended from time to time.

The fund’s investment objective is long-term capital appreciation through a combination of dividend income and capital appreciation of a sub-fund’s underlying securities. A sub-fund can invest globally in a mix of listed and private equity investments with no particular geographic or sector focus. A sub-fund may invest in a portfolio of large, medium, and small capitalization stocks. The percentage of a sub-fund’s assets invested in listed equity, private equity, fixed income, other funds or cash equivalents will vary from time to time based on the Investment Manager’s outlook for the market. A sub-fund may have large weightings in a relatively few number of industries and/or individual securities.

Redbridge Capital Management Limited, a company incorporated with limited liability in Hong Kong with its principal business address at Room 2, Suite 3203–04, 32/F, (Queen’s Road Central, Hong Kong, and licensed with the SFC with CE No. BAU760 to carry out Types 4 and 9 regulated activities pursuant to the SFO, has been appointed to provide discretionary investment management services, to give investment advice and provide other services to the fund with respect to each sub-fund.

The ultimate beneficial owner of the CB Subscriber is Dr. Zhe Zhang, who is the founder and CEO of SIFT Capital Partners Limited, a licensed corporation to carry out type 9 (asset management) under the SFO.

As at the Latest Practicable Date, Dr. Zhe Zhang, being the ultimate beneficial owner of the CB Subscriber, (i) had no relationship with Tanner Enterprises or Mr. Li Man Keung Edwin; (ii) was not a concert party with Tanner Enterprises, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue, Mr. Hui Ringo Wing Kun or any parties acting in concert with any of them; and (iii) did not hold any Shares in the Company.

As at the Latest Practicable Date, Mr. Michael Stockford (i) has no relationship with Tanner Enterprises or Mr. Li Man Keung Edwin; (ii) is not a concert party with Tanner Enterprises, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue, Mr. Hui Ringo Wing Kun or any parties acting in concert with any of them; and (iii) does not hold any of the Shares in the Company.

Mr. Michael Stockford is the sole ultimate beneficial owner of Redbridge Capital Management Limited, which is the investment manager of the CB Subscriber and is beneficially interested in 34% of the Placing Agent.

LETTER FROM THE BOARD

The Directors took into consideration whether the commercial terms, fairness and reasonableness for the Company in entering into the CB Subscription Agreement and the Placing Agreement would be affected from Mr. Michael Stockford's aforementioned involvement with the CB Subscriber and the Placing Agent. With consideration that (i) the proceeds made available from the CB Subscription Agreement was only made possible from Mr. Michael Stockford's networking with the CB Subscriber; (ii) the Placing Agreement with no placing commission to be incurred by the Company was only made possible from the Mr. Michael Stockford's involvement in the Placing Agent; and (iii) Mr. Michael Stockford's involvement would not affect the opportunity for Qualifying Shareholders to participate in the future development of the Company and maintaining their respective pro-rata shareholding interests in the Company in respect of the Rights Issue, the Directors (other than the members of the Listing Rules IBC and the Takeovers Code IBC whose opinion are set forth in the letters from the Listing Rules IBC and Takeovers Code IBC below after considering the advice from the Independent Financial Adviser) are of the view that the Rights Issue and the Placing Agreement were entered into on a more favourable commercial term to the Company, and fair and reasonable for the Company.

REASONS FOR AND BENEFITS OF THE PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS AND USE OF PROCEEDS

The proceeds from the CB Subscription will be HK\$5,670,000. The Company intends to apply the proceeds from the CB Subscription as general working capital of the Group.

Pursuant to ongoing development strategies, the Directors anticipates the Company would be able to create synergy with the CB Subscriber by utilizing its financial expertise and building from the CB Subscriber's networking with consideration that (i) the net proceeds from the CB Subscription would relieve the Group of its potential growing operation and administrative expenses following its development strategies; and (ii) any potential increase in the Company's Shares will provide value in the CB Subscriber's Conversion Shares, and will therefore act as an incentive for the Subscriber to enter into any active role by providing potential networking or financial support in contribution to the continuous growth of the Group.

Taking into consideration of the losses and the poor market sentiment that the Company has been facing, it has been difficult for the Company to seek investment opportunities in and maintain its operations. Although the conversion price under the CB Subscription was set at a discount of 13.7% to the closing price on the Last Trading Day, the Directors took into consideration that the Company's average Share price per month has been experiencing a month-by-month drop from 7.6% to 25.4% since 1 January 2024 up to the Last Trading Day, and it would be difficult to predict that the Shares would be traded at a higher price that the conversion price as set out in the CB Subscription Agreement.

As such, the Directors are of the view that it is on normal commercial terms and fair and reasonable to allow a discounted conversion price under the CB Subscription and promptly respond to the investment opportunity pursuant to the CB Subscription Agreement should the Share price continue to fall.

LETTER FROM THE BOARD

The Directors (other than the members of the Listing Rules IBC and the Takeovers Code IBC whose opinion are set forth in the letters from the Listing Rules IBC and Takeovers Code IBC below after considering the advice from the Independent Financial Adviser) are of the view that the terms of the CB Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

PROPOSED CAPITAL REDUCTION OF ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARES

Assuming the Increase in Authorised Share Capital becomes effective, the authorised share capital of the Company will be HK\$100,000,000 divided into 400,000,000 Shares, of which 42,817,360 Shares have been issued and are fully paid or credited as fully paid. The Board proposes the Capital Reduction and the Sub-division to be implemented in the following manner:

- (i) the par value of each of the issued Shares be reduced from HK\$0.25 to HK\$0.01 per issued Share by cancelling the paid up share capital to the extent of HK\$0.24 per issued Share by way of reduction of capital, so as to form issued New Ordinary Shares with par value of HK\$0.01 each;
- (ii) the credit arising from the Capital Reduction be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate;
- (iii) immediately following the Capital Reduction becoming effective, each of the authorised but unissued Shares with par value of HK\$0.25 each be subdivided into 25 authorised but unissued New Ordinary Shares with par value of HK\$0.01 each; and
- (iv) each of the New Ordinary Shares arising from the Capital Reduction and Sub-division shall rant *pari passu* in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

LETTER FROM THE BOARD

Assuming there will be no change in the issued share capital of the Company from the date of this circular up to the date on which the Capital Reduction and the Sub-division become effective, the share capital structure of the Company will be as follows:

	As of the date of this circular	Immediately after the Capital Reduction and the Sub-division becoming effective
Par value	HK\$0.25 per Share	HK\$0.01 per Share
Amount of the authorised share capital	HK\$100,000,000	HK\$100,000,000
Number of authorised shares	400,000,000	10,000,000,000
Amount of the issued share capital	HK\$10,704,340	HK\$428,173.60
Number of issued shares	42,817,360	42,817,360

As at the Latest Practicable Date, 42,817,360 Shares have been issued and are fully paid or credited as fully paid. Assuming that the par value of each of the 42,817,360 issued Shares will be reduced from HK\$0.25 to HK\$0.01 per issued Share by cancelling the paid up share capital to the extent of HK\$0.24 per issued Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of HK\$0.01 each, the Company's existing issued share capital of HK\$10,704,340 will be reduced by HK\$10,276,166.40 to HK\$428,173.60.

Conditions of the Capital Reduction and Sub-division

The proposed Capital Reduction and Sub-division are conditional to the passing of the ordinary resolution by the Shareholders at the EGM.

Completion of the Capital Reduction and Sub-division will not be conditional on completion of the Increase in Authorised Share Capital, Change in Board Lot Size, Rights Issue and the CB Subscription Agreement.

Reasons for and Effects of the Capital Reduction and the Sub-division

The proposed Capital Reduction and Sub-division will enable the par value of the Shares to be reduced from HK\$0.25 to HK\$0.01 each. The credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to the distributable reserve account of the Company which may be utilised by the Directors as a distributable reserve.

The Board is of the opinion that the proposed Capital Reduction will give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future.

LETTER FROM THE BOARD

The Capital Reduction and the Sub-division will reduce the nominal or par value of the Shares to be from HK\$0.25 to HK\$0.01 each, thus giving greater flexibility to the Company to issue new Shares in the future given that the Company is not permitted, without order of the court, to issue new Shares below their nominal or par value. It is important for Shareholders to note that, at this stage, there can be no assurance that any dividends will be declared or paid in the future, or that the Company will issue New Ordinary Shares, even if the Capital Reduction and the Sub-division take effect.

The Directors are of the view that the Capital Reduction and the Sub-division are in the best interests of the Company and its Shareholders as a whole. Save for applying the credit arising from the Capital Reduction towards offsetting the accumulated losses of the Company and the expenses to be incurred in relation to the Capital Reduction and the Sub-division, the Directors consider that the Capital Reduction and the Sub-division will have no effect on the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders in the Company.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the Latest Practicable Date, the Underwriter and parties acting in concert with it for the purposes of the Takeovers Code (being Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan), taken together, in aggregate, hold 9,018,800 Shares, representing approximately 21.06% of the issued share capital of the Company.

Assuming (i) there is no change in the number of issued Shares from 23 September 2024, being the date of the announcement of the Company dated 23 September 2024, up to and including the closing date of the Rights Issue; (ii) none of the Qualifying Shareholders take up their entitlements under the Rights Issue; and (iii) a maximum of 88,452,080 Unsubscribed Rights Shares are taken up by Tanner Enterprise, the aggregate shareholding of the concert party comprising Mr. Li Man Keung Edwin, Tanner Enterprises, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan, upon the close of the Rights Issue will increase from the current level of approximately 21.06% to approximately 56.91% of the issued share capital of the Company as enlarged by the issue of the Rights Shares. Tanner Enterprises 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 its pursuant to Rule 26.1 of the Takeovers Code.

If the Whitewash Waiver is granted by the Executive and approved by Independent Shareholders, and all 88,452,080 Underwritten Shares are taken up by Tanner Enterprises pursuant to the Underwriting Agreement the aggregate voting rights in the Company held by Tanner Enterprises immediately afterwards will represent approximately 54.30% of all voting rights (assuming no change in the number of Shares in issue on or before the Record Date) and the aggregate voting rights in the Company held by Mr. Li Man Keung Edwin and parties acting in concert with him (being Tanner Enterprises, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun and Mr. Michael Stockford) will exceed 50% of the voting rights of the Company. Tanner Enterprises may further increase its holding of voting rights of the Company without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer. An application has been made by Tanner Enterprises 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, will be subject to, among other things, the approval of

LETTER FROM THE BOARD

the Independent Shareholders at the EGM by way of poll. Under the Takeovers Code, the resolution in relation to the Whitewash Waiver must be approved by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM by way of poll.

The Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder will be subject to, among other things, the approval by more than 50% of the Independent Shareholders at the EGM by way of poll.

The Executive may or may not grant the Whitewash Waiver. It is a condition precedent to the Rights Issue that the Whitewash Waiver is granted by the Executive. The Rights Issue will not proceed if the Whitewash Waiver is not granted by the Executive or if any other condition precedent under the Underwriting Agreement is not fulfilled.

The Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver would not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the GEM Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder do not comply with applicable rules and regulations.

CONFIRMATIONS BY THE UNDERWRITER AND PARTIES ACTING IN CONCERT WITH IT, ETC.

Each of Tanner Enterprises, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan has confirmed that none of them and persons acting in concert with any of them has acquired any voting rights in the Company nor dealt in any securities of the Company and there have been no disqualifying transactions as stipulated under paragraph 3 of Schedule VI to the Takeovers Code, in the six-month period preceding the date of the Previous Announcement dated 23 September 2024 and up to and including the Latest Practicable Date.

Each of Tanner Enterprises, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan has confirmed that as at the Latest Practicable Date,

- (a) save for (i) 6,598,800 Shares, representing approximately 15.41% of the issued share capital of the Company owned by Mr. Li Man Keung Edwin or Tanner Enterprises, a company controlled by Mr. Li Man Keung Edwin; (ii) 1,520,000 Shares, representing approximately 3.55% of the issued share capital of the Company owned by Mr. Yeung Chun Yue David; (iii) 900,000 Shares, representing approximately 2.10% of the issued share capital of the Company owned by Mr. Hui Ringo Wing Kun, they and persons acting in concert with any of them do not hold, control or have direction over any Shares, convertible securities, warrants or options of the Company or any outstanding derivatives in respect of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (b) they and persons acting in concert with any of them have not received any irrevocable commitment or arrangements to vote in favour of or against the resolutions in respect of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the CB Subscription;

LETTER FROM THE BOARD

- (c) there is no borrowing or lending of any relevant securities (as defined in Note 4 of Rule 22 of the Takeovers Code) of the Company by them and persons acting in concert with them;
- (d) save for the Underwriting Agreement, there is no arrangement of the type referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares which might be material to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the CB Subscription;
- (e) other than those referred to in the section headed “Conditions precedent of the Underwriting Agreement”, there is no agreement or arrangement to which any of them or any person acting in concert with them is a party which related to the circumstances in which any of them may or may not invoke or seek to invoke a precondition or a condition to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the CB Subscription;
- (f) none of them has dealt in any relevant securities of the Company in the Relevant Period; and
- (g) none of them has entered into any derivative in respect of the relevant securities in the Company which are outstanding.

As at the Latest Practicable Date:

- (a) the Company has not paid and will not pay any consideration, compensation or benefit in whatever form to the Underwriter, Li Man Keung Edwin and parties acting in concert with either of them in connection with the Rights Issue and the Underwriting Agreement;
- (b) apart from the Underwriting Agreement, there is no understanding, arrangement or special deal between any member of the Group on the one hand, and the Underwriter, Li Man Keung Edwin and parties acting in concert with either of them on the other hand; and
- (c) there is no understanding, arrangement or agreement or special deal between (i) any Shareholders (excluding the Underwriter, Li Man Keung Edwin and parties acting in concert with any of them who are Shareholders); and (ii)(x) the Underwriter, Li Man Keung Edwin and parties acting in concert with either of them; or (y) the Company, its subsidiaries or associated companies.

IMPLICATIONS UNDER THE GEM LISTING RULES AND THE TAKEOVERS CODE

As at the Latest Practicable Date, (i) Mr. Li Man Keung Edwin holds directly and indirectly through Tanner Enterprises an aggregate of approximately 15.41% of the issued Shares; (ii) Mr. Yeung Chun Yue David indirectly held through Great Win Global Limited approximately 3.55%; and (iii) Mr. Hui Ringo Wing Kun indirectly held through Bright Music Limited approximately 2.10% of the issued Shares; and (iv) Mr. Michael Stockford did not directly or indirectly hold any Shares. Save for Mr. Li Man Keung Edwin’s, Mr. Yeung Chun Yue David’s and Mr. Hui Ringo Wing Kun’s interests in the Shares, no other Director or chief executive of the Company and their respective associates were interested in the Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

The Company has no controlling shareholder, and the Directors (excluding the Independent NonExecutive Directors) and the chief executive of the Company, and their respective associates will be required to abstain from voting in favour of the proposed resolution approving the Rights Issue in accordance with Rule 10.29(1) of the GEM Listing Rules. Accordingly, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun and Mr. Michael Stockford, the chief executive of the Company and their respective associates will abstain from voting in favour of the resolution to approve the Rights Issue and the transactions contemplated thereunder at the EGM.

Tanner Enterprises, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David and Mr. Hui Ringo Wing Kun, parties acting in concert with any of them and shareholders who are interested in and involved in the Underwriting Agreement, the Whitewash Waiver and transactions contemplated thereunder will be required to abstain from voting in respect of the resolutions to approve the Underwriting Agreement and the Whitewash Waiver at the EGM.

As at the date of the CB Subscription Agreement, Mr. Michael Stockford was not a connected person of the Company. As he is now an executive Director and a connected person of the Company, the Board has agreed with the CB Subscriber to treat the CB Subscription Agreement as a connected transaction of the Company and it will be subject to approval of Independent Shareholders and other requirements of Chapter 20 of the GEM Listing Rules. Tanner Enterprises, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David and Mr. Hui Ringo Wing Kun, the Placing Agent, Mr. Michael Stockford and parties acting in concert with any of them and shareholders who are materially interested in the CB Subscription Agreement will be required to abstain from voting in respect of the resolution to approve the CB Subscription Agreement at the EGM.

Accordingly, in accordance with the GEM Listing Rules and the Takeovers Code as the case may be, all of the executive Directors and the Underwriter, namely Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun and Tanner Enterprises and their respective concert parties and associates who are involved in, or interested in, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the CB Subscription will be required to abstain from voting in respect of the resolutions to approve the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the CB Subscription at the EGM. Save for the above, as at the Latest Practicable Date, no other Shareholders is required to abstain from voting on the relevant resolutions at the EGM.

The Directors are of the view that the terms of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the CB Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

The EGM (notice of which is set out in this circular) will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the CB Subscription and the transactions contemplated thereunder amongst other things.

LETTER FROM THE BOARD

ESTABLISHMENT OF LISTING RULES IBC, THE TAKEOVERS CODE IBC AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has established the Listing Rules IBC, comprising all the Independent Non-Executive (who have all confirmed that they have no direct or indirect interest in the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder), to advise the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement, the CB Subscription and the transactions contemplated thereunder on whether the terms are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole, and whose opinion will be set forth in the letter from the Listing Rules IBC after considering the advice from the Independent Financial Adviser.

The Company has established the Takeovers Code IBC pursuant to Rule 2.1 of the Takeovers Code, comprising all the Independent Non-Executive (who have all confirmed that they have no direct or indirect interest in the Rights Issue, the Underwriting Agreement, the CB Subscription and the transactions contemplated thereunder, and the Whitewash Waiver), to advise the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement, the CB Subscription and the transactions contemplated thereunder and the Whitewash Waiver on whether the terms are fair and reasonable and as to voting, and whose opinion will be set forth in the letter from the Takeovers Code IBC after considering the advice from the Independent Financial Adviser.

As disclosed under the paragraph headed “Takeovers Code Rule 26.4” in this circular, the Company has appointed Ms. Chan Hiu Shan as a non-executive Director with effect from 2 January 2025. While Rule 2.8 of the Takeovers Code requires the independent committee of the Board to comprise all non-executive directors of the company who have no direct or indirect interest in any offer or possible offer for consideration by the independent committee, given that the Takeovers Code IBC was already formed in October 2024 and a meeting was held to approve the appointment of the Independent Financial Adviser, the Company believes that it is in the best interest of the Independent Shareholders to keep the current composition of the Takeovers Code IBC unchanged, as Ms. Chan may require time to familiarize herself with the information regarding the proposed transaction, potentially limiting her ability to contribute effectively to recommendations for the Independent Shareholders.

Pelican Financial Limited has been appointed with the approval of the Listing Rules IBC and the Takeovers Code IBC pursuant to Rule 2.1 of the Takeovers Code to advise the Listing Rules IBC, Takeovers Code IBC and the Independent Shareholders as to whether the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the CB Subscription and the transactions contemplated thereunder are fair and reasonable and make recommendations as to voting.

DESPATCH OF THE PROSPECTUS DOCUMENTS

The Prospectus Documents will be despatched to the Qualifying Shareholders on or about Friday, 14 February 2025 after obtaining the approval of the Rights Issue, the Underwriting Agreement, the CB Subscription and the transaction contemplated thereunder and the Whitewash Waiver from the Independent Shareholders at the EGM. Only the Prospectus will be despatched to the Non-Qualifying Shareholders for their information. The Non-Qualifying Shareholders will not be entitled to any assured allotment under the Rights Issue.

LETTER FROM THE BOARD

EGM

A notice convening the EGM to be held at 21/F., The Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong on Tuesday, 28 January 2025 at 11:00 a.m. is set out on pages EGM-1 to EGM-6 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for holding the EGM, i.e. Sunday, 26 January 2025 at 11:00 a.m. (Hong Kong time). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so desire.

RECOMMENDATIONS

The Directors consider that the terms of the Rights Issue, the Underwriting Agreement, the CB Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and Shareholders as a whole, and the Increase in Authorized Share Capital, Capital Reduction and the Whitewash Waiver is fair and reasonable and in the interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend (i) the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Increase in Authorized Share Capital and the Capital Reduction and Sub-division; and (ii) the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue, the Underwriting Agreement, the CB Subscription and the transactions contemplated thereunder and the Whitewash Waiver.

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

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and the Underwriter not having terminated the Underwriting Agreement.

Please refer to the paragraph headed "Conditions of the Rights Issue" in this circular. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any Shareholder or other person dealing in the Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-fully underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholders in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

LETTER FROM THE BOARD

Shareholders are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.

ADDITIONAL INFORMATION

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

For and on behalf of
Hatcher Group Limited
Hui Ringo Wing Kun
Executive Director

LETTER FROM THE LISTING RULES IBC

Set out below is the text of a letter of recommendation from the Listing Rules IBC to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement, the CB Subscription and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

HATCHER GROUP LIMITED

亦辰集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8365)

10 January 2025

To the Independent Shareholders

Dear Sir or Madam,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES
FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE;
(2) CONNECTED TRANSACTIONS IN RELATION TO
THE UNDERWRITING AGREEMENT;
AND
(3) PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE**

We refer to the circular of the Company dated 10 January 2025 (the “**Circular**”) of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as the Listing Rules IBC to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Underwriting Agreement, and the CB Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM.

Having taken into account the advice of Pelican Financial Limited, we consider that the Rights Issue, the Underwriting Agreement, the CB Subscription and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Independent Shareholders as a whole. We also consider that the Underwriting Agreement and CB Subscription Agreement are on normal commercial terms, and the terms of the Underwriting Agreement and CB Subscription Agreement are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, despite the transactions contemplated under the Underwriting Agreement and the CB Subscription Agreement are not in the Company’s ordinary and usual course of business. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue, the Underwriting Agreement and the CB Subscription.

Yours faithfully, For and on behalf of
The Listing Rules IBC
Hatcher Group Limited

Mr. William Robert Majcher

Mr. Ho Lik Kwan Luke
Independent non-executive Directors

Mr. Lau Pak Kin Patric

LETTER FROM THE TAKEOVERS CODE IBC

Set out below is the text of a letter of recommendation from the Takeovers Code IBC to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement, the CB Subscription and the transactions contemplated thereunder, and the Whitewash Waiver, which has been prepared for the purpose of inclusion in this circular.

HATCHER GROUP LIMITED

亦辰集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8365)

10 January 2025

To the Independent Shareholders

Dear Sir or Madam,

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES
FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE;**
(2) CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT;
(3) APPLICATION FOR WHITEWASH WAIVER; AND
(4) PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

We refer to the circular of the Company dated 10 January 2025 (the “**Circular**”) of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as the Takeovers Code IBC to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Underwriting Agreement, the CB Subscription and the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned and to advise the Independent Shareholders on how to vote at the EGM.

Having taken into account the advice of Pelican Financial Limited, we consider that the Rights Issue, the Underwriting Agreement, the CB Subscription and the transactions contemplated thereunder, and the Whitewash Waiver are fair and reasonable and in the interests of the Company and its Independent Shareholders as a whole. We also consider that the Underwriting Agreement and CB Subscription Agreement are on normal commercial terms, and the terms of the Underwriting Agreement and CB Subscription Agreement are fair and reasonable. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue, the Underwriting Agreement, the CB Subscription and the Whitewash Waiver.

Yours faithfully, For and on behalf of
The Takeovers Code IBC
Hatcher Group Limited

Mr. William Robert Majcher

Mr. Ho Lik Kwan Luke

Mr. Lau Pak Kin Patric

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



PELICAN FINANCIAL LIMITED

28/F, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong

10 January 2025

*To the Independent Board Committee and the Independent Shareholders of
Hatcher Group Limited*

Dear Sirs,

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3)
RIGHTS SHARES FOR EVERY ONE (1) SHARE
HELD ON THE RECORD DATE;
(2) CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING
AGREEMENT;
(3) APPLICATION FOR WHITEWASH WAIVER;
AND
(4) PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Listing Rules IBC and Takeovers Code IBC (together, “**Independent Board Committee**”) in respect of the Rights Issue, the Underwriting Agreement, Whitewash Waiver, the CB Subscription and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 10 January 2025 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the Previous Announcements in relation to, among other things, the Increase in Authorized Share Capital, the Change in Board Lot Size, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the CB Subscription, the Capital Reduction and Sub-division.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

IMPLICATIONS UNDER THE GEM LISTING RULES AND THE TAKEOVERS CODE

Rights Issue

As the Rights Issue, if proceeded with, will increase the number of issued shares or the market capitalization of the Company by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the proposed Rights Issue must be made conditional on approval by the Independent 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 proposed Rights Issue.

As at the Latest Practicable Date, (i) Mr. Li Man Keung Edwin held directly and indirectly through Tanner Enterprises an aggregate of approximately 15.41% of the issued Shares; (ii) Mr. Yeung Chun Yue David indirectly held through Great Win Global Limited approximately 3.55%; and (iii) Mr. Hui Ringo Wing Kun indirectly held through Bright Music Limited approximately 2.10% of the issued Shares; and (iv) Mr. Michael Stockford did not directly or indirectly hold any Shares. Save for Mr. Li Man Keung Edwin's, Mr. Yeung Chun Yue David's and Mr. Hui Ringo Wing Kun's interests in the Shares, no other Director or chief executive of the Company and their respective associates were interested in the Shares as at the Latest Practicable Date.

Since the Company has no controlling shareholder, the Directors (excluding the Independent Non-Executive Directors) and the chief executive of the Company, and their respective associates will be required to abstain from voting in favour of the proposed resolution approving the Rights Issue in accordance with Rule 10.29(1) of the GEM Listing Rules. Accordingly, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan will abstain from voting in favour of the resolution to approve the Rights Issue and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, Ms. Chan Hiu Shan does not hold any shares of the Company within the meaning of Part XV of the SFO. The Company's decision of appoint Ms. Chan Hiu Shan on 2 January 2025 is a regulatory compliance measure necessitated by Rule 17.104 of the GEM Listing Rules, which requires issuers to achieve board diversity by appointing at least one director of different gender by 31 December 2024.

Tanner Enterprises, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan, parties acting in concert with any of them and shareholders who are interested in and involved in the Underwriting Agreement, the Whitewash Waiver and transactions contemplated thereunder will be required to abstain from voting in respect of the resolutions to approve the Underwriting Agreement and the Whitewash Waiver at the EGM.

Whitewash Waiver

In addition, as at the Latest Practicable Date, the Underwriter and parties acting in concert with it for the purposes of the Takeovers Code (being Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan), taken together, in aggregate, hold 9,018,800 Shares, representing approximately 21.06% of the issued share capital of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Assuming (i) there is no change in the number of issued Shares from 23 September 2024, being the date of the announcement of the Company dated 23 September 2024, up to and including the closing date of the Rights Issue; (ii) none of the Qualifying Shareholders take up their entitlements under the Rights Issue; and (iii) a maximum of 88,452,080 Unsubscribed Rights Shares are taken up by Tanner Enterprise, the aggregate shareholding of the concert party comprising Mr. Li Man Keung Edwin, Tanner Enterprises, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan, upon the close of the Rights Issue will increase from the current level of approximately 21.06% to approximately 56.91% of the issued share capital of the Company as enlarged by the issue of the Rights Shares. Tanner Enterprises 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 26.1 of the Takeovers Code.

If the Whitewash Waiver is granted by the Executive and approved by Independent Shareholders, and all 88,452,080 Underwritten Shares are taken up by Tanner Enterprises pursuant to the Underwriting Agreement the aggregate voting rights in the Company held by Tanner Enterprises immediately afterwards will represent approximately 54.30% of all voting rights (assuming no change in the number of Shares in issue on or before the Record Date) and the aggregate voting rights in the Company held by Mr. Li Man Keung Edwin and parties acting in concert with him (being Tanner Enterprises, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan) will exceed 50% of the voting rights of the Company. Tanner Enterprises may further increase its holding of voting rights of the Company without incurring any further obligation under Rule 26.1 of the Takeovers Code to make a general offer. An application has been made by Tanner Enterprises 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, will be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. Under the Takeovers Code, the resolution in relation to the Whitewash Waiver must be approved by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM by way of poll.

The Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder will be subject to, among other things, the approval by more than 50% of the Independent Shareholders voting at the EGM by way of poll.

The Executive may or may not grant the Whitewash Waiver. It is a condition precedent to the Rights Issue that the Whitewash Waiver is granted by the Executive. The Rights Issue will not proceed if the Whitewash Waiver is not granted by the Executive or if any other condition precedent under the Underwriting Agreement is not fulfilled.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

CB Subscription

As at the date of the CB Subscription Agreement, Mr. Michael Stockford was not a connected person of the Company. As he is now an executive Director and a connected person of the Company, the Board has agreed with the CB Subscriber to treat the CB Subscription Agreement as a connected transaction of the Company and it will be subject to approval of Independent Shareholders and other requirements of Chapter 20 of the GEM Listing Rules. Tanner Enterprises, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun and Ms. Chan Hiu Shan, the Placing Agent, Mr. Michael Stockford and parties acting in concert with any of them and shareholders who are materially interested in the CB Subscription Agreement will be required to abstain from voting in respect of the resolution to approve the CB Subscription Agreement at the EGM.

Accordingly, in accordance with the GEM Listing Rules and the Takeovers Code as the case may be, all of the executive Directors and the Underwriter, namely Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Ms. Chan Hiu Shan and Tanner Enterprises and their respective concert parties and associates who are involved in, or interested in, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the CB Subscription will be required to abstain from voting in respect of the resolutions to approve the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the CB Subscription at the EGM. Save for the above, as at the Latest Practicable Date, no other Shareholders were required to abstain from voting on the relevant resolutions at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Board consists of four executive directors, one non-executive director and three independent non-executive directors as at the Latest Practicable Date. Pursuant to the GEM Listing Rules and the Takeovers Code, the Independent Board Committee (comprising all the independent non-executive Directors and a non-executive Director who have no direct or indirect interest in the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the CB Subscription and the transactions contemplated thereunder as the date (31 October 2024) of the Independent Board Committee was formed), comprising Mr. William Robert Majcher, Mr. Ho Lik Kwan Luke and, Mr. Lau Pak Kin Patric, has been established to advise the Independent Shareholders as to whether the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the CB Subscription and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and to make a recommendation to the Independent Shareholders as to whether to vote in favour of or against the relevant resolution(s) to be proposed at the EGM. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise the Independent Board Committee on these matters.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

We are not connected (financially or otherwise) with the Company, the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates and concert parties and we are not aware of any relationships or interests between us and the Company or any of its substantial shareholders, directors or chief executives, or of their respective associates, as well as the Underwriter with any one of them, that could reasonably be regarded as a hindrance to our independence as defined under Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser in respect of the relevant resolutions. In the last two years, there was no other engagement between the Company and us. Apart from normal professional fees payable to us in connection with this appointment of us as the Independent Financial Adviser, no arrangement exists whereby Pelican Financial Limited will receive any fees or benefits from the Company or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates and concert parties, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the CB Subscription and the transactions contemplated thereunder.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the CB Subscription and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) whether the Independent Shareholders should vote in favour of or against the relevant resolution(s) to be proposed at the EGM.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have performed relevant procedures and taken those steps which we deemed necessary in forming our opinions which include, among other things, review of relevant agreements, documents as well as information provided by the Company and verified them, to an extent, to the relevant public information, statistics and market data, the relevant industry guidelines and rules and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group. The documents reviewed include, but are not limited to, the First Announcement, the Underwriting Agreement, the Placing Agreement, the CB Subscription Agreement, the Previous Announcements, the annual result announcement of the Company for the financial year ended 30 September 2024 dated 30 December 2024 (the “**2023–2024 Annual Result** ”), the interim report of the Company for the six months ended 31 March 2024 (the “**2023–2024 Interim Report**”) and the Circular. We have assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of an in-depth investigation into the business and affairs of the Group. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date pursuant to Rule 9.1 of the Takeovers Code.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In arriving at our opinion and recommendation with regard to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the CB Subscription and the transactions contemplated thereunder, we have taken into account the principal factors and reasons set out below:

1. Background and financial information of the Group

The Company is an investment holding company and its subsidiaries are principally engaged in (i) licensed business on the provision of corporate finance advisory services, placing and underwriting services and asset management services through its wholly-owned subsidiaries, which are licensed corporations under the Securities and Futures Ordinance (“**Licensed Business**”); and (ii) non-licensed business on the provision of business consultancy services, environmental, social and governance advisory services, corporate secretarial services, accounting and taxation services, risk management and internal control advisory services and human resources services in Hong Kong (“**Non-Licensed Business**”).

Set out below is a summary of the unaudited financial information of the Group for the six months ended 31 March 2023 and 31 March 2024 as extracted from the 2023–2024 Interim Report, and the audited financial information of the Group for the two years ended 30 September 2024 as extracted from the 2023–2024 Annual Result.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 1: Summarised financial results of the Group

	For the year ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
		(restated)
<i>Revenue from continuing operations</i>		
Licensed Business	24,113	15,369
Non-Licensed Business	61,380	62,517
Total continuing operations revenue	85,493	77,886
Loss for the year from continuing operations	(73,110)	(17,528)
Profit/(Loss) for the year		
from discontinued operations	(4,092)	3,197
Loss for the year	(77,202)	(14,331)

According to the 2023-2024 Annual Result, the Group recorded an increase in revenue, from approximately HK\$77.9 million for the year ended 30 September 2023 to approximately HK\$85.5 million for the year ended 30 September 2024. The increase in revenue was mainly due to (i) the increase in revenue of approximately HK\$8.8 million generated from Licensed Business which mainly involves placing and underwriting services and corporate finance advisory services.

The Group recorded a loss for the year from continuing operations of approximately HK\$73.1 million for the year ended 30 September 2024 as compared to a loss of approximately HK\$17.5 million for the year ended 30 September 2023. Such increase in loss was mainly attributable to the increase in one-off and non-cash items such as provision of impairment loss and other losses due to decrease in fair value on financial assets (which mainly include unlisted investment fund and investment in mobile applications. For details, please refer to note 13 of the 2023-2024 Annual Result) through profit or loss (“FVTPL”). While excluding the above one-off and non-cash items, the adjusted loss is approximately HK\$12.7 million in the financial year ended 30 September 2024, which shows an improvement from adjusted loss HK\$36.6 million in the financial year ended 30 September 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The consolidated assets and liabilities of the Group as at 31 March 2024 and 30 September 2024 as extracted from the 2023–2024 Interim Report and 2023-2024 Annual Result respectively are summarised as follows:

Table 2: Summarised financial position of the Group

	As at 30 September 2024 <i>HK\$'000</i> <i>(audited)</i>	As at 31 March 2024 <i>HK\$'000</i> <i>(unaudited)</i>	As at 30 September 2023 <i>HK\$'000</i> <i>(audited)</i>
Total assets			
– Non-current assets	75,815	130,159	130,139
– Current assets	92,053	93,264	142,454
	167,868	223,423	272,593
Total liabilities			
– Non-current liabilities	6,141	7,853	7,244
– Current liabilities	29,547	32,765	67,123
	35,688	40,618	74,367
Net current assets	62,506	60,499	75,331
Net assets	132,180	182,805	198,226
Equity attributable to owners of the Company	132,180	183,986	199,229

30 September 2024 vs 31 March 2024

The Group's total assets amounted to approximately HK\$167.9 million and HK\$223.4 million as at 30 September 2024 and 31 March 2024, respectively. The Group had non-current assets of approximately HK\$75.8 million as at 30 September 2024, representing a decrease of 24.9% compared to the figures as at 31 March 2024, which was mainly resulting by the impairment of goodwill (which includes the cash generating units of Canada business, APEC business and Greater Bay Area business. For details, please refer to note 12 of the 2023-2024 Annual Result) of approximately HK\$42.9 million and decrease in FVTPL of approximately HK\$7.5 million. The Group's current assets remained stable as at 31 March 2024 to 30 September 2024, which an increase in cash and bank balance of HK\$27.9 million offset by the decrease in the trade and other receivables of HK\$20.9 million as at 30 September 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On the other hand, the Group had total liabilities of approximately HK\$35.7 million and HK\$40.6 million as at 30 September 2024 and 31 March 2024, respectively. The non-current liabilities of the Group decreased from HK\$7.9 million as at 31 March 2024 to HK\$6.1 million as at 30 September 2024, mainly due to the decrease in lease liabilities of HK\$1.4 million. The current liabilities of the Group decreased by approximately HK\$3.2 million from 31 March 2024 to 30 September 2024, which was mainly due to the decrease in interest-bearing borrowings of HK\$6.7 million.

As such, resulting the net current assets of the Group as at 30 September 2024 amounted to approximately HK\$62.5 million, representing a increase of approximately HK\$2.0 million or 3.3% compared with approximately HK\$60.5 million as at 31 March 2024. The net assets of the Group were HK\$132.2 million as at 30 September 2024, decreased by approximately HK\$50.6 million or 27.7% from approximately HK\$182.8 million as at 31 March 2024. The decrease in net assets indicates that additional capital resources would be beneficial to enhance the Group's working capital position and support its business development.

30 September 2024 vs 30 September 2023

The Group's total assets amounted to approximately HK\$167.9 million and HK\$272.6 million as at 30 September 2024 and 30 September 2023, respectively. The Group had non-current assets amounted to approximately HK\$75.8 million as at 30 September 2024, representing a decrease of 41.7% compared to the figures as at 30 September 2023, which was mainly resulted by the impairment of goodwill of approximately HK\$42.9 million and decrease in FVTPL of approximately HK\$7.5 million. The Group had current assets amounted to HK\$92.1 million as at 30 September 2024, representing a decrease of 35.4% compared to the figures as at 30 September 2023. The decrease is mainly due to the decrease in trade and other receivables of approximately HK\$32.9 million and decrease in FVTPL of approximately HK\$10.1 million.

On the other hand, the Group had total liabilities of approximately HK\$35.7 million and HK\$74.4 million as at 30 September 2024 and 30 September 2023, respectively. As at 30 September 2024, the non-current liabilities of the Group amounted to approximately HK\$6.1 million, a decrease of 15.2% compared to the figures as at 30 September 2023, which was mainly due to decrease in lease liabilities of HK\$0.8 million and decrease in deferred tax liabilities of HK\$0.3 million. The Group had current liabilities amounted to HK\$29.5 million as at 30 September 2024, representing a decrease of 56.0% compared to the figures as at 30 September 2023. The decrease is mainly due to the decrease in trade and other payables of approximately HK\$27.4 million and decrease in interest-bearing borrowings of HK\$8.3 million.

As such, resulting the net current assets of the Group as at 30 September 2024 amounted to approximately HK\$62.5 million, representing a decrease of HK\$12.8 million or 17% compared with approximately HK\$75.3 million as at 30 September 2023. The net assets of the Group were HK\$132.2 as at 30 September 2024, decreased by approximately HK\$66.0 million or 33.3% from approximately HK\$198.6 million as at 30 September 2023. The decrease in net assets indicates that additional capital resources would be beneficial to enhance the Group's working capital position and support its business development.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Fund raising activities of the Company in the past 12 months

As set out in the Board Letter, the following is the equity fund raising activity conducted by the Company in the past 12 months immediately before the Latest Practicable Date.

Date of announcement	Fundraising activity	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
23 February 2024	Subscription of new shares under general mandate	HK\$9.99 million	General working capital	Fully utilized as intended

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past 12 months immediately prior to the Latest Practicable Date.

3. Proposed Rights Issue

3.1. Information on the Underwriter

The Underwriter, Tanner Enterprises Group Limited, being an investment holding company incorporated in the British Virgin Islands with limited liability.

The Underwriter is beneficially wholly-owned by Mr. Li Man Keung Edwin, an executive Director. Mr. Li Man Keung Edwin, is a substantial shareholder, beneficially holding 6,598,800, representing approximately 15.41% of the issued share capital of the Company as at the Latest Practicable Date. As such, Tanner Enterprises is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

As stated in the Board Letter, it is the intention of the Underwriter, being an associate of a substantial shareholder, to continue to carry on the businesses of the Group and to continue the employment of the employees of the Group. The Underwriter has no intention to introduce any major changes to the businesses of the Group including redeployment of the fixed assets of the Group.

3.2. Information on the Placing Agent

Redbridge Global Strategies Limited, a licensed corporation carrying out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, was appointed as the placing agent to place, or procure the placing of, up to 40,000,000 Unsubscribed Rights Shares, on a best effort basis, to the Placee(s) with consideration after a maximum of 88,452,080 Unsubscribed Rights Shares have been fully taken up by the Underwriter.

Mr. Michael Stockford, who has been appointed as an executive director of the Company with effect from 1 October 2024, beneficially owns approximately 34.0% in Redbridge Global Strategies Limited, and the remaining 66% is beneficially owned by two Independent Third Parties, namely Mr. Panagiotis Georgiou and Mr. Ignacio Infante who are both businessmen based in Europe and investor in the capital markets in Asia.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, neither of Redbridge Global Strategies Limited nor Mr. Michael Stockford nor any party acting in concert with him beneficially owned any Shares of the Company.

3.3. Reasons for and benefits of the Rights Issue and the intended use of proceeds

As disclosed in the Board Letter, as part of ongoing development strategies of the Group, the Group has been undergoing a diversified expansion from its SFC-licensed businesses to the inclusion of providing environment, social and governance advisory, business consultancy services, corporate secretarial services, accounting and taxation services, risk management and internal control advisory services and human resources services in Hong Kong.

We understand that building on its diversification strategy, the Group has actively pursued potential investment opportunities. The Group continued to seek and profit from potential investment targets, including but not limited to entering into strategic cooperations with payment gateway providers, AI algorithm developers, big data platforms and other integrated solutions providers. The Board considers that it is in the interests of the Company and its shareholders to continue its diversified expansion and investing in gaming and entertainment businesses taking into consideration the expected growth in the global online gaming industry. According to the voluntary announcement of the Company dated 26 September 2024, the Company and Chromatic Media Ltd., an investment holding company principally engaged in the development and operations of its social gaming platform which is incorporated in British Columbia in June 2024 (the “**Target Company**”), entered into a non-legally binding letter of intent to which the Company intends to invest approximately US\$5.0 million in the establishment of a wholly-owned subsidiary to be incorporated in a gaming-friendly jurisdiction, being countries which would potentially include but not limited to Cambodia, Indonesia, Singapore, Thailand and Vietnam, and the strategic cooperation with the Target Company following the Company’s development in the gaming industry. The wholly-owned subsidiary is not yet incorporated as at the Latest Practicable Date and will be incorporated upon completion of the Rights Issue. The ultimate beneficial owner of the Target Company is Mr. Grant Rosenthal, who is the chief information officer of Omega Systems, an IT managed services provider. As at the Latest Practicable Date, Mr. Grant Rosenthal did not hold any Shares in the Company.

From our independent research, we noted that according to PricewaterhouseCoopers’ (PwC) article titled “Global Entertainment & Media Outlook 2024–2028”¹, the global gaming market, including mobile and other platforms, generated approximately US\$227.6 billion in revenue in 2023, representing a 4.6% year on year growth. PwC projects that the global games market will surpass US\$334 billion in 2028, marking an increase of 47% compared to 2023. Furthermore, the “Essential Facts 2024” published by the Entertainment Software Association² indicates that 78% of American Households have played at least one gaming device in the past 12 months. Notably, the proportion of players choosing mobile gaming has grown substantially, from 33% in 2012 to 78% in 2024. This increase can be attributed to the global surge in smartphone adoption, fueled by enhanced availability and affordability, which in turn broadens the potential user base for mobile games. Given the trends of the global online game industry, particularly in mobile gaming, we believe the expansion into the gaming and entertainment business aligns with the Company’s business strategy objectives and is anticipated to enhance the Company’s diversified revenue streams.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be not more than (i) approximately HK\$31.1 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$32.0 million (assuming no change in the number of Shares in issue on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding options to subscribe for Shares granted under the share option scheme adopted by the Company on 4 May 2017.

A portion of the estimated net proceeds of Rights Issue, being approximately HK\$21.8 million, is expected to be utilised in the development of the gaming and entertainment business, and the remaining net proceeds, being approximately HK\$9.3 million, are expected to be used as general working capital.

1 Please refer to the article titled “Global Entertainment & Media Outlook 2024–2028” published by PricewaterhouseCoopers (PwC) dated 16 July 2024, at <https://www.pwc.com/gx/en/issues/business-model-reinvention/outlook/insights-and-perspectives.html>

2 Please refer to the “Essential Facts 2024” published by Entertainment Software Association, the trade association of the video game industry founded in 1994 in the United States, at <https://www.theesa.com/wp-content/uploads/2024/05/Essential-Facts-2024-FINAL.pdf>

Below is a breakdown of the intended use of the net proceeds of Rights Issue:

Intended use of the net proceeds of Rights Issue	Net proceeds to be used
Establishment of a wholly-owned subsidiary to be incorporated in a gaming-friendly jurisdiction and the hiring of operational staff for the gaming platform	HK\$6.4 million
Marketing expense for capturing new customers to take part in the gaming platform	HK\$15.4 million
General working capital in the operation of existing licensed and non-licensed business	HK\$9.3 million
Total	HK\$31.1 million

In view that the Company is estimated to maintain an increasing administrative expense and other operating expenses, in particular the estimated increase in the number of staff for the year ending 30 September 2025, the Directors intend to allocate the net proceeds within the scope of general working capital as below:

Intended use of the net proceeds within the scope of general working capital in the operation of existing licensed and non-licensed businesses	Net proceeds to be used
Staff costs	HK\$7.9 million
Other general administrative expenses	HK\$1.4 million
Total	HK\$9.3 million

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The size of the fundraising was determined based on the estimated budget for the Company to invest in the gaming and entertainment business, and divided in proportion to the details of the plan as disclosed above. The Company has no intention to dispose of, downsize or terminate any of its existing businesses, and will allocate as much time and effort as before in the maintaining and development of its existing businesses.

The total investment required for the gaming platform is US\$5.0 million. Of this, approximately HK\$21.8 million (approximately US\$2.8 million) will be funded through a combination of the net proceeds from the Rights Issue, with the remaining balance to be funded by the Group's internal resources and other financing arrangements as appropriate.

To assess the fairness and reasonableness of the proposed use of Rights Issue proceeds, we have reviewed (i) the strategic cooperation plan in setting up the online gaming platform between the Company and the Target Company; (ii) operating plan and budget showing expected expenses and operating requirements for the gaming platform operations; and (iii) background information on the management team of the Target Company, including Mr. Grant Rosenthal, currently serving as the chief information officer at Omega Systems, an IT managed services provider, and as managing director at X Dragon Technologies, is a highly regarded expert with more than two decades of experience in the technology industry. He has also held the position of director of information technology at World Gaming PLC, a firm focused on the development and production of internet technologies for gaming applications. His vast experience and forward-thinking perspective on information technology are expected to greatly benefit the partnership in establishing the online gaming platform between the Company and Target Company. Based on our review of the documents, it is noted that (i) the HK\$21.8 million of net proceeds cover the estimated operation expenses of approximately HK\$10.8 million and marketing expense of approximately HK\$11 million for capturing new customers to take part in the gaming platform of approximate 12 months; (ii) the operating plan demonstrates clear implementation timeline and resource requirements; and (iii) the management team of the Target Company possess the relevant knowledge and experience to provide technical expertise and industry know-how for the development of the gaming platform.

In relation to the investment funds required being more than the estimated proceeds from the Rights Issue, we have reviewed the Company's operating plan, implementation timeline and funding requirements of the gaming platform operations. While the total investment required of US\$5.0 million (approximately HK\$39.0 million) exceeds the Rights Issue proceeds by approximately HK\$17.2 million, we understand that (i) the Rights Issue proceeds will cover the critical first phase and initial 12-month operations; (ii) revenue generation is projected from month 7 onwards; and (iii) the Company has access to debt financing if required. On this basis, we consider that it is not unreasonable that the Company has no equity fund-raising plans in the next 12 months, subject to successful implementation of the project and achievement of projected milestones.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

From our discussion with the Company, we noted the following measures being undertaken to address its current lack of management expertise in the gaming industry: (i) the Company plans to identify and enter into service agreements with two suitable candidates, one specializing in operations and the other in marketing within the gaming sector, who possess the requisite expertise in managing gaming businesses; (ii) to build the necessary knowledge and skills within the organization, the Directors and existing senior management team will participate in weekly internal training sessions on gaming operations and management provided by the two suitable candidates following their employment; (iii) the Company seeks to establish internal controls and procedures to ensure that its online gaming operations are conducted professionally and in full compliance as a non-gambling activity; and (iv) the Company has sought legal opinion regarding the legal restrictions under the applicable laws and regulations (including but not limited to regulatory requirements, licensing requirements and anti-money laundering laws), as well as government policies that regulate gambling activities (the “**Applicable Laws**”). The Company has been advised that the business model and revenue stream of the Target Company, being the purchase of game credits in exchange for redeemable merchandise prizes in the form of clothing and soft toys, would not be categorized as a gambling activity in the target jurisdictions and would not be governed by gambling regulations under the Applicable Laws. Moreover, should the Company detect any deviation when setting out the business model of the Target Company, the Company would not allow any commencement of its business operations until necessary changes have been made in order to maintain compliance under the Applicable Laws. These measures demonstrate the Company’s dedication to engaging qualified professionals and implementing effective internal controls to ensure a smooth and compliant entry into the gaming industry. Considering that (i) the Target Company’s management team provides access to relevant expertise and operational know-how in the gaming sector, along with the growth potential of the global online gaming market. (ii) the legal opinion states that the business and the revenue stream of the Target Company, being the purchase of game credit in exchange for redeemable merchandise prizes in the form of clothing and soft toys, would not be categorised as a gambling activity in the jurisdictions of Cambodia, Indonesia, Singapore, Thailand or Vietnam as the purchase of game credit is not to be used as a direct redemption of credit with monetary value, but to be consumed by players in exchange for actual merchandise in the form of clothing and soft toys, or virtual in-game items, we are of the view that the use of proceeds to invest in the gaming industry is fair and reasonable.

Having considered that:

- (i) the Group’s strategic initiative to diversify its revenue streams beyond its existing SFC-licensed businesses, which is prudent given the Group’s loss-making position in the past five financial years;
- (ii) the gaming industry presents growth opportunities, as evidenced by the projected 47% global market size increase from US\$227.6 billion in 2023 to US\$334 billion in 2028, particularly in mobile gaming where user engagement has risen substantially from 33% to 78% over the past decade;
- (iii) the strategic cooperation with Target Company and its management team provides access to relevant expertise and operational know-how in the gaming industry, potentially reducing execution risks;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) the estimated net proceeds from the Rights Issue of over HK\$30 million will strengthen the Group's working capital position; and
- (v) the Rights Issue provides an opportunity for all Shareholders to participate in the Company's expansion on equal terms,

we concur with the view of the Board that the expansion into the gaming business, the Rights Issue, and the proposed use of the net proceeds of Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Fund-raising alternatives

As set out in the Board Letter, as at the Latest Practicable Date, save as disclosed in the Board Letter, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities; and (ii) has no other plan or intention to carry out any future corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Rights Issue.

Apart from the Rights Issue, the Board has considered the below debt/equity fund raising alternatives such as bank borrowings, placing or an open offer.

(i) Bank borrowing

As discussed with the Company, we understand the Board is of the view that additional bank borrowing will incur a further interest burden on the Group and negatively affect the gearing of the Group. Additional bank borrowing may also require the provision of security, and creditors rank before the Shareholders. In view of the current high-interest rate environment and the loss making position of the Company, it may also be difficult for the Group to obtain long term bank borrowings on favourable terms.

Given that the equity raised through the Rights Issue would not be interest-bearing, we agree that the Rights Issue would allow the Company to strengthen its capital base and liquidity without incurring interest costs as it would through bank borrowing.

(ii) Placing

The Board is of the view, and we concur, that a placing will dilute the interests of the Shareholders without giving them the opportunity to take part in the exercise.

(iii) Open offer

Finally, the Board considers, and we concur, in comparison to a rights issue, an open offer does not provide the flexibility to the Shareholders in dealing with the nil-paid rights attaching to the Rights Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of the above, we concur with the Board that the Rights Issue is a more beneficial way of fund-raising when compared to alternative fund-raising methods and that 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, given that the Rights Issue (i) allows the Company to strengthen its capital base and liquidity without incurring interest costs; (ii) offers all the Qualifying Shareholders equal opportunity to subscribe for their pro-rata provisional allotments of the Rights Shares without diluting their shareholding interests and allows the Qualifying Shareholders to participate in the future development of the Company; and (iii) allows the Qualifying Shareholders who decide not to take up their entitlements under the Rights Issue to sell the nil-paid Rights Shares in the market for economic benefits and allows others to acquire these nil-paid Rights Shares.

3.4. Principal terms of the Rights Issue

Set out below is a summary of the principle terms of the Rights Issue:

Issue price	:	three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Rights Subscription Price	:	HK\$0.250 per Rights Share
Net price per Rights Share (i.e. Rights Subscription price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.242 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	42,817,360 Existing Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 128,452,080 Rights Shares (assuming no further issue or repurchase of the Shares on or before the Record Date) and up to 130,264,080 Rights Shares (assuming no further issue or repurchase of the Shares on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options)

The aggregate nominal value of the Rights Shares will be up to HK\$1,302,640.80

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Total number of Shares in issue upon completion of the Rights Issue** : Up to 171,269,440 Shares (assuming no further issue or repurchase of Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before the completion of the Rights Issue) and up to 173,685,440 Shares (assuming no further issue or repurchase of Shares on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
- Gross proceeds from the Rights Issue** : Not less than approximately HK\$32.1 million and not more than approximately HK\$33.0 million before expenses
- Right of excess applications** : There will be no right of excess application in the Rights issue
- Rights Shares subject to the Underwriting** : Up to 88,452,080 Unsubscribed Rights Shares

As at the Latest Practicable Date, there were 604,000 outstanding Share Options granted by the Company exercisable into 604,000 Shares. Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares prior to the Record Date. Save for the Rights Issue and the CB Subscription, the Company has no further intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming no further issue or repurchase of Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 128,452,080 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent approximately 300% of the total number of issued Shares as at the Latest Practicable Date and 75% of the total number of issued Shares as enlarged by the issue of the Rights Shares.

Assuming no further issue or repurchase of Shares on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 130,264,080 Rights Shares proposed to be issued pursuant to the Rights Issue represents approximately 300% of the total number of issued Shares as at the Latest Practicable Date and 75% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.5. Our analysis of the principal terms of the Rights Issue

3.5.1. The Rights Subscription Price

The Rights Subscription Price of HK\$0.250 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares. The Rights Subscription Price represents:

- (i) a discount of approximately 31.5% to the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 24.0% to the average closing price of HK\$0.329 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 22.4% to the average closing price of approximately HK\$0.322 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 24.6% to the average closing price of approximately HK\$0.332 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 10.4% to the theoretical ex-rights price of approximately HK\$0.279 per Share based on the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 91.9% to the audited consolidated net asset value per Share of approximately HK\$3.087 (based on the latest published audited consolidated net asset value of the Group of approximately HK\$132.2 million as disclosed in the 2023–2024 Annual Result);
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 23.6% represented by the theoretical diluted price of approximately HK\$0.279 to the benchmarked price of approximately HK\$0.365 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.365 and the average closing price of HK\$0.329 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day); and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(viii) a discount of approximately 23.1% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

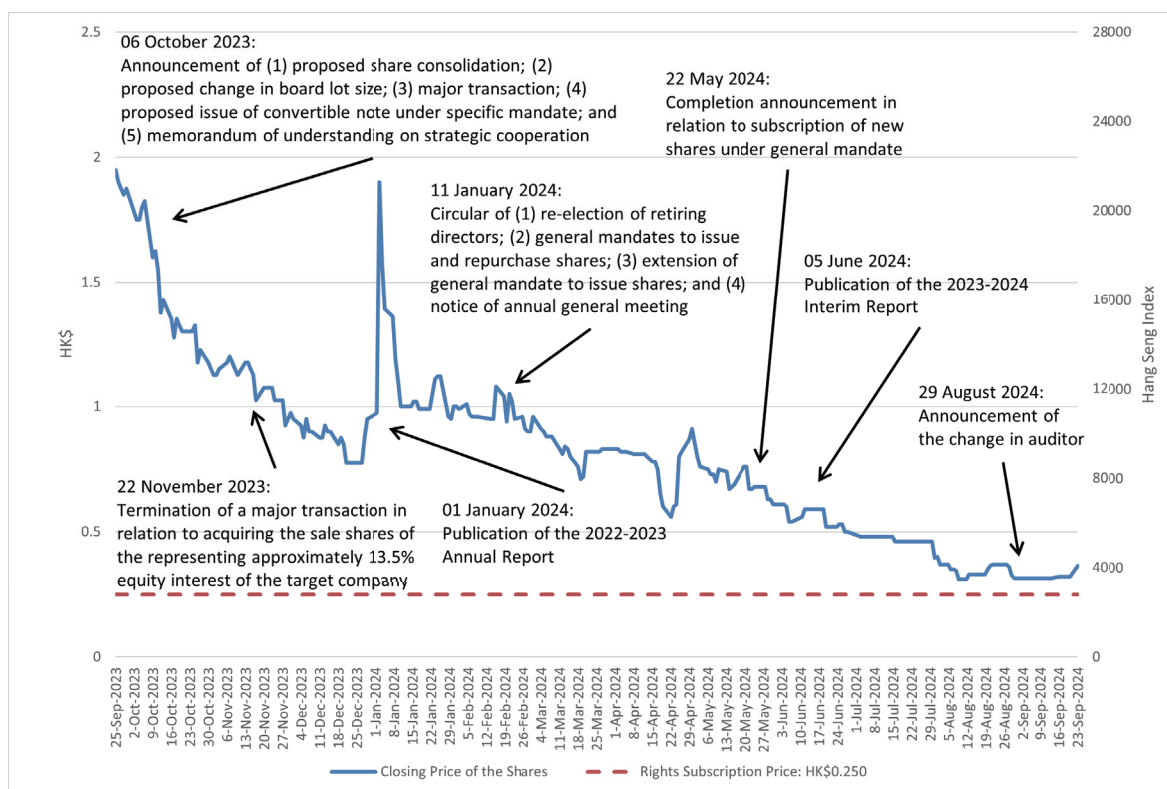
The Rights Subscription Price was determined after arm's length negotiation between the Company, the Placing Agent and the Underwriter with reference to, among others, (i) the recent closing price of the Shares taking into consideration that the Company's average Share price per month experienced a month-by-month drop ranging 7.6% to 25.4% per month since 1 January 2024 up to the Last Trading Day; (ii) the prevailing market conditions of the capital market in Hong Kong taking into consideration the cautious investment sentiment in Hong Kong as a result of economic uncertainties; (iii) the financial position of the Group taking into consideration that the Company recorded a loss of approximately HK\$8.2 million and HK\$14.3 million for the years ended 30 September 2022 and 2023 respectively; and (iv) the imminent funding and capital needs of the Company in Hong Kong taking into consideration the increase in administrative expenses and other operating expenses from approximately HK\$69.9 million for the year ended 30 September 2023 to approximately HK\$122.0 million for the year ended 30 September 2024, and the potential cost of the Company's expansion plan intended to turn around the Company's loss-making position as more particularly disclosed in the paragraph headed "3.5. Reasons for the Rights Issue and use of proceeds" in the Board Letter.

3.5.2. Historical Share price performance

In assessing the fairness and reasonableness of the Rights Subscription Price, we have taken into account the daily closing price of the Shares as quoted on the Stock Exchange commencing on 23 September 2023 up to and including the Last Trading Day (the "**Review Period**"). We consider that such sampling period of approximately 12-month is adequate as it (i) covers a complete annual trading cycle of the Shares; (ii) reflects both historical and recent trading patterns; and (iii) provides a representative range of trading prices for assessment of the Rights Subscription Price. The following chart sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Chart: Historical closing prices of the Shares during the Review Period



Source: the website of the Stock Exchange

As illustrated in the chart above, during the Review Period, the Shares traded within the range of HK\$0.310 and HK\$1.950 per Share with an average of approximately HK\$0.824 per Share.

The closing prices of the Shares demonstrated an overall downward trend during the Review Period. Before the publication of the 2022–2023 Annual Report on 2 January 2024, the Share price decreased from its highest at HK\$1.950 per Share on 25 September 2023 to HK\$0.775 per Share on 21, 22 and 27 December 2023. After the publication of the 2022–2023 Annual Report on 2 January 2024, the Share price experienced a surge and reached its second highest point at HK\$1.900 on 3 January 2024. It then declined, settling at its lowest at HK\$0.310 on 9 August 2024. Other than the release of the 2022–2023 Annual Report, we are not aware of any factors that would explain the significant increase in the Share price during this period. After our discussions with the Company and our review of the Company’s announcements, we have not identified any events or information that led to the significant decrease after the surge.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Accordingly, the Rights Subscription Price of HK\$0.250 per Rights Share represents (i) a discount of approximately 19.4% to the lowest closing price of the Shares; (ii) a discount of approximately 87.2% to the highest closing price of the Shares; and (iii) a discount of approximately 69.7% to the average closing price of the Shares during the Review Period.

As further discussed in the sub-section below, we noted that it is a common market practice for listed issuers in Hong Kong to set the subscription price of their rights issues at a discount to the prevailing market prices of the relevant shares in order to enhance the attractiveness of the rights issue to existing shareholders. In this regard, while we noted that the Rights Subscription Price represents discounts of approximately 19.4% and 69.7% respectively to the lowest and average closing prices of the Shares during the Review Period, taking into account (i) the Group had been in a net loss position for five consecutive years since 2019; (ii) the closing prices of the Shares had demonstrated an overall downward trend during the Review Period; (iii) the Rights Subscription Price, which represents a discount of approximately 31.5% to the closing price per Share on the Last Trading Day and a discount of approximately 10.4% to the theoretical ex-rights price per Share on the Last Trading Day, show discounts that are within the ranges of those represented by the Rights Comparable Transactions (as defined hereinafter) as discussed in further details in the next sub-section headed “3.5.4. Comparable analysis of the Rights Issue” below; and (iv) a favourable discount to prevailing market prices of the Shares would attract the Qualifying Shareholders to participate in the Rights Issue and invest in the Company so as to enable the Company to satisfy its funding and capital needs, we are of the view that the Rights Subscription Price 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, and also in alignment with market practice.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.5.3. Historical trading volume and liquidity analysis

In order to understand the market demand for the Shares, we have studied the trading liquidity of the Shares. The following table sets out the total trading volume and average daily trading volume of the Shares, as well as the percentage of the average daily trading volume of the Shares to the total number of issued Shares for each month during the Review Period:

Table 3: Trading Liquidity of the Shares

Month	Number of trading days (days)	Average daily volume (Shares)	% of average daily trading volume to total issued Shares held by public Shareholders (Note 1) (%)	% of average daily trading volume to total issued Shares (Note 2) (%)
2023				
September	5	53,840	0.008%	0.006%
October	20	135,410	0.020%	0.015%
November	22	47,018	0.007%	0.005%
December	19	25,379	0.004%	0.003%
2024				
January	22	139,427	0.523%	0.391%
February	19	68,529	0.257%	0.192%
March	20	19,870	0.075%	0.056%
April	20	29,410	0.087%	0.069%
May	21	43,352	0.128%	0.101%
June	19	47,558	0.141%	0.111%
July	22	16,827	0.050%	0.039%
August	22	32,582	0.096%	0.076%
September	14	4,514	0.233%	0.011%
October	21	98,657	0.292%	0.230%
November	21	34,295	0.101%	0.080%
December	20	13,832	0.041%	0.032%
		Minimum	0.004%	0.003%
		Mean	0.129%	0.099%
		Maximum	0.523%	0.391%

Source: the website of the Stock Exchange

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Note:

1. Based on the number of Shares at the end of each respective month, with 666,564,000 Shares for September 2023 to December 2023, 26,662,560 Shares for January 2024 to March 2024, and 33,798,560 Shares on and after April 2024.
2. Based on the number of Shares at the end of each respective month, with 892,034,000 Shares for September 2023 to December 2023, 35,681,360 Shares for January 2024 to March 2024, and 42,817,360 Shares on and after April 2024.

As illustrated in the above table, the average daily trading volume of the Shares per month to the total issued Shares ranged from approximately 0.003% to 0.391%, with the average daily trading volume of the Shares to the total issued Shares of approximately 0.099% during the Review Period. Similarly, the average daily trading volume of the Shares per month to the total issued Shares held by public Shareholders ranged from approximately 0.004% to 0.523%, with the average daily trading volume of the Shares to the total issued Shares of approximately 0.129% during the Review Period.

We noted from the above table that the liquidity of the Shares was thin during the Review Period. the average daily trading volume of the Shares during the Review Period was below 1% of (i) the total number of issued Shares held by the public; and (ii) the total number of issued Shares. Given the thin trading volume of the Shares, we consider that the Company is unlikely to be able to raise equity funds without offering a discount to the prevailing Share price.

3.5.4. Comparable analysis of the Rights Issue

To further assess the fairness and reasonableness of the terms of the Rights Issue, we have considered recent rights issues of comparable listed on the Stock Exchange (the “**Rights Comparable Transactions**”) announced since 23 March 2024 up to and including the Latest Trading Date, being a sampling period of approximately six months (the “**Rights Comparable Review Period**”). We consider the six-month review period appropriate as rights issue terms are sensitive to prevailing market conditions and investor sentiment, and using older transactions may not accurately reflect current market practices and funding costs. The Rights Comparable Transactions were selected on the basis that (i) they were conducted by companies that are listed on the GEM of the Stock Exchange; and (ii) they were conducted during a six-month Rights Comparable Review Period which provides a reasonable sample size of 12 transactions to reflect recent market practice regarding rights issue transactions. There was no artificial selection or filtering on our part so that the Rights Comparable Transactions would represent a reasonable reference to the recent market trends on similar rights issue transactions conducted by other issuers listed on the Stock Exchange. Nonetheless, it should be noted that the issue ratio of the Rights Comparable Transactions, as well as the market capitalisation, industry, financial performance and funding needs of the companies which conducted Rights Comparable Transactions, may not be the same as those of the Company. Since there is only one comparable involved in whitewash waiver within the Rights Comparable Review Period, we consider that the Rights Comparable Transactions can only serve as a general reference of the terms of recent rights issue transactions. Consequently, we have included the Rights Comparable Transactions as additional references for comparison purposes for Independent Shareholders to assess the fairness and reasonableness of the terms of the Rights Issue.

Based on the aforesaid criteria, we have identified an exhaustive list of the 12 Rights Comparable Transactions during the Rights Comparable Review Period. 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.

Table 4: Analysis of the Rights Comparable Transactions

Date of announcement	Company name	Stock code	Basis of provisional allotment	Premium/(Discount) of the Rights Subscription Price over/to the theoretical ex-rights price per share based on the closing price per share on the last trading day (Approx. \$)	Premium/(discount) of theoretical dilution effect (Note 1) (Approx. \$)	Premium/(discount) of rights issue share over/to the latest published audited consolidated net asset value per share (Note 2) (Approx. \$)	Excess application/Placing (Note 3)	Placing Commission (Approx. \$)	Underwriting arrangement	Underwriting commission (Approx. \$)	Minimum placing/underwriting commission (HK\$)	Maximum dilution on the shareholding (Approx. \$)	Whitewash application (Yes/No)
25 March 2024	Zing International Financial Holdings Limited	8340	5 for 1	(20.53)	(20.25)	0.70	NA	0.50	Non-underwritten	N/A	No	83.33	No
26 April 2024	Flying Financial Service Holdings Limited	8030	3 for 1	(7.40)	(23.70)	(64.80)	Placing	3.00	Non-underwritten	N/A	800,000	75.00	No
30 April 2024	Goldway Education Group Limited	8160	3 for 1	(8.66)	(20.90)	(18.56)	Placing	1.00	Non-underwritten	N/A	No	75.00	No
16 May 2024	Potian Holdings Limited	8196	1 for 2	0.00	(4.68)	8.70	Excess application	N/A	Non-underwritten	N/A	No	33.33	No
29 May 2024	Icon Culture Global Company Limited	8500	1 for 1	(36.71)	(18.59)	NA	Placing	0.50	Non-underwritten	N/A	No	50.00	No
25 June 2024	Chong Fai Jewellery Group Holdings Company Limited	8537	3 for 1	(32.20)	(24.60)	(87.40)	Placing	1.00	Non-underwritten	N/A	130,000	75.00	No
27 June 2024	Havey Group Holdings Limited	8219	1 for 2	(59.30)	(19.80)	(7.40)	Placing	3.50	Non-underwritten	N/A	100,000	33.33	No
28 June 2024	Jading International Group Holdings Limited	8153	3 for 1	(16.67)	(12.50)	(91.07)	Placing	3.00	Non-underwritten	N/A	No	75.00	No
2 July 2024	Tooking New Energy Group Holdings Limited	8326	1 for 2	(41.18)	(11.76)	(69.70)	Placing	1.00	Non-underwritten	N/A	100,000	33.33	No
22 July 2024	Roma (meta) Group Limited	8072	3 for 1	(23.08)	(18.18)	(97.23)	Placing	1.25	Non-fully underwritten	N/A	100,000	75.00	Yes
14 August 2024	Ziyuan Holdings Group Limited	8223	1 for 5	(66.44)	(11.09)	36.38	Excess application	N/A	Fully underwritten	7.07	No	16.67	No
4 September 2024	China New Consumption Group Limited	8275	1 for 2	(5.66)	(2.50)	(61.10)	Placing	3.50	Non-underwritten	N/A	250,000	33.33	No
23 September 2024	The Company	8365	3 for 1	(31.50)	(23.60)	(94.6)	Placing	0.00	Non-fully underwritten	0.00	No	75.00	Yes
			Maximum	0.00	(2.50)	36.38		3.50		7.07	800,000	83.33	
			Minimum	(66.44)	(24.60)	(97.23)		0.00		0.00	100,000	16.67	
			Average	(29.46)	(17.92)	(46.16)		1.85		3.54	246,667	54.86	
			Median	(25.85)	(18.39)	(61.1)		1.13		3.54	115,000	62.50	

Source: The website of the Stock Exchange

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

- (1) *The theoretical dilution effect is calculated in accordance with Rule 10.44A of the GEM Listing Rules, or extracted from announcement, circular or prospectus in respect of the relevant rights issue.*
- (2) *“N/A” denotes that the net asset value of the relevant comparable that has net liabilities according to its latest published audited consolidated financial statements.*
- (3) *Pursuant to Rule 7.21(1) of the Listing Rules or Rule 10.31(1) of the GEM Listing Rules.*

The Rights Subscription Price

As shown in the above table, it is a common market practice that the pricing of a rights issue represents a discount to both the closing share prices on the last trading day and to the theoretical entitlement prices of the shares. The subscription prices of the Rights Comparable Transactions ranged from a discount of approximately 66.44% to nil, with an average discount of approximately 29.46 and a median discount of approximately 25.85 as compared to their respective closing prices per share on the last trading day prior to/on the dates of the relevant announcements of the Rights Comparable Transactions. The discount of approximately 31.50% as represented by the Rights Subscription Price to the closing price per Share on the Last Trading Day, therefore is within the range of those of the Rights Comparable Transactions and higher than the average discount of that of the Rights Comparable Transactions.

It is also noted that the subscription prices of the Rights Comparable Transactions ranged from a discount of approximately 62.26% to nil, with an average discount of approximately 17.92% and a median discount of approximately 8.04% as compared to their respective average theoretical ex-rights prices per share based on the closing prices on the last trading day prior to/on the dates of the relevant announcements of the Rights Comparable Transactions. The discount of approximately 10.40% as represented by the Rights Subscription Price to the theoretical ex-rights price per Share on the Last Trading Day therefore also falls within the range of those of the Rights Comparable Transactions and smaller than the average discount of that of the Rights Comparable Transactions.

In addition, the theoretical dilution effect of the Rights Comparable Transactions ranged from a discount of approximately 24.60% to a discount of approximately 2.50%, with an average discount of approximately 15.71% and a median discount of approximately 18.39%. Despite being higher than the average and median discounts of the theoretical dilution effect of the Rights Comparable Transactions, the discount of the theoretical dilution effect of the Rights Issue of approximately 23.60% (i) falls within the range of those of the Rights Comparable Transactions; and (iii) is in compliance with Rule 10.44A of the GEM Listing Rules as such theoretical dilution effect is less than 25%.

It is noted that the subscription prices of the Rights Comparable Transactions ranged from a discount of approximately 97.23% to a premium of approximately 36.38%, with an average discount of approximately 46.16% and a median discount of approximately 61.10% as compared to their respective latest published audited consolidated net asset value per share. The discount of approximately 94.60% as represented by the Rights Subscription Price to the audited consolidated net asset value per Share, therefore also falls within the range of those of the Rights Comparable Transactions is close to the high end of the range of the Rights Comparable Transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In respect of the maximum dilution effect of the Rights Comparable Transactions, it is noted that the maximum dilution effect of the Rights Comparable Transactions ranged from approximately 16.67% to approximately 83.33%, with an average of approximately 54.86% and a median of approximately 62.50%. As such, the maximum dilution effect of the Rights Issue of approximately 75% falls within the range of those of the Rights Comparable Transactions despite being higher than the average and median maximum dilution effect of the Rights Comparable Transactions.

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their provisional allotments in full under the Rights Issue, their shareholding interests in the Company will remain unchanged upon completion of 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. In such case, where all Qualifying Shareholders do not accept the Rights Issue and thus the Underwriter is obligated to take up the unsubscribed Rights Shares, the Qualifying Shareholders' shareholding interest of the Qualifying Shareholders in the Company will be diluted by a maximum of approximately 75%. Meanwhile, Qualifying Shareholders who wish to increase their shareholding interests in the Company through the Rights Issue may subject to availability, acquire additional nil-paid rights in the market.

We are aware of the aforementioned potential dilution to the Independent Shareholders' shareholding interests in the Company. However, we consider the interest of Independent Shareholders should be balanced against by (i) the Independent Shareholders are offered a chance to express their view on the terms of the Rights Issue and the Underwriting Agreement through their votes at the EGM; (ii) the Qualifying Shareholders have the choice whether to accept the Rights Issue or not; (iii) the Qualifying Shareholders have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market; (iv) the Rights Issue offers the Qualifying Shareholders a chance to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical and prevailing market price of the Shares; and (v) those Qualifying Shareholders who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company after completion of the Rights Issue.

Despite this wide range of discounts/premiums observed in the Rights Comparable Transactions, of which the pricing of rights issues is influenced by various company-specific factors including: financial position and immediate funding needs, market conditions at the time of issue, trading liquidity of the shares, historical share price performance and industry sector conditions, these Rights Comparable Transactions remain meaningful as they represent actual market transactions completed under different market circumstances. In this regard, although some of the pricing metrics have deeper discounts than those of the Rights Comparable Transactions, we have taken into account the following factors in determining whether the Rights Subscription Price (together with its dilution effect) is fair and reasonable so far as the Independent Shareholders are concerned:

- (i) it is common for listed issuers in Hong Kong to issue rights shares at a discount to prevailing market prices in order to enhance the attractiveness of a rights issue as illustrated in this sub-section;
- (ii) the higher discount of the Rights Subscription Price could enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to participate in the Rights Issue;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) all Qualifying Shareholders are offered an equal opportunity to subscribe for the Rights Shares under the Rights Issue and are offered the same discounts of the Rights Subscription Price to the closing price of the Share on the Last Trading Day and to the theoretical ex-rights price and the same potential maximum dilution;
- (iv) having assessed Group's need to develop the gaming and entertainment business and strengthen its working capital base as discussed in the above section headed "3.3. Reasons for and benefits of the Rights Issue and the intended use of proceeds", which we consider reasonable given the Group's financial performance in the past few years;
- (v) having evaluated the reasons for and benefits of the Rights Issue and the intended use of proceeds, which 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 as discussed in the above section headed "3.3. Reasons for and benefits of the Rights Issue and the intended use of proceeds";
- (vi) the Rights Issue is considered to be a better financing alternative over bank borrowings, placing or an open offer; and
- (vii) the Group had been in a net loss position for the five consecutive financial years ended 30 September 2023 and the closing prices of the Shares had demonstrated an overall downward trend.

In light of the above, we are of the view that the Rights Subscription Price (together with its dilution effect) is fair and reasonable so far as the Independent Shareholders are concerned.

3.5.5. The Underwriting Agreement

On 23 September 2024 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to underwrite the Underwritten Shares on a best effort basis subject to the terms and conditions of the Underwriting Agreement as below:

Date	:	23 September 2024
Underwriter	:	Tanner Enterprises Group Limited. Please refer to the section headed "3.1. Information on the Underwriter" above
Number of Rights Shares underwritten	:	Up to 88,452,080 Rights Shares
Underwriting commission	:	No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

It is not in the ordinary course of business for Tanner Enterprises to act as an underwriter or enter into underwriting agreements.

For further details of the underwriting arrangement, please refer to the section headed “THE UNDERWRITING AGREEMENT” of the Board Letter.

As mentioned in the Board Letter, the terms of the Underwriting Agreement were determined after arm’s length negotiation between the Company and the Underwriter by reference to the financial position of the Group, the size of the Rights Issue, the current and expected market condition and the prevailing market rate. The Directors (including the members of the Independent Board Committee after taking into account the Independent Financial Adviser’s opinion) consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

Subject to the fulfilment of the conditions (or any waiver, as the case may be, by the Underwriter) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe for, pursuant to the terms of Underwriting Agreement and the Prospectus Documents (insofar as the same are applicable), the Underwritten Shares.

In assessing the principal term of the Underwriting Agreement, namely the underwriting commission, we have reviewed the underwriting commissions of the Rights Comparable Transactions, if any, and noted that their underwriting commissions ranged from nil to 7.07%, with an average of about 3.54%. Given that the Underwriter will not charge any underwriting commission for the Rights Issue, such underwriting arrangement is favourable to the Group.

Having considered (i) the underwriting arrangement will enable the Group to secure funding if the level of subscription of the Rights Issue is low; (ii) the underwriting arrangement by the Underwriter is in compliance with Rule 10.31(1)(b) of the GEM Listing Rules and demonstrates the Underwriter’s continuous support to the Company’s development; (iii) the zero-commission arrangement under the Underwriting Agreement which is more favourable to the Group, and (iv) the Underwriter (i.e. Tanner Enterprises), Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun and Ms. Chan Hiu Shan, parties acting in concert with any of them and shareholders who are interested in and involved in the Underwriting Agreement, have abstained from voting on the Board resolutions approving the Rights Issue, the Underwriting Agreement and the Whitewash Waiver. Although the underwriting is not in the ordinary and usual course of business of the Group, we concur with the Board that the terms of the Underwriting Agreement and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.5.6. The Compensatory Arrangements

As stated in the Board Letter, pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, the Company must make arrangements to dispose of any Unsubscribed Shares not validly applied for by the No Action Shareholders by offering such Unsubscribed Shares to independent placees for the benefit of those Shareholders. There will be no excess application arrangements in relation to the Rights Issue as stipulated by Rule 10.31(1)(a) of the GEM Listing Rules.

The Company therefore has appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium over the aggregate amount of (i) the Rights 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 will be paid to the relevant No Action Shareholders and Non-Qualifying Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, seek to procure, by not later than 4:00 p.m. on Monday, 10 March 2025, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Rights Subscription Price. Any unsold Unsubscribed Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Among the Rights Comparable Transactions, we noted that 10 out of 12 of the Rights Comparable Transactions did not allow for application of excess rights shares. Hence, we consider that it is common for rights issues to not allow for excess application. Based on our review, we are also not aware of any unusual arrangement of the Rights Issue as compared to those of the Rights Comparable Transactions which do not offer excess application. Accordingly, we consider that the arrangement of the Rights Issue is consistent with normal market practice.

The Placing Agreement

On 23 September 2024 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure placee(s), on a best effort basis, to subscribe for up to 40,000,000 Unsubscribed Rights Shares with consideration that a maximum of 88,452,080 Unsubscribed Rights Shares have been fully taken up by the Underwriter. The Placing of a maximum of 40,000,000 Unsubscribed Rights Shares will be subject to the Underwriter having taken up 88,452,080 Unsubscribed Rights Shares which is the maximum number it may be required to take up under the Underwriting Agreement.

If there are fewer than 88,452,080 Unsubscribed Rights Shares, the Underwriter will take them up in full and there will be no Unsubscribed Right Shares to be placed in the Placing.

If there are more than 88,452,080 Unsubscribed Rights Shares but less than 128,452,080 Unsubscribed Rights Shares, the Underwriter will take up 88,452,080 Unsubscribed Rights Shares and the remaining Unsubscribed Rights Shares will be subject to the Placing.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The principal terms of the Placing Agreement are summarised below:

- Date** : 23 September 2024 (after trading hours of the Stock Exchange)
- Issuer** : The Company
- Placing Agent** : Redbridge Global Strategies Limited. Please refer to the section headed “3.2. Information on the Placing Agent” above
- Placing fee** : No placing commission will be payable by the Company to the Placing Agent for the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares
- Placing price of the Unsubscribed Rights Shares** : The placing price of the Unsubscribed Rights Shares shall be not less than the Rights Subscription Price. The price will be determined based on the demand for the Unsubscribed Rights Shares and market conditions at the time of placement.
- Placees** : The Unsubscribed Rights Shares shall only be offered (i) to institutional, corporate or individual investor(s) who and whose ultimate beneficial owner(s) shall be Independent Third Parties and whom are not acting in concert with the Underwriter and its concert parties; (ii) such that no Placee shall become a Substantial Shareholder immediately following the Placing; and (iii) such that the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.
- Ranking of the Unsubscribed Rights Shares** : The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.
- Placing condition** : The Placing is subject to and conditional upon:
- (a) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Rights Shares;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (b) all necessary consents and approvals (including but not limited to the approvals from the respective board of directors of each the Company and the Placing Agent) to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated under the Placing Agreement having been obtained; and
- (c) the Placing Agreement not having been terminate in accordance with the terms of the Placing Agreement.

None of the above conditions can be waived by the Company or the Placing Agent. If any of the conditions precedent above is not fulfilled by the Latest Time for Termination (or such later time or date as may be agreed between the Placing Agent and the Company in writing), all obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and terminate and none of the parties shall have any claim against the other in relation to the Placing Agreement.

Completion date of the Placing : Tuesday, 21 January 2025 or such other date as the Company and the Placing Agent may agree.

In assessing the principal terms of the Placing Agreement, we have considered the following key aspects:

(a) Placing Place

Pursuant to the Placing Agreement, the placing price (the “*Placing Price*”) of the Unsubscribed Rights Shares shall be not less than the Rights Subscription Price. The final price determination depends on the demand and market conditions of the Unsubscribed Rights Shares during the process of the Placing.

Given that (i) the Placing Price shall be not less than the Rights Subscription Price, which is not prejudicial to the interests of the Qualifying Shareholders; and (ii) the Rights Subscription Price is fair and reasonable as discussed in the paragraph headed “3.5.4. Comparable analysis of the Rights Issue” above, we consider that the Placing Price is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Placing Commission

We have reviewed the placing commissions of the Rights Comparable Transactions, if any, and noted that their underwriting commissions ranged from about 0.50% to 3.50%. Given that no placing commission will be payable by the Company to the Placing Agent for the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, such placing arrangement is more favourable to the Group than those to the Rights Comparable Transactions.

We have also reviewed other major terms of the Placing Agreement, including but not limited to the conditions of the Placing Agreement (details of which are set out in the Board Letter) 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 Shareholders are concerned.

3.6. Whitewash waiver

As at the Latest Practicable Date, the Underwriter and parties acting in concert with it (being Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan for the purposes of the Takeovers Code), taken together, in aggregate, hold 9,018,800 Shares, representing approximately 21.06% of the 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 23 September 2024, being the date of the first Previous Announcements, up to and including the closing date of the Rights Issue; (ii) none of the Qualifying Shareholders have taken up their entitlements under the Rights Issue; and (iii) a maximum of 88,452,080 Unsubscribed Rights Shares have been taken up by Tanner Enterprise, the aggregate shareholding of Mr. Li Man Keung Edwin, Tanner Enterprises and parties acting in concert with any of them in the Company (comprising Tanner Enterprises, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan, upon the close of the Rights Issue will increase from the current level of approximately 21.06% to approximately 56.91% of the issued share capital of the Company as enlarged by the issue of the Rights Shares. Tanner Enterprises 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 26.1 of the Takeovers Code.

An application has been made by Tanner Enterprises 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, will be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. Under the Takeovers Code, the resolution in relation to the Whitewash Waiver must be approved by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM by way of poll. The Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder will be subject to, among other things, the approval by more than 50% of the Independent Shareholders at the EGM by way of poll.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Executive may or may not grant the Whitewash Waiver. As it is a condition precedent to the Rights Issue that the Whitewash Waiver is granted by the Executive, the Rights Issue will not proceed if the Whitewash Waiver is not granted by the Executive or if any other condition precedent under the Underwriting Agreement is not fulfilled.

If the Whitewash Waiver is granted by the Executive and approved by Independent Shareholders and the voting rights of the Company held by Mr. Li Man Keung Edwin and parties acting in concert with him (being Tanner Enterprises, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford and Ms. Chan Hiu Shan) exceeds 50% as a result of Tanner Enterprises taking up Rights Shares under the Underwriting Agreement, then Mr. Li Man Keung Edwin, Tanner Enterprises and parties acting in concert with either of them may further increase their voting rights of the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

In view that (i) it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue for the Group's expansion and operation needs; (ii) the Rights Issue is currently the most appropriate and equitable fund raising method available to the Company; and (iii) the terms of the Rights Issue, the Underwriting Agreement and the Compensatory Arrangements, including the Rights Subscription Price and underwriting commission, are fair and reasonable so far as the Independent Shareholders are concerned as analyzed in the above section headed "3.5. Our analysis of the principal terms of the Rights Issue" of this letter, (iv) the Rights Issue is conditional on the conditions precedent (including the grant of the Whitewash Waiver and the satisfaction of all condition (if any) attached to the Whitewash Waiver) with most of the core conditions (including the grant of the Whitewash Waiver and the satisfaction of all conditions (if any) attached to the Whitewash Waiver) cannot be waived, we are of the opinion that the Whitewash Waiver, is fair and reasonable so far as the Independent Shareholders are concerned.

4. Proposed Subscription of convertible bonds under specific mandate

4.1. Information on the CB Subscriber

The CB Subscriber is an open-ended fund company ("OFC") with CR No. OF107 which was incorporated with variable capital, limited liability and segregated liability between the sub-funds in Hong Kong under the SFO and registered with the SFC under section 112D of the SFO on 15 November 2022 with the objective to operate as a collective investment scheme. The fund is a private OFC for the purposes of the Takeovers Code and is an umbrella OFC for the purposes of all applicable laws and regulations including the SFO, the Securities and Futures (Open-ended Fund Companies) Rules (Cap. 571AQ), the Code and the SFC's Fund Manager Code of Conduct, in all cases as may be amended from time to time.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The fund's investment objective is long-term capital appreciation through a combination of dividend income and capital appreciation of a sub-fund's underlying securities. A sub-fund can invest globally in a mix of listed and private equity investments with no particular geographic or sector focus. A sub-fund may invest in a portfolio of large, medium, and small capitalization stocks. The percentage of a sub-fund's assets invested in listed equity, private equity, fixed income, other funds or cash equivalents will vary from time to time based on the Investment Manager's outlook for the market. A sub-fund may have large weightings in a relatively few numbers of industries and/or individual securities.

The ultimate beneficial owner of the CB Subscriber is Dr. Zhe Zhang, who is the founder and CEO of SIFT Capital Partners Limited, a licensed corporation to carry out type 9 (asset management) under the SFO.

To the best of the Directors' knowledge and having made all reasonable enquiries, each of the CB Subscriber and its ultimate beneficial owner is a third party independent of the Company and its connected persons and do not hold any Shares as at the date of the CB Subscription Agreement and the Latest Practicable Date.

Redbridge Capital Management Limited, a company incorporated with limited liability in Hong Kong, and licensed with the SFC with CE No. BAU760 to carry out Types 4 and 9 regulated activities pursuant to the SFO, has been appointed to provide discretionary investment management services, to give investment advice and provide other services to the fund with respect to each sub-fund. Redbridge Capital Management Limited is the investment manager of the CB Subscriber and is indirect wholly-owned by Mr. Michael Stockford, who has been the executive Director of the Company since 1 October 2024.

4.2. Reasons for and benefits of the proposed CB Subscription and use of proceeds

The proceeds from the CB Subscription will be HK\$5,670,000. The Company intends to apply the proceeds from the CB Subscription as general working capital of the Group. Pursuant to ongoing development strategies, the Directors anticipates the Company would be able to create synergy with the CB Subscriber by utilizing its financial expertise and building from the CB Subscriber's networking with consideration that (i) the net proceeds from the CB Subscription would relieve the Group of its potential growing operation and administrative expenses following its development strategies; and (ii) any potential increase in the Share price will provide value in the CB Subscriber's Conversion Shares, and will therefore act as an incentive for the Subscriber to enter into any active role by providing potential networking or financial support in contribution to the continuous growth of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4.3. The CB Subscription Agreement

The principal terms of the CB Subscription Agreement and Convertible Bonds are summarised below:

Date	:	23 September 2024
Parties	:	(i) the Company as issuer; and(ii) the CB Subscriber
CB Subscription Price	:	HK\$5,670,000
Conversion Price	:	The Conversion Price per Conversion Share shall be HK\$0.315, subject to the customary adjustments in certain events including share consolidation, share sub-division, capitalisation issue, capital distribution, rights issue and issue of other securities.
Interest Rate	:	The Convertible Bonds bear no interest
Conversion Shares	:	Based on the principal amount of the Convertible Bonds of HK\$5,670,000, the Convertible Bonds are convertible into 18,000,000 Conversion Shares at the initial conversion price of HK\$0.315 per Conversion Share (subject to adjustments)
Conversion Period	:	The period commencing from one (1) month from the date of the completion of the Rights Issue, or subject to the mutual agreement between the Company and the Bondholder(s) from the date of the issue of the Convertible Bond, and ending on the maturity date (both dates inclusive)
Conversion Rights and Restrictions	:	The holder(s) of the Convertible Bonds shall, subject to compliance with the procedures set out in the terms and conditions thereunder, have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Bonds registered in its name into the Conversion Shares provided further the exercise of the conversion rights attached to the Convertible Bonds will not cause the Company to be unable to meet the public float requirement under the GEM Listing Rules

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Ranking** : The Conversion Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the relevant conversion date including the right to all dividends other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the relevant conversion date
- Maturity date** : The date falling twenty-four (24) months after the date of the issue of the Convertible Bonds
- Voting rights** : The holder(s) of the Convertible Bonds shall not have any right to attend or vote in any general meeting of the Company
- Transferability** : Subject to compliance with the GEM Listing Rules, the Convertible Bond shall not be assigned or transferred in whole or in part except with the prior written consent of the Company, which consent shall not be unreasonably withheld
- Security** : The obligations of the Company under the Convertible Bonds are unsecured

Based on the initial Conversion Price of HK\$0.315 per Conversion Share, a maximum number of 18,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent: (i) approximately 42.0% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 29.6% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds in full. The maximum aggregate nominal value of the Conversion Shares is HK\$4,500,000.

For further details of the CB Subscription Agreement, please refer to the section headed “PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE” of the Board Letter.

4.4. Our analysis of the principal terms of the CB Subscription

4.4.1. The Conversion Price

As stated in the Board Letter, the Conversion Price per Conversion Share shall be HK\$0.315, subject to the customary adjustments in certain events including share consolidation, share sub-division, capitalisation issue, capital distribution, rights issue and issue of other securities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The initial Conversion Price of HK\$0.315 per Conversion Share represents:

- (i) a discount of approximately 13.7% from the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the date of the CB Subscription Agreement; and
- (ii) a discount of approximately 4.3% from the average closing price of HK\$0.329 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the CB Subscription Agreement.

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.315 per Conversion Share.

The Conversion Price was arrived at after arm's length negotiations between the Company and the CB Subscriber, taking into account of, (i) the recent trading performance of the Shares and the financial position of the Group; and (ii) the prevailing market conditions of the capital market in Hong Kong taking into consideration the cautious investment sentiment in Hong Kong as a result of economic uncertainties.

With a view to assessing the reasonableness of the Conversion Price, we have considered the historical Share prices and the trading liquidity of the Shares as quoted on the Stock Exchange during the Review Period (i.e. from 23 September 2023 up to and including the Last Trading Day, being approximately 12-month prior the Last Trading Day) as discussed in previous section in this letter. It is noted that the Shares were traded within the range of HK\$0.310 and HK\$1.950 per Share with an average of approximately HK\$0.824 per Share, during the Review Period. The Conversion Price of HK\$0.315 per Conversion Share is within the range. While the Conversion Price of HK\$0.315 per Conversion Share is near the lower end of the range, one should also consider the trading liquidity of the Shares, which, as illustrated in Table 3 above, was relatively thin during the Review Period. The low trading liquidity potential difficulties in attracting investor interest in the Shares.

The Directors consider that the Conversion Price and the terms and conditions of the CB Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4.4.2. Comparable analysis of the Conversion Price

In assessing whether the Conversion Price is fair and reasonable, we have also identified, to the best of our knowledge and as far as we are aware of, 14 transactions of companies listed on the Stock Exchange which involved placing or subscription of convertible bonds/notes from 23 March 2024 up to the date of the CB Subscription Agreement (being the approximate six-month period from the date of the CB Subscription Agreement) to demonstrate the relevant market practice (the “**CB Comparables**”). We consider the six-month review period appropriate as terms of convertible bonds are sensitive to prevailing market conditions, interest rate environment and investor sentiment, and using older transactions may not accurately reflect current market practices and funding costs. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the CB Comparables. However, for the purpose of providing a general reference for the common market practice in placing or subscription of convertible bonds/notes by listed companies in Hong Kong, we consider the CB Comparables to be sufficient and exhaustive, and are fair and representative. The table below summarises our relevant findings:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 5: Comparable Transactions with CB Subscription

Date of initial announcement	Company name	Stock code	Principal amount (HK\$)	Annual interest rate (%)	Maturity (Note 1) (Year(s))	Premium/(Discount)	Premium/(Discount)	Potential dilution effects on the shareholding interests of the public shareholders upon full conversion of the convertible bonds at the respective conversion price
						of the conversion price over/(to) average closing price per share on the last five consecutive trading days immediately prior to the date of agreement in relation to the respective issue of convertible bonds (%)	of the conversion price over/(to) average closing price per share on the last five consecutive trading days immediately prior to announcement/the date of agreement in relation to the respective issue of convertible bonds (%)	
25 March 2024	China Biotech Services Holdings Limited	8037	88,000,000	8.00	2.00	34.15	53.63	6.40
24 April 2024	Legendary Education Group Limited	8195	15,000,000	10.00	1.00	(18.70)	(14.00)	1.70
30 April 2024	Prosperity Investment Holdings Limited	310	4,000,000	8.00	2.00	66.00	67.70	12.21
30 April 2024	Sinolink Worldwide Holdings Limited	1168	200,000,000	0.00	3.00	0.00	10.10	12.90
14 May 2024	Vobile Group Limited	3738	159,997,000	3.00	2.00	15.00	14.00	2.99
22 May 2024	Tibet Water Resources Limited	1115	90,000,000	10.00	0.33	9.09	2.39	4.89
7 June 2024	Future Data Group Limited	8229	2,000,000	8.00	1.00	0.00	0.20	1.02
21 June 2024	China Ruifeng Renewable Energy Holdings Limited	527	259,701,000	5.50	3.00	(21.28)	(21.28)	26.60
27 June 2024	New Focus Auto Tech Holdings Limited	360	400,000,000	8.00	3.00	43.56	29.00	5.43
12 July 2024	China Baoli Technologies Holdings Limited	164	6,000,000	5.00	3.00	370.59 (Note 2)	335.73 (Note 2)	13.63
4 August 2024	Millennium Pacific Group Holdings Limited	8147	6,800,000	5.00	2.00	17.24	7.26	8.02
19 August 2024	China Healthwise Holdings Limited	348	16,800,000	6.00	2.00	57.14	54.93	14.04
2 September 2024	Ev Dynamics (Holdings) Limited	476	5,000,000	4.00	2.00	25.00	23.46	4.15
9 September 2024	Value Convergence Holdings Limited	821	30,000,000	2.00	2.00	194.12 (Note 2)	190.70 (Note 2)	9.19
	Minimum		2,000,000	0.00	0.33	(21.28)	(21.28)	1.02
	Average		91,664,143	5.89	2.02	18.93	18.95	8.80
	Maximum		400,000,000	10.00	3.00	66.00	67.70	26.60
23 September 2024	The Company	8365	5,670,000	0.00	2.00	(13.70)	(4.30)	6.16

Source: the website of the Stock Exchange

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Note:

1. *For the term of maturity, either it is specified in the announcement or it is counted from the announcement date to the maturity date specified in the announcement.*
2. *It is considered as outlier. As such, it is excluded from the analysis.*

Interest rate per annum

As shown in the above table, the interest rates of the CB Comparables range from nil to 10.00%, with an average interest rate of approximately 5.89%. Given (i) the interest-free of the Convertible Bonds is within the range of the CB Comparables; and (ii) the interest-free nature is favourable to the Group and would not increase the Group's interest burden or affect its cash flow position, we consider that the interest rate of the Convertible Bonds is justifiable.

Maturity

As shown in the above table, the terms to maturity of the CB Comparables range from 0.33 year to 3.00 years with an average of approximately 2.02 years. The term to maturity of the Convertible Bonds falls within the market range and is comparable to the average maturity period observed in the CB Comparables. Accordingly, we consider the term to maturity of the Convertible Bonds to be fair and reasonable.

Conversion Price

Despite this wide range of discounts/premiums of conversion prices observed in the CB Comparables, of which the pricing of rights issues is influenced by various company-specific factors including risk profile of the issuer, conversion incentives, market conditions at the time of issue, and the trading liquidity of the shares, these CB Comparables remain meaningful as they represent actual market transactions completed under different market circumstances.

As shown in the above table, we noted that (i) the discount of approximately 13.70% represented by the Conversion Price over the closing price per Share on the Last Trading Day is within the range of the CB Comparables, which ranges from a discount of approximately 21.28% to a premium of approximately 66.00% of the CB Comparables; and (ii) the discount of approximately 4.30% represented by the Conversion Price over the average closing price per Share on the last five trading days up to and including the Last Trading Day is within the range of the CB Comparables, which ranges from a discount of approximately 21.28% to a premium of approximately 67.70%. Taking into account (i) both discounts are within market ranges observed in the CB Comparables; (ii) the Company's loss-making position for the past five years; (iii) its decreasing cash position; (iv) the zero-coupon feature reduces future cash flow pressure; and (v) the relatively small principal amount of HK\$5.67 million which limits dilution impact, we consider the discount reasonable as it reflects the Company's current financial position and provides necessary incentive for potential investors, hence we are of the view that the Conversion Price of the Convertible Bonds is justifiable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Other terms of the CB Subscription Agreement

Furthermore, we have also reviewed other terms of the CB Subscription Agreement, including, among others, the conditions, and nothing has come to our attention that they are not on normal commercial terms. Please refer to the paragraph headed “Conditions of the CB Subscription Agreement” in the Board Letter for further details of the conditions.

Our view

Having considered (i) the comparable analysis on the principal terms of issue of convertible bonds/notes as mentioned above in this section, nothing has come to our attention to make us consider that the principal terms of the CB Subscription Agreement are not on normal commercial terms and not fair and reasonable; and (ii) the recent relatively thin trading performance of the Shares, we concur with the Directors that the terms and conditions of the CB Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4.5. Section conclusion of the CB Subscription

Having considered that (i) the reasons for and benefits of the issue of the Convertible Bonds as mentioned in the paragraph headed “5.2. Reasons for and benefits of the proposed Subscription of Convertible Bonds and use of proceeds” above in this letter; (ii) the Group has been in a net loss position for five consecutive years since 2019; (iii) the bank balances of the Group as at 31 March 2024 according to the 2023-2024 Interim Report decreased by approximately 59% to HK\$8.9 million; (iv) the CB Subscription will not result in immediate dilution to the shareholding of existing Shareholders unless and until the conversion rights are exercised; (v) the zero-coupon feature of the Convertible Bonds would not create additional pressure on the Group’s cash flow position; (vi) the CB Subscription represents a more advantageous fundraising method compared to bank borrowings or other debt financing, given the current high interest rate environment and the Group’s financial position; and (vii) the strengthened working capital position would provide additional financial flexibility for the Group’s business operations and development plans, we consider the CB Subscription are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

5. Our view on Mr. Michael Stockford and relationship with the Placing Agent and CB Subscriber

As stated in the Board Letter, Mr. Michael Stockford beneficially owns approximately 34.0% of Redbridge Global Strategies Limited, which acts as the Placing Agent. Additionally, Mr. Stockford is the sole ultimate beneficial owner of Redbridge Capital Management Limited, the investment manager of the CB Subscriber. Neither the Placing Agent nor Mr. Michael Stockford has any side arrangements, agreements, understanding or undertaking (whether formal or informal and whether express or implied) with the Company, the Underwriter and its concert parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered (i) the terms of both the Rights Issue and the CB Subscription Agreement are benchmarked against recent transactions and are in line with market norms; (ii) the Rights Subscription Price and the Conversion Price are fair and reasonable based on our analysis of pricing parameters and market comparables as discussed above; (iii) despite Mr. Stockford's interests in the relevant entities, the zero-placing commission arrangement under Placing Agreement and the discount of the Conversion Price under the CB Subscription were arrived at after arm's length negotiations between the Company and the respective parties; and (iv) neither Mr. Stockford, any companies controlled by him, nor any parties acting in concert with him are shareholders of the Company. Although the Rights Issue and CB Subscription are not in the ordinary and usual course of business of the Group, we are of the view that the Rights Issue and the CB Subscription Agreement are conducted on normal commercial terms or better and are fair and reasonable so far as the Independent Shareholders are concerned.

6. Potential dilution effects on the interests of the Independent Shareholders

Set out below is the shareholding structure of the Company (assuming no further issue or repurchase of the Shares and no exercise of any outstanding Share Options on or before the Record Date) (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming all Qualifying Shareholders take up their respective entitlements; (iii) immediately after completion of the Rights Issue assuming no Qualifying Shareholders take up their respective entitlements and the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are underwritten by the Underwriter; (iv) immediately after completion of the Rights Issue assuming the maximum Unsubscribed Rights Shares is underwritten by the Underwriter and no remaining Unsubscribed Rights Shares are placed to the places under the Compensatory Arrangements; and (v) immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming that there are no other changes to the shareholding structure of the Company from the Latest Practicable Date up to the full conversion of the Convertible Bonds):

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 6: Effect on the Shareholding Structure of the Company

Substantial Shareholders and Directors	As at the date of the Latest Practicable Date		Assuming all Qualifying Shareholders take up their respective entitlements		Assuming no Qualifying Shareholders take up their respective entitlements under the Rights Issue and the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are underwritten by the Underwriter and placed under the Compensatory Arrangements		Assuming the maximum Unsubscribed Shares and the NQS Unsold Rights Shares are underwritten by the Underwriter and no Unsubscribed Rights Shares are placed under the Compensatory Arrangements		Immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (Note 4)	
					the Underwriter and placed under the Compensatory Arrangements		Unsubscribed Rights Shares are placed under the Compensatory Arrangements			
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Tanner Enterprises (Note 1)	4,549,200	10.62%	18,196,800	10.62%	93,001,280	54.30%	93,001,280	70.85%	93,001,280	49.14%
Mr. Li Man Keung Edwin (Note 1)	2,049,600	4.79%	8,198,400	4.79%	2,049,600	1.20%	2,049,600	1.56%	2,049,600	1.08%
Mr. Yeung Chun Yue David (Note 2)	1,520,000	3.55%	6,080,000	3.55%	1,520,000	0.89%	1,520,000	1.16%	1,520,000	0.80%
Mr. Hui Ringo Wing Kun (Note 3)	900,000	2.10%	3,600,000	2.10%	900,000	0.53%	900,000	0.69%	900,000	0.48%
Total Shares held by Tanner Enterprises and concert parties	9,018,800	21.06%	36,075,200	21.06%	97,470,880	56.91%	97,470,880	74.25%	97,470,880	51.50%
Public Shareholders										
Mr. Gan Fanglun	7,416,000	17.32%	29,664,000	17.32%	7,416,000	4.33%	7,416,000	5.65%	7,416,000	3.92%
Placees	-	0.00%	-	0.00%	40,000,000	23.36%	-	0.00%	40,000,000	21.13%
CB Subscriber	-	0.00%	-	0.00%	-	0.00%	-	0.00%	18,000,000	9.51%
Other public shareholders	<u>26,382,560</u>	<u>61.62%</u>	<u>105,530,240</u>	<u>61.62%</u>	<u>26,382,560</u>	<u>15.40%</u>	<u>26,382,560</u>	<u>20.10%</u>	<u>26,382,560</u>	<u>13.94%</u>
Total	<u>42,817,360</u>	<u>100.00%</u>	<u>171,269,440</u>	<u>100.00%</u>	<u>171,269,440</u>	<u>100.00%</u>	<u>131,269,400</u>	<u>100.00%</u>	<u>189,269,440</u>	<u>100.00%</u>

Notes:

- 1) 4,549,200 Shares are held by Tanner Enterprises Group Limited which is wholly owned by Mr. Li Man Keung Edwin, an executive Director. Mr. Li Man Keung Edwin also directly holds 2,049,600 Shares. The aggregate Shares beneficially owned by Mr. Li Man Keung Edwin is 6,598,800 Shares.
- 2) 1,520,000 Shares are held by Great Win Global Limited, which is wholly owned by Mr. Yeung Chun Yue David, an executive Director.
- 3) 900,000 Shares are held by Bright Music Limited, which is wholly owned by Mr. Hui Ringo Wing Kun, an executive Director.
- 4) Under the terms of the Convertible Bonds, the conversion rights attached to them cannot be exercised to the extent that the public float of the Company will be less than 25% of the issued share capital of the Company following such exercise, or such exercise will result in the Company being in breach of any provision of the GEM Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The above table is for illustration purposes only and the actual changes to the shareholding structure of the Company upon completion of the Rights Issue may be different for various reasons, including the results of the Rights Issue.

All the Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their shareholding interest in the Company will remain unchanged 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 to the Rights Shares in the market. The maximum dilution effect of the Rights Issue was approximately 75%.

Among the Rights Comparable Transactions as set out in the sub-section headed “3.5.4. Comparable analysis of the Rights Issue” under the above section headed “3.5. Our analysis of the principal terms of the Rights Issue” of this letter, the maximum dilution effect of the Rights Issue of approximately 75% is above the average and median maximum dilution effect of the rights issues conducted by the Rights Comparable Transactions are approximately 45.20% and 33.33% respectively.

However, having considered that (i) the shareholding interests of the Qualifying Shareholders who take up their provisional allotments of the Rights Issue in full will not be diluted; (ii) the proposed Rights Issue offers the Qualifying Shareholders an equal opportunity to subscribe for the Rights Shares for the purpose of maintaining their proportionate interests in the Company at a discount as compared to the prevailing market prices of the Shares; (iii) the Qualifying Shareholders who do not wish to take up the Rights Shares would have the opportunity to sell their nil-paid Rights Shares in the market; (iv) the Compensatory Arrangements would provide adequate safeguard to protect the interest of the Company’s minority Shareholders and ensure the Underwriter will not be in a more favorable position than the Shareholders as they would provide (1) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company; (2) a channel of participation in the Rights Issue for independent investors; and (3) a compensatory mechanism for No Action Shareholders, and (v) the capital raised through the Rights Issue for the Group’s expansion and operation needs, we are of the view that the dilution effect of the Rights Issue is fair and reasonable so far as the Independent Shareholders are concerned.

As depicted by the Table 6 above, the shareholding interests of the existing public Shareholders in the Company would be further reduced by approximately 6.16 percent points immediately upon full conversion of the Convertible Bonds at the initial Conversion Price. As shown in Table 5 above, the potential dilution effects of CB Comparables on the shareholding interests of the public shareholders upon full conversion of the convertible bonds at its respective conversion price range from 1.02% to 26.60% with an average of approximately 8.98%. The potential dilution effect of the CB Subscription on the shareholding interests of the public Shareholders of 6.16% falls within the market range and is lower than the average dilution effect observed in the CB Comparables. Given (i) the dilution level is below market average; (ii) its deferred nature only materializing upon conversion; and (iii) the funding benefits to support the Company’s development, we consider the potential dilution effect on the shareholding interests of the existing public Shareholders to be fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account (i) the dilution effect is within the market ranges and lower than the average of that observed in the CB Comparables; (ii) the reasons for and possible benefits of the CB Subscription as mentioned in the paragraph headed “5.2. Reasons for and benefits of the proposed CB Subscription and use of proceeds” above in this letter; and (iii) the terms of the CB Subscription Agreement being fair and reasonable so far as the Independent Shareholders are concerned, we are of the view that the aforementioned levels of dilution to the shareholding interests of the existing public Shareholders are acceptable.

7. Financial effects of the Rights Issue

It should be noted that the analysis below is for illustrative purposes only and does not purport to represent how the financial position of the Company would be upon the completion of the Rights Issue and the CB Subscription.

7.1. Working capital

According to the 2023–2024 Annual Result, the bank balances of the Group amounted to approximately HK\$36.8 million as at 30 September 2024. As part of the net proceeds from the Rights Issue and the CB Subscription will be applied as additional working capital of the Group, the Group’s liquidity position would be improved upon completion of Rights Issue and the CB Subscription.

7.2. NAV

According to the 2023–2024 Annual Result, the net assets value of the Group as at 30 September 2024 amounted to approximately HK\$132.2 million and the audited consolidated net tangible assets of the Group attributable to owners of the Company per share as at 30 September 2024 was HK\$3.04. According to the unaudited pro forma financial information of the Group as set out in Appendix II of this Circular, the estimated net proceeds from the Rights Issue will be approximately HK\$31.4 million and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue will be approximately HK\$161.7 million, which contributing to the unaudited pro forma adjusted consolidated net tangible assets of Group attributable to owners of the Company per share as immediately after completion of the Rights Issue of HK\$0.94.

7.3. Gearing

According to the 2023–2024 Annual Result, the Group’s gearing ratio, which is calculated on the basis of the Group’s total liabilities compared to the total assets, was approximately 0.21 times as at 30 September 2024. The capital base of the Group is expected to be enlarged by the Rights Shares and the conversion of the Convertible Bonds. Accordingly, the gearing ratio of the Group will be improved to approximately 0.20 times as a result of the Rights Issue and the CB Subscription.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above analysis, we noted that the Rights Issue and the CB Subscription are expected to have a positive effect on the Group's working capital, NAV and gearing position. As certain group entities are regulated by the SFC and are required to maintain minimum paid-up share capital capital requirements and liquid capital requirements under the SF(FR)R. The Rights Issue and CB Subscription would strengthen the Company's capital base. Accordingly, we are of the view that the Rights Issue and the CB Subscription 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.

RECOMMENDATION

Having taken into consideration the below principal factors and reasons, particularly:

- (i) the reasons for and benefits of the Rights Issue and the intended use of proceeds is fair and reasonable so far as the Independent Shareholders are concerned considering (a) the Group's strategic initiative to diversify its revenue streams beyond its existing businesses, which is prudent given the Group's loss-making position in the past five financial years; (b) the growing market opportunities in the global gaming industry; (c) the strategic cooperation with Target Company and its management team provides access to relevant expertise and operational know-how in the gaming industry, potentially reducing execution risks; and (d) the need to strengthen the Group's working capital position;
- (ii) the Rights Issue is currently the most appropriate fund raising method available to the Company as (i) it strengthens capital without incurring interest costs; (ii) offers all the Qualifying Shareholders equal opportunity to subscribe for their pro-rata provisional allotments of the Rights Shares without diluting their shareholding interests and allows the Qualifying Shareholders to participate in the future development of the Company; and (iii) allows the Qualifying Shareholders who decide not to take up their entitlements under the Rights Issue to sell the nil-paid Rights Shares in the market for economic benefits and allows others to acquire these nil-paid Rights Shares;
- (iii) the principal terms of the Rights Issue, in particular the Rights Subscription Price, are fair and reasonable so far as the Independent Shareholders are concerned for the reasons set out in section headed "3.5 Our analysis of the principal terms of the Rights Issue";
- (iv) the terms of the Underwriting Agreement are on normal commercial terms or better, fair and reasonable so far as the Independent Shareholders are concerned given that (a) the underwriting arrangement will enable the Group to secure funding if the level of subscription of the Rights Issue is low; (b) the underwriting arrangement by the Underwriter is in compliance with Rule 10.31(1)(b) of the GEM Listing Rules and demonstrates the Underwriter's continuous support to the Company's development; (c) the zero-commission arrangement under the Underwriting Agreement which is more favourable to the Group, and (d) the Underwriter (i.e. Tanner Enterprises), Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David, Mr. Hui Ringo Wing Kun, Mr. Michael Stockford, Ms. Chan Hiu Shan and parties acting in concert with any of them and shareholders who are interested in and involved in the Underwriting Agreement, have abstained from voting on the Board resolutions approving the Rights Issue, the Underwriting Agreement and the Whitewash Waiver;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (v) The Compensatory Arrangements and the Placing Agreement are on better commercial terms and are fair and reasonable so far as the Shareholders are concerned given that (a) the Placing Price shall be not less than the Rights Subscription Price; and (b) no placing commission will be payable to the Placing Agent;
- (vi) the CB Subscription is fair and reasonable and in the interests of the Company and the Shareholders as a whole as discussed in section headed “4.5 Section conclusion of the CB Subscription”;
- (vii) The potential dilution to the shareholding interests of the existing public Shareholders of 6.16 percentage points upon full conversion of the CB Subscription is comparable with CB Comparables, and the dilution is deferred as it only occurs upon conversion; and
- (viii) the Rights Issue and the CB Subscription are expected to have a positive effect on the Group’s working capital, net tangible asset value and gearing position,

we are of the view that the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the CB Subscription and the transactions contemplated thereunder 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. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution(s) approving the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the CB Subscription and the transactions contemplated thereunder at the EGM. We also recommend the Independent Shareholders to vote in favour of the resolution(s) relating to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the CB Subscription and the transactions contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
Pelican Financial Limited
Charles Li*
Managing Director

* *Mr. Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and has over 30 years of experience in the accounting and financial services industry.*

A. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 30 September 2022, 2023 and 2024 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.hatcher-group.com>) respectively:

- (i) the audited financial information of the Group for the year ended 30 September 2024 is disclosed in the annual results announcement of the Company for the year ended 30 September 2024 published on 30 December 2024, from pages 2 to 31

(<https://www1.hkexnews.hk/listedco/listconews/gem/2024/1230/2024123001989.pdf>)

- (ii) the audited consolidated financial information of the Group for the year ended 30 September 2023 is disclosed in the annual report of the Company for the year ended 30 September 2023 published on 1 January 2024, from pages 87 to 178

(<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0101/2024010100093.pdf>)

- (iii) the audited consolidated financial information of the Group for the year ended 30 September 2022 is disclosed in the annual report of the Company for the year ended 30 September 2022 published on 29 December 2022, from pages 59 to 152

(<https://www1.hkexnews.hk/listedco/listconews/gem/2022/1229/2022122901859.pdf>)

Set out below is a summary of the consolidated financial information of the Group for the years ended 30 September 2022, 2023, and 2024.

	For the year ended 30 September		
	2024	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Continuing operations			
Revenue	85,493	77,886	72,157
Other (loss) income, net	(15,935)	22,936	647
Provision for impairment loss in respect of goodwill	(37,943)	–	(2,350)
Provision of impairment loss in respect of trade receivables	(6,202)	(52)	(531)
Provision of impairment loss in respect of other receivables	(1,021)	(2,427)	–
Administrative expenses and other operating expenses	(96,963)	112,950	(69,899)
Finance costs	(1,235)	1,497	(2,454)
	<u> </u>	<u> </u>	<u> </u>
Loss before tax from continuing operations	(73,806)	16,104	(2,430)
Income tax (expense) credit	696	(1,424)	(750)
	<u> </u>	<u> </u>	<u> </u>
Loss for the year from continuing operations	(73,110)	(17,528)	(3,180)

	For the year ended 30 September		
	2024	2023	2022
	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)
Discontinued operations			
Profit (Loss) for the year from discontinued operations	(4,092)	3,197	(4,999)
Loss for the year	(77,202)	(14,331)	(8,179)
Other comprehensive income/(expense):			
<i>Item that are reclassified or may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	230	(397)	–
<i>Item that will not be reclassified to profit or loss</i>			
Fair value loss on financial assets designated at fair value through other comprehensive income (“ Designated FVOCI ”)	(184)	(185)	(1,893)
Other comprehensive loss for the year	46	(582)	(1,893)
Total comprehensive loss for the period/year	<u>(77,156)</u>	<u>(14,913)</u>	<u>(10,072)</u>
(Loss) Profit for the year attributable to:			
Owners of the Company	(77,085)	(13,829)	(8,253)
Non-controlling interests	(117)	(502)	74
	<u>(77,202)</u>	<u>(14,331)</u>	<u>(8,179)</u>
Total comprehensive (loss) income attributable to:			
Owners of the Company	(77,039)	(14,411)	(10,146)
Non-controlling interests	(117)	(502)	74
	<u>(77,156)</u>	<u>(14,913)</u>	<u>(10,072)</u>
	<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>
Basic and diluted (loss) earnings per share			
– continuing operations	(186.86)	(51.23)	(0.49)
– discontinued operations	(10.48)	9.62	(0.75)
Dividends per share	<u>–</u>	<u>–</u>	<u>–</u>

The management discussion and analysis of the Company for each of the financial years ended 30 September 2022, 2023, and 2024, are disclosed in the annual reports of the Company for the financial years ended 30 September 2022 and 2023, and the annual result announcement of the Company for the year ended 30 September 2024, respectively.

For each of the three financial years ended 30 September 2022, 2023 and 2024, no dividend or distribution was declared or paid.

No modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the auditor's report of the Company from Mazars CPA Limited for each of the year ended 30 September 2022 and 2023, and from Baker Tilly Hong Kong Limited for the year ended 30 September 2024.

	As at 30 September 2024 HK\$'000
Non-current assets	
Goodwill	41,655
Intangible assets	1,831
Plant and equipment	8,171
Right-of-use assets	7,623
Designated FVOCI	984
Financial assets at fair value through profit or loss (“FVPL”)	15,345
Deferred tax assets	<u>206</u>
	<u>75,815</u>
Current assets	
Financial assets at FVPL	24,923
Trade and other receivables	29,282
Time deposits with original maturity over three months	1,082
Bank balances – client accounts	–
Bank balances – general accounts and cash	<u>36,766</u>
	<u>92,053</u>
Current liabilities	
Trade and other payables	9,170
Interest-bearing borrowings	16,322
Lease liabilities	3,513
Income tax payables	<u>542</u>
	<u>29,547</u>
Net current assets	<u>62,506</u>
Total assets less current liabilities	<u>138,321</u>
Non-current liabilities	
Lease liabilities	4,984
Other payables	150
Deferred tax liabilities	<u>1,007</u>
	<u>6,141</u>

	As at 30 September 2024 HK\$'000
NET ASSETS	132,180
Capital and reserves	10,704
Share capital	121,476
Reserves	<u>121,476</u>
Equity attributable to owners of the Company	132,180
Non-controlling interests	<u>—</u>
TOTAL EQUITY	<u><u>132,180</u></u>

B. STATEMENT OF INDEBTEDNESS

As at the close of business on 19 November 2024, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Circular, the the indebtedness of the Group was as follows:

	HK\$'000 (unaudited)
Bank borrowings – unsecured and guaranteed	12,238
Bank borrowings – secured and guaranteed	<u>3,702</u>
	<u><u>15,940</u></u>
Lease liabilities – unsecured and unguaranteed	7,463
Lease liabilities – secured and guaranteed	<u>259</u>
	<u><u>7,722</u></u>

All bank borrowings are guaranteed by Hong Kong SAR Government guarantee under SME Loan Guarantee Scheme and personal guarantee issued by a director of the subsidiaries. Moreover, HK\$3,702,000 of bank borrowings were secured by life insurance of US\$700,000 placed in a bank.

Save as the aforesaid, and apart from intra-group liabilities and normal payables and accruals in the ordinary course of business, the Group did not have any bank overdrafts or borrowings, or other similar indebtedness, guarantees, material capital commitment or other material contingent liabilities outstanding as at the close of business on 19 November 2024.

C. WORKING CAPITAL STATEMENT

The Board, after due and careful consideration, is of the opinion that, after taking into account the estimated net proceeds from the Rights Issue of approximately HK\$31,373,020 and its presently available financial resources, including funds internally generated from operation, the Group will have sufficient working capital for its operation for at least the next twelve months from the date of this circular.

D. MATERIAL CHANGE

The Board confirms that there has been no material change in the financial or trading position of the Group since 30 September 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

E. BUSINESS REVIEW AND FINANCIAL PROSPECTS

The Group is principally engaged in (i) licensed business on the provision of corporate finance advisory services, placing and underwriting services and asset management services; and (ii) non-licensed business on the provision of environmental, social and governance advisory services, business consultancy services, corporate secretarial services, accounting and taxation services, risk management and internal control advisory services and human resources services in Hong Kong.

The business environment of the Group in 2025 remains challenging compared to 2024. The Group will continue to seek business opportunities for our licensed business and non-licensed business. Apart from the intended investment in the gaming and entertainment business, the Company and the Board have been actively exploring new business opportunities in order to bring a higher return for the shareholders of the Company, in particular acquisition targets with its business focus in the Greater Bay Area and the opportunities arising therefrom.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

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

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM operated by The Stock Exchange of Hong Kong Limited (the “**GEM Rules**”) to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 September 2024.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only and based on the judgements, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue as at 30 September 2024 or any future date after completion of the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2024, as extracted from the published annual report of the Company for the year ended 30 September 2024 and is adjusted to reflect the effect of the Rights Issue as if the Rights Issue had been completed on 30 September 2024.

APPENDIX II

**UNAUDITED PRO FORMA
FINANCIAL INFORMATION OF THE GROUP**

Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2024 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Right Issue <i>HK\$'000</i>	Audited of consolidated net tangible assets of the Group attributable to owners of the Company per share as at 30 September 2024 <i>HK\$'000</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue <i>HK\$'000</i> <i>(Note 4)</i>
Based on 128,452,080 Rights Shares to be issued at Subscription Price of HK\$0.250 per Rights Share				
130,349	31,373	161,722	3.04	0.94

Notes:

1. The audited consolidated net tangible assets of the Group as at 30 September 2024 is extracted from the published annual report of the Company for the year ended 30 September 2024, which is equal to the audited consolidated net assets attributable to owners as at 30 September 2024 of HK\$132,180,000, after deducting intangible assets of approximately HK\$1,831,000.
2. The estimated net proceeds from the Rights Issue of approximately HK\$31,373,020, is calculated based on 128,452,080 Rights Shares assuming to be issued on the completion of the Rights Issue (based on 128,452,080 Shares in issue as at the Latest Practicable Date) at the Subscription Price of HK\$0.250 per Rights Share and after deduction of estimated related expenses of approximately HK\$740,000.
3. The audited consolidated net tangible assets of the Group per Share as at 30 September 2024 was HK\$3.04, which was based on the audited consolidated net tangible assets of the Group as at 30 September 2024 of HK\$130,349,000, divided by 42,817,360 in issue as at 30 September 2024.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share as at 30 September 2024 immediately after completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group immediately after completion of Rights Issues of approximately HK\$161,722,020, divided by 171,269,440 Shares which represents 42,817,360 shares in issue as at 30 September 2024 according to the number of Shares before the Rights Issue and 128,452,080 Rights Shares, assuming the Rights Issue has been completed on 30 September 2024.
5. Save as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2024.

The following is the text of the independent reporting accountants' assurance report received from CL Partners CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Circular.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION



To the Directors of Hatcher Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hatcher Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 September 2024 and related notes as set out in Appendix II to the circular issued by the Company dated 10 January 2025 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix II to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Rights Issue on the Group's financial position as at 30 September 2024 as if the Rights Issue had taken place at 30 September 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for the year ended 30 September 2024, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) 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.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the unaudited 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 unaudited 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 Circular” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Rules and with reference to AG 7 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 unaudited 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 unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment 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 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited 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 unaudited 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 unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

Opinion

In our opinion:

- (a) the unaudited 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 unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

CL Partners CPA Limited*Certified Public Accountants***Lee Wai Chi**

Practising Certificate Number: P07830

Hong Kong, 10 January 2025

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 Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

In compliance with the Takeovers Code, the Directors jointly and severally accept full responsibility for the accuracy of information contained in this Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Circular 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

(a) Share Capital

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the increase in authorized share capital; (iii) immediately upon completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders); and (iv) immediately upon the Capital Reduction and the Sub-division becoming effective are set out as follows:

(a) *As at the Latest Practicable Date*

Authorised:		<i>HK\$</i>
<u>80,000,000</u>	Existing Shares	<u>20,000,000</u>
Issued and fully paid:		
<u>42,817,360</u>	Existing Shares	<u>10,704,340</u>

(b) *Immediately upon completion of the increase in authorised share capital*

Authorised:		<i>HK\$</i>
<u>400,000,000</u>		<u>100,000,000</u>
Issued and fully paid:		
<u>42,817,360</u>		<u>10,704,340</u>

- (c) *Immediately upon completion of the Rights Issue (assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the completion of the Rights Issue)*

Authorised:	HK\$
<u>400,000,000</u>	<u>100,000,000</u>

Issued and fully paid:

<u>171,269,440</u>	<u>42,817,360</u>
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- d) *Immediately upon completion of the Rights Issue (assuming all Share Options were exercised in full on or before the Record Date, and there is no other change in the shareholding structure of the Company on or before the completion of the Rights issue)*

Authorised:	HK\$
<u>400,000,000</u>	<u>100,000,000</u>

Issued and fully paid:

<u>173,685,440</u>	<u>43,421,360</u>
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- e) *Immediately upon the Capital Reduction and the Sub-division becoming effective*

Authorised:	HK\$
<u>400,000,000</u>	<u>4,000,000</u>

Issued and fully paid:

<u>173,685,440</u>	<u>1,736,854.40</u>
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The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holder of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

As at the Latest Practicable Date, save for the Share Options, 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 the case may be. The Company has no intention to issue or grant any convertible securities, warrants and/or options on or before the Record Date.

The Rights Shares to be issued will be listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

3. MARKET PRICES

Table below shows the closing price(s) of the Shares as quoted on the Stock Exchange (i) on the Last Trading Day, (ii) at the end of each calendar months for the Relevant Period and (iii) on the Latest Practicable Date:

Date	Closing price per Share (HK\$)
31 March 2024	0.830
30 April 2024	0.910
31 May 2024	0.610
28 June 2024	0.500
31 July 2024	0.395
30 August 2024	0.315
23 September 2024 (being the Last Trading Day)	0.365
30 September 2024	0.400
31 October 2024	0.480
29 November 2024	0.360
31 December 2024	0.340
Latest Practicable Date	0.325

The highest and lowest closing prices per Share as quoted on the Stock Exchange during the period commencing from 23 March 2024, being the first day of the Relevant Period, and ending on the Latest Practicable Date are HK\$0.910 on 30 April 2024 and HK\$0.300 on 2 December 2024, respectively.

4. DISCLOSURE OF INTERESTS

As of the Latest Practicable Date and in accordance with the records of the Company maintained in accordance with the SFO and the Listing Rules, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executives of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) or which are required to be disclosed under the Takeovers Code are as follows:

Long position in the Shares:

Name	Number of shares held, capacity and nature of interest			Approximate percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Total	
Mr. Li Man Keung Edwin	2,049,600	4,549,200	6,598,800	15.41%
Mr. Yeung Chun Yue David	–	1,520,000	1,520,000	3.55%
Mr. Hui Ringo Wing Kun	–	900,000	900,000	2.10%

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had, or was taken or deemed to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Interest of substantial shareholders

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following person, other than a Director or chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long position in the Shares:

Name	Number of shares held, capacity and nature of interest			Approximate percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Total	
Mr. Gan Fanglun	7,416,000	–	7,416,000	17.32%

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company are taken or deemed to have under such provisions of the SFO), were required to be and are recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, or were required to be disclosed under the Takeovers Code.

ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES

As at the Latest Practicable Date:

- (a) save for the Shares as set out in the section headed “Effect on the shareholding structure of the Company” in the Letter from the Board of this circular, neither the Directors, Underwriter nor any parties acting in concert with them owned, controlled or had direction over any Shares and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or held any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

- (b) neither the Directors, Underwriter nor any parties acting in concert with them nor the Company has received any irrevocable commitment to vote for or against the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the CB Subscription in the EGM.
- (c) none of the Directors, Underwriter and any parties acting in concert with them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.
- (d) none of the Company and the Directors has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.
- (e) save for the Underwriting Agreement, none of the Underwriter and parties acting in concert with any one of it and the Directors had dealt for value in any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.
- (f) none of the Company and the Directors had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Underwriter during the Relevant Period.
- (g) 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.
- (h) save for the Underwriting Agreement, there were no arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period, which might be material to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the CB Subscription, with any other persons.
- (i) 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 was 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.
- (j) 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.

- (k) save for 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” under the Takeovers Code, 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) save for the Underwriting Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Underwriter and parties acting in concert with them and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver and the CB Subscription.
- (m) save for the Underwriting Agreement, there was no understanding, arrangement or agreement or special deal between (i) any Shareholders; and (ii) the Underwriter and parties acting in concert with it; or the Company, its subsidiaries or associated companies.
- (n) there was no agreement, arrangement or understanding between the Directors, Underwriter and parties acting in concert with them and other persons in relation to the transfer, charge or pledge of the Shares that 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) save that the Rights Issue and the Underwriting Agreement are conditional upon obtaining of the Whitewash Waiver by the Underwriter and other conditions as set out in the section headed “Conditions of the Rights Issue and the Underwriting Agreement” in the Letter from the Board in this circular, there was no agreement or arrangement to which the Underwriter or any party acting in concert with it is a party which related to the circumstances in which it might or might not invoke or seek to invoke a pre-condition or a condition to the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver.
- (p) no irrevocable undertaking regarding whether to take up or reject the Rights Issue has been provided by any Directors or substantial shareholders or the Underwriter.
- (q) no benefit had been given or would be given to any Directors as compensation for loss of office or otherwise in connection with the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.
- (r) save for the Underwriting Agreement, there was no material contract entered into by the Underwriter and parties acting in concert with it in which any Director had a material personal interest.

- (s) save for the Underwriting Agreement, there was no agreement or arrangement between any of the Directors and any other person which was conditional or dependent on the outcome of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver or otherwise connected with the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSET

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 30 September 2024 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the announcement of the Company dated 23 September 2024; or (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors 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, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

9. EXPERTS AND CONSENTS

The following are the qualification of the experts who have given opinions or advice which are contained in this circular:

Name	Qualifications
Pelican Financial Limited	a corporation licensed carry out type 6 (advising on corporate finance) regulated activity under the SFO
CL Partners CPA Limited	Certified Public Accountants

Each of Pelican Financial Limited and CL Partners CPA Limited have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their letter, report and/or references to their name in the form and context in which they respective appear.

As at the Latest Practicable Date, each of Pelican Financial Limited and CL Partners CPA Limited did not have 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, each of Pelican Financial Limited and CL Partners CPA Limited did not have any direct or indirect interests in any assets which have been, since 30 September 2024 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

10. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the Group) have been entered into by the Company or any of its subsidiaries from 23 September 2022 (being the date falling two years immediately preceding the date of the announcement in relation to the Rights Issue of the Company dated 23 September 2024) and up to the Latest Practicable Date:

- (i) The subscription agreement dated 23 February 2024 entered into between the Company and Mr. Gan Fanglun, pursuant to which the Company has conditionally agreed to allot and issue an aggregate of 7,136,000 Shares at a consideration of HK\$9,990,400 (representing HK\$1.40 per Share);
- (ii) The Underwriting Agreement;
- (iii) The Placing Agreement; and
- (iv) The CB Subscription Agreement.

11. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to amount approximately HK\$1.1 million, and are payable by the Company

12. CORPORATE INFORMATION

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	21/F., Low Block Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong
Authorised representatives	Mr. Hui Ringo Wing Kun
Company secretary	Mr. Yeung Chun Yue David 21/F., Low Block Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong
Financial adviser	VBG Capital Limited 21/F., The Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong
Placing Agent	Redbridge Global Strategies Limited 3203-3204, 9 Queen's Road Central Central, Hong Kong
Independent Financial Adviser	Pelican Financial Limited 28/F, Lee Garden Two 28 Yun Ping Road Causeway Bay, Hong Kong
Auditor	CL Partners CPA Limited Unit 3203A-5, 32/F Tower 2, Lippo Centre 89 Queensway Admiralty, Hong Kong

Principal share registrar	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong

13. DIRECTORS OF THE COMPANY

Name	Correspondence address
<i>Executive Director</i>	
Mr. Li Man Keung Edwin <i>(Executive Chairman)</i>	21/F., Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Mr. Hui Ringo Wing Kun	21/F., Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Mr. Yeung Chun Yue David <i>(Vice Chairman)</i>	21/F., Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Mr. Michael Stockford	21/F., Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
<i>Non-executive Director</i>	
Ms. Chan Hiu Shan	21/F., Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong

***Independent Non-executive
Directors***

Mr. William Robert Majcher 21/F., Low Block,
Grand Millennium Plaza 181
Queen's Road Central
Hong Kong

Mr. Ho Lik Kwan Luke 21/F., Low Block,
Grand Millennium Plaza 181
Queen's Road Central
Hong Kong

Mr. Lau Pak Kin Patric 21/F., Low Block,
Grand Millennium Plaza 181
Queen's Road Central
Hong Kong

Audit committee

Mr. Ho Lik Kwan Luke (*Chairman*) 21/F., Low Block,
Grand Millennium Plaza 181
Queen's Road Central
Hong Kong

Mr. William Robert Majcher 21/F., Low Block,
Grand Millennium Plaza 181
Queen's Road Central
Hong Kong

Mr. Lau Pak Kin Patric 21/F., Low Block,
Grand Millennium Plaza 181
Queen's Road Central
Hong Kong

Nomination committee

Mr. William Robert Majcher
(*Chairman*) 21/F., Low Block,
Grand Millennium Plaza 181
Queen's Road Central
Hong Kong

Mr. Ho Lik Kwan Luke 21/F., Low Block,
Grand Millennium Plaza 181
Queen's Road Central
Hong Kong

Mr. Lau Pak Kin Patric 21/F., Low Block,
Grand Millennium Plaza 181
Queen's Road Central
Hong Kong

Remuneration committee

Mr. Lau Pak Kin Patric (Chairman) 21/F., Low Block,
Grand Millennium Plaza 181
Queen's Road Central
Hong Kong

Mr. Hui Ringo Wing Kun 21/F., Low Block,
Grand Millennium Plaza 181
Queen's Road Central
Hong Kong

Mr. William Robert Majcher 21/F., Low Block,
Grand Millennium Plaza 181
Queen's Road Central
Hong Kong

Mr. Ho Lik Kwan Luke 21/F., Low Block,
Grand Millennium Plaza 181
Queen's Road Central
Hong Kong

14. PARTICULARS OF THE DIRECTORS

Executive Directors

Mr. Li Man Keung Edwin (“Mr. Li”), aged 56, was appointed as an executive Director and executive chairman of the Board on 25 January 2022. He is primarily responsible for formulating corporate strategy, planning, business development and overseeing financials and risk management of the Group. Mr. Li obtained his diploma of Mechanical Engineering Technician – Drafting Design and diploma of Electro-Mechanical Engineering Technician from Humber College Institute of Technology and Advanced Learning in Canada in 1990 and 1991, respectively. Since 1991, he has been a director of Kwoon Kwen Metal Ware Company Limited, a company incorporated in Hong Kong, which is principally engaged in manufacturing of small metal parts, power tools and machinery parts. He has also been a director of Kwoon Kwen Ying Enterprises Limited since 1994, a company incorporated in Hong Kong, which is principally engaged in the business of property development. Mr. Li has been an executive director of Cornerstone Technologies Holdings Limited (a company listed on GEM of the Stock Exchange, stock code: 8391) since 24 August 2020. Mr. Li is currently a standing committee member of the 15th Guangzhou Panyu District Committee of the Chinese People's Political Consultative Conference.

Mr. Hui Ringo Wing Kun (“Mr. Hui”), aged 42, is an executive Director and chief executive officer of the Group. He has been a director of the Group since September 2013. He was appointed as a Director and was re-designated as an executive Director on 28 June 2016, appointed as the compliance officer of the Company on 29 June 2016 and chief executive officer of the Group on 25 January 2022. Mr. Hui is primarily responsible for overseeing the business corporate strategy, long term planning, all-round development and the daily operations of the Group and overseeing compliance and risk management. He is also responsible for business development of the Group, focusing on IPOs, M&A, capital markets and business consulting initiatives. Mr. Hui obtained a Bachelor of Science degree in management in July 2002 and a Master of Science degree in management in November 2003 from the London School of Economics and Political Science in the United Kingdom. Mr. Hui was a non-executive director of Jayden Resources Inc., a company listed on TSX Venture Exchange in Canada, from May 2009 to June 2016.

Mr. Yeung Chun Yue David (“Mr. Yeung”), aged 42, was appointed as an executive Director on 5 July 2021 and vice chairman of the Board on 25 January 2022. He is primarily responsible for formulating corporate strategy, planning, business development and overseeing financials and risk management of the Group. Mr. Yeung has over 18 years of experience in accounting and tax advisory. From September 2017 to July 2021, he had been the managing partner and director of D & Partners CPA Limited. From July 2004 to September 2017, he worked in Cheng & Cheng Limited, Certified Public Accountants with his last position as a director. He is currently a member of the 14th Committee Member of the Guangzhou City Panyu District Chinese People’s Political Consultative Conference. Mr. Yeung graduated from the City University of Hong Kong with a bachelor of business administration in accountancy in November 2004. Mr. Yeung is currently a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Certified Tax Advisor of the Taxation Institute of Hong Kong.

Mr. Michael Stockford (“Mr. Stockford”), aged 64, was appointed and effective as an executive Director of the Group on 1 October 2024. Mr. Stockford has over 40 years’ experience in the financial services industry and has extensive knowledge in senior management, operations, compliance and corporate governance issues and has a broad spectrum of expertise across numerous asset classes. He is the chief-executive officer and founder of Redbridge Capital Management Limited, a licensed corporation to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. He is also a shareholder of Redbridge Global Strategies Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.

Mr. Stockford previously held positions of CEO, COO and CCO at NatWest Markets, Credit Agricole Asset Management and Degroof Asset Management (HK) Limited as well as setting up and owning several SFC licensed companies. He has also set up joint ventures in Saudi Arabia and South Korea with Quasi Government partners, and had formerly held the position as an executive director of a listed company on HKEX formerly known as Mastermind Capital Limited (stock code: 905). He graduated with a bachelor degree in accounting and finance in 1981 and is a full member of Hong Kong Securities Institute.

Non-executive Director

Ms. Chan Hiu Shan, aged 45, was appointed as a non-executive Director on 2 January 2025. She joined the Company in April 2024 and has over 20 years of working experience in the field of accounting, auditing and corporate finance advisory. She graduated from the University of Hong Kong with a Bachelor's Degree in Finance. She is a fellow member of the Hong Kong Institute of Certified Public Accountants. She joined KPMG International Limited from August 2001 to January 2008 with her last position as Manager. She joined PricewaterhouseCoopers International Limited from July 2008 to January 2011 with her last position as Manager. She joined Platinum Securities Company Limited from April 2011 to February 2014 with her last position as Assistant Director. She joined GF Capital (Hong Kong) Limited from February 2014 to August 2015 with her last position as Associate Director. She joined CITIC International Assets Management Limited from August 2015 to January 2016 with her last position as Vice President. She joined Fortune Financial Capital Limited from March 2016 to January 2017 with her last position as Director. She joined China Everbright Capital Limited from January 2017 to February 2018 with her last position as Senior Vice President. She joined Cinda International Capital Limited from March 2018 to April 2024 with her last position as Executive Director.

Independent non-executive Directors

Mr. William Robert Majcher (“Mr. Majcher”), aged 61, was appointed as an independent non-executive Director on 4 May 2017. He is also the chairman of the nomination committee, and a member of the audit and remuneration committees of the Company with effect from 26 May 2017. He is primarily responsible for providing independent advice to the Board in areas including conflict of interests, strategy, performance, resources and standard of conduct of the Company. From July 1985 to August 2007, Mr. Majcher served in the Royal Canadian Mounted Police (RCMP) and was involved in the detection and prosecution of some publicly reported money laundering cases in the United States of America and Canada as an undercover agent. Mr. Majcher lectures extensively to financial professionals on anti-money laundering and compliance matters. Mr. Majcher has been a guest lecturer of the Faculty of Law of the University of Hong Kong on money laundering and terrorist financing matters. Mr. Majcher obtained a degree of Bachelor of Commerce from St. Mary's University, Halifax, Nova Scotia, Canada in May 1984.

Mr. Ho Lik Kwan Luke (“Mr. Ho”), aged 45, was appointed as an independent non-executive Director on 1 December 2017. He is also the chairman of the audit committee of the Company with effect from 13 December 2017, and a member of the nomination and remuneration committees of the Company with effect from 1 December 2017. He is primarily responsible for providing independent advice to the Board in areas including conflict of interest, strategy, performance, resources and standard of conduct of the Company. Mr. Ho has over 20 years of experience in the finance industry focusing on corporate finance. During the period from December 2014 to February 2016, Mr. Ho was a director of Ping An Securities Limited. From February 2016 to February 2018 and from March 2018 to May 2019, Mr. Ho served as a director of Huabang Securities Limited and Huabang Corporate Finance Limited, respectively, both of which are subsidiaries of Huabang Technology Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3638). From September 2022 to July 2023, Mr. Ho was the chief financial officer and company secretary of Glory Sun Financial Group Limited (currently known as Renze Harvest International Limited), the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1282). He was also the executive director

of the corporate finance division of Glory Sun Securities Limited, a subsidiary of Glory Sun Financial Group Limited, from May 2019 to October 2023. At present, Mr. Ho is also an independent non-executive director of Royal Group Holdings International Company Limited (stock code: 8300). Mr. Ho obtained a Bachelor degree in Accounting and Financial Management from the University of Sheffield in the United Kingdom in July 2000. He worked in Deloitte Touche Tohmatsu for more than 3 years. At present, he is a member of each of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

Mr. Lau Pak Kin Patric (“Mr. Lau”), aged 43, was appointed as an independent non-executive Director on 1 January 2022. He is also the chairman of the remuneration committee of the Company, and a member of the audit and nomination committees of the Company with effect from 1 January 2022. He is primarily responsible for providing independent advice to the Board in areas including conflict of interest, strategy, performance, resources and standard of conduct of the Company. Mr. Lau has more than 15 years of experience in the banking industry focusing on loans and credit risk management. During the period from December 2000 to April 2010, Mr. Lau had worked in the loan departments of Bank of China (Hong Kong) Limited, Chong Hing Bank Limited and Dah Sing Bank, Limited. During the period from April 2010 to April 2018, Mr. Lau had worked in the credit risk management divisions of OCBC Wing Hang Bank Limited, China Development Bank Corporation, CMB Wing Lung Bank Limited and Shanghai Pudong Development Bank Co., Ltd. Mr. Lau is registered with the Securities and Futures Commission as a representative for Types 1, 2 and 4 regulated activities and as a responsible officer for Type 9 regulated activities for Funderstone Securities Limited, Funderstone Futures Limited and Funderstone Asset Management (HK) Limited, which are subsidiaries of G-Resources Group Limited (stock code: 1051), a company listed on the Main Board of the Stock Exchange. Mr. Lau is the deputy general manager of Funderstone Securities Limited. He is also the deputy general manager and director of Funderstone Asset Management (HK) Limited. Mr. Lau obtained a Master of Science degree in Finance from University College Dublin of National University of Ireland in 2015 and a Bachelor degree of Business Studies from University College Dublin of National University of Ireland in 2013. Mr. Lau achieved the Certified ESG Planner CEP® in International Chamber of Sustainable Development on 11 March 2022. On 2 March 2023, Mr. Lau was admitted by the Chartered Institute of Management Accountants as a Fellow Chartered Management Accountant and the Chartered Institute of Management Accountants as Chartered Global Management Accountant.

Company Secretary

Mr. Yeung Chun Yue David was appointed as the company secretary of the Company on 1 April 2022. Please refer to the sub-section headed “PARTICULARS OF THE DIRECTORS” above for Mr. Yeung’s qualification and experience.

15. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised all of the independent non-executive Directors, namely Mr. Ho (the chairman of the Audit Committee), Mr. Majcher and Mr. Lau. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “14. PARTICULARS OF THE DIRECTORS” in this appendix. The primary duties of the Audit Committee include, among other things, reviewing and supervising the financial reporting process and internal control systems, as well as the overall risk management of the Group, reviewing the consolidated financial statements and the interim and annual reports of the Group, reviewing the terms of engagement and scope of audit work of the external auditor, and performing the corporate governance function.

16. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hatcher-group.com) and the SFC (www.sfc.hk) from the date of this circular up to and including the date of the EGM:

- (a) the Memorandum of Association and the Articles of Association of the Company;
- (b) the annual reports of the Company for each of the two financial years ended 30 September 2022 and 2023;
- (c) the annual results announcement of the Company for the financial year ended 30 September 2024;
- (d) the letter from the Board, the text of which is set out on pages 8 to 52 of this circular;
- (e) the letter from the Listing Rules IBC, the text of which is set out on page 53 of this circular;
- (f) the letter from the Takeovers Code IBC, the text of which is set out on page 54 of this circular;
- (g) the letter from the Independent Financial Adviser, the text of which is set out on pages 55 to 100 of this circular;
- (h) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;
- (i) the material contracts referred to in the paragraph headed “9. Material contracts” in this appendix;
- (j) the written consents from the Experts referred to in the paragraph headed “8. Experts and Consents” of this appendix; and
- (k) this circular.

17. MISCELLANEOUS

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- (c) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

NOTICE OF EGM

HATCHER GROUP LIMITED 亦辰集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8365)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Hatcher Group Limited (the “**Company**”) will be held at 21/F., The Grand Millennium Plaza, 181 Queen’s Road Central, Hong Kong on Tuesday, 28 January 2025 at 11:00 a.m. (Hong Kong time), or at any adjournment thereof, for the purpose of considering and, if thought fit, passing (with or without amendment) the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the authorised share capital of the Company be and is hereby increased from HK\$20,000,000 divided into 80,000,000 Shares to HK\$100,000,000 divided into 400,000,000 Shares by the creation of an additional 320,000,000 new Shares (the “**Increase in Authorised Share Capital**”) and to do all things and execute all document in connection with or incidental to the Increase in Authorised Share Capital.
- (b) the directors of the Company be and are hereby authorised to execute all such documents, instruments and agreements and to do all such acts or things they consider necessary, desirable or expedient to give effect to or in connection with the matters contemplated in and for completion of the Increase in Authorised Share Capital.”

2. “**THAT**

subject to the passing of the resolution numbered 5 in the notice of this meeting:

- (a) the Underwriting Agreement dated 23 September 2024 (“**Underwriting Agreement**”) signed between the Company and Tanner Enterprises Group Limited (“**Underwriter**”) (a copy of the Underwriting Agreement marked “A” has been produced to this Meeting and initialled by the chairman of this Meeting for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the issue by way of rights issue (“**Rights Issue**”) of not less than 128,452,080 new ordinary shares of the Company (“**Rights Shares**” and each a “**Right Share**”), on the basis of three Rights Shares for every one existing ordinary share of the Company held on Thursday, 13 February 2025 (or such other date as may be agreed between the Company and the Underwriter for determining entitlements of shareholders of the Company (“**Shareholders**”) to participate in the Rights Issue) (“**Record Date**”), at a subscription price of HK\$0.25 per Rights Share (“**Rights Subscription Price**”) to Shareholders whose names appear on the register of members of the Company at the

NOTICE OF EGM

close of business on the Record Date, on the terms and conditions summarised in the Circular (a copy of the Circular marked “B” has been produced to this Meeting and initialled by the chairman of this Meeting for the purpose of identification) and such other terms and conditions as may be determined by the Directors, be and is hereby approved;

- (c) the placing agreement dated 23 September 2024 (“**Placing Agreement**”) entered into between the Company and Redbridge Global Strategies Limited (“**Placing Agent**”) in relation to the placing of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares as defined in the Circular (as the case may be) at the placing price of not less than the Rights Subscription Price on a best effort basis (a copy of the Placing Agreement marked “C” has been produced to this Meeting and initialled by the chairman of this Meeting for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (d) the board of Directors (“**Board**”) or a committee thereof be and is hereby authorised to allot and issue the Rights Shares in accordance with the terms set out in the Circular;
- (e) the Board or a committee thereof appointed by the Board be and is hereby authorised to make such other exclusions or other arrangements in relation to the Non-Qualifying Shareholders as it may deem necessary or expedient having regard to any restrictions or obligations under the Articles of Association of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong, and generally to do such things or make such arrangements as it may think fit to effect the Rights Issue; and
- (f) any one or more Director(s) be and is/are hereby authorised to do all such acts and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue, the Underwriting Agreement, the Placing Agreement and any transactions contemplated thereunder.”

3. “**THAT**

- (a) the subscription agreement for convertible bonds (the “**CB Subscription Agreement**”) dated 23 September 2024 and entered into between the Company as issuer and Redbridge Capital Global Opportunities OFC (the “**CB Subscriber**”) as subscriber in relation to the issue of convertible bonds (the “**Convertible Bonds**”) in the principal amount of HK\$5,670,000 by the Company (a copy of the CB Subscription Agreement having been produced to the EGM and marked “D” and initialled by the chairman of the EGM for the purpose of identification), and the transactions contemplated thereunder (including but not limited to the issue of Bonds and the allotment and issue of the conversion Shares (the “**Conversion Shares**”) upon exercise of conversion rights attaching to the Convertible Bonds) be and are hereby approved, confirmed and ratified;

NOTICE OF EGM

- (b) the board of Directors be and is hereby granted a specific mandate to allot and issue the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds; and
 - (c) any one or more Director(s) and/or the company secretary of the Company be and is/ are hereby authorised to implement and take all steps and do all acts and things and execute all such documents (including under seal, where applicable) which he/she/they consider(s) necessary, desirable or expedient to give effect to the CB Subscription Agreement and the transactions contemplated thereunder.”
4. **“THAT** subject to and conditional upon (i) an order being made by the Grand Court of the Cayman Islands (**“Court”**) confirming the Capital Reduction (as defined below); (ii) the compliance with any conditions which the Court may impose in relation to the Capital Reduction (as defined below); (iii) the registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction (as defined below) and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction (as defined below); and (iv) The Stock Exchange of Hong Kong Limited (**“Stock Exchange”**) granting the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reduction (as defined below) and the Sub-division (as defined below), with effect from the date on which the aforesaid conditions are fulfilled (**“Effective Date”**):
- (a) the issued and paid-up share capital of the Company be reduced (**“Capital Reduction”**) by reducing the par value of each existing ordinary share with a par value of HK\$0.25 of the Company in issue on the Effective Date from HK\$0.25 each to HK\$0.01 each by cancelling the paid-up share capital to the extent of HK\$0.24 on each existing ordinary share in issue on the Effective Date so that following the Capital Reduction each such issued existing ordinary share with a par value of HK\$0.25 shall be treated as one fully paid-up ordinary share with a par value of HK\$0.01 (**“New Shares”**) in the share capital of the Company and any liability of the holders of such shares to make any further contribution to the capital of the Company on each such share shall be treated as satisfied and that the amount of issued share capital thereby cancelled be made available for issue of new shares of the Company;
 - (b) immediately following the Capital Reduction becoming effective, each of the then authorised but unissued existing ordinary shares with a par value of HK\$0.25 be subdivided into 25 unissued New Shares with a par value of HK\$0.01 each in the share capital of the Company (**“Sub-division”**) such that the authorised share capital after the Increase in Authorised Share Capital of the Company of HK\$100,000,000 divided into 400,000,000 ordinary shares of par value HK\$0.25 each shall become HK\$4,000,000 divided into 400,000,000 ordinary shares of par value HK\$0.01 each, following the Capital Reduction and Sub-division becoming effective;

NOTICE OF EGM

- (c) the credit arising from the Capital Reduction shall be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction in a manner as permitted by all applicable laws and the memorandum and articles of association of the Company and as the board of directors of the Company considers appropriate;
- (d) each of the New Shares arising from the Capital Reduction and Sub-division shall rank *pari passu* in all respects with each other and have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company; and
- (e) the directors of the Company be and are hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Capital Reduction and the Sub-division and of administrative nature, on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to the Capital Reduction and the Sub-division.”

SPECIAL RESOLUTION

5. “**THAT**

- (a) subject to the granting of a waiver (“**Whitewash Waiver**”) by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate(s) pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Code of Takeovers and Mergers (“**Takeovers Code**”) waiving the obligation of the Underwriter to make a general offer under the Takeovers Code for all shares of the Company not already owned or agreed to be acquired by the Underwriter and parties acting in concert with it which would arise under Rule 26 of the Takeovers Code as a result of the fulfillment of the underwriting obligations by the Underwriter pursuant to the Underwriting Agreement, the Whitewash Waiver be and is hereby approved, confirmed and ratified; and
- (b) any one or more Director(s) be and is/are hereby authorised to do all such acts and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with any matters relating to the Whitewash Waiver and the transactions contemplated thereunder.”

By order of the Board
Hatcher Group Limited
Hui Ringo Wing Kun
Executive director

Hong Kong, 10 January 2025

NOTICE OF EGM

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

Principal place of business in Hong Kong:
21/F, Grand Millennium Plaza,
181 Queen's Road Central,
Sheung Wan,
Hong Kong

Notes:

- (1) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation shall be entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.
- (2) Where The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.
- (3) To be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for holding the EGM, i.e. 11:00 a.m. on Sunday, 26 January 2025 (Hong Kong time), or any adjournment thereof.
- (4) The register of members of the Company will be closed from Wednesday, 22 January 2025 to Tuesday, 28 January 2025, both days inclusive, to determine the eligibility of the Shareholders to attend and vote at the Meeting. The record date for determining the entitlement of the Shareholders to attend and vote at the Meeting will be Tuesday, 28 January 2025. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 21 January 2025 (Hong Kong time).
- (5) Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (6) Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting 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, and 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.
- (7) The voting at the Meeting shall be taken by way of poll.
- (8) If Typhoon Signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions" announced by the Government of Hong Kong is/are in effect any time after 9:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will publish an announcement on the website of the Company at www.hatcher-group.com and on the website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and venue of the rescheduled meeting.

NOTICE OF EGM

As at the date of this notice, the Directors are:

Executive Directors

Mr. Li Man Keung Edwin (*Executive Chairman*)

Mr. Hui Ringo Wing Kun (*Chief Executive Officer*)

Mr. Yeung Chun Yue David (*Vice Chairman*)

Mr. Michael Stockford

Non-executive Director

Ms. Chan Hiu Shan

Independent non-executive Directors

Mr. William Robert Majcher

Mr. Ho Lik Kwan Luke

Mr. Lau Pak Kin Patric

HATCHER GROUP LIMITED

亦辰集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8365)

PROXY FORM

I/We^(Note 1) _____
of _____
being the registered holder(s) of ^(Note 2) _____ ordinary share(s) of HK\$0.25 each in the capital of Hatcher Group Limited (the “Company”) hereby appoint the Chairman of the Meeting or ^(Note 3) _____
of _____
as my/our proxy, to act for me/us and on my/our behalf at the extraordinary general meeting (the “Meeting”) of the Company to be held at 21/F., Low Block, Grand Millennium Plaza, 181 Queen’s Road Central, Hong Kong on Tuesday, 28 January 2025 at 11:00 a.m. and at any adjournment thereof and in particular (but without limitation) to attend the Meeting and to vote for me/us and in my/our name(s) in respect of the resolutions set out in the notice convening the Meeting as indicated below or, if no such indication is given, as my/our proxy thinks fit.

ORDINARY RESOLUTIONS		FOR ^(Note 4)	AGAINST ^(Note 4)
1.	To approve the proposed Increase in Authorised Share Capital as set out in the Notice of EGM.		
2.	To approve the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder as set out in the Notice of EGM.		
3.	To approve the CB Subscription Agreement and the transactions contemplated thereunder as set out in the Notice of EGM.		
4.	To approve the Capital Reduction and Sub-division as set out in the Notice of EGM.		
SPECIAL RESOLUTION		FOR ^(Note 4)	AGAINST ^(Note 4)
5.	To approve the Whitewash Waiver and the transactions contemplated thereunder as set out in the Notice of EGM.		

Dated: _____ Shareholder’s signature ^(Note 5) _____

Notes:

- Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
 - Please insert the number of shares registered in your name(s). If no number is inserted, this revised form of proxy will be deemed to relate to all the shares in the capital of the Company registered in your name(s).
 - If any proxy other than the Chairman of the meeting is preferred, delete the words “the Chairman of the meeting or” and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALED BY THE PERSON(S) WHO SIGN(S) IT.**
 - IMPORTANT: IF YOU WISH TO VOTE FOR ANY RESOLUTION, PLEASE TICK (“✓”) THE BOX MARKED “FOR”. IF YOU WISH TO VOTE AGAINST ANY RESOLUTION, PLEASE TICK (“✓”) THE BOX MARKED “AGAINST”.** Failure to tick a box will entitle your proxy to cast vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the EGM other than those referred to in the Notice.
 - In order to be valid, the revised form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practise in Hong Kong), must be deposited with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time fixed for holding the EGM (i.e. not later than 11:00 a.m. on Sunday, 26 January 2025) or any adjournment thereof.
 - This form of proxy must be signed by you or your attorney duly authorized in writing or, in the case of a corporation, must either be executed under its common seal or under the hand of an officer or attorney or other person duly authorised.
 - Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders is present at the meeting, personally or by proxy, then one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
 - The proxy need not be a member of the Company but must attend the meeting in person to represent you.
 - Any alteration made to this form should be initialed by the person who signs the form.
 - Completion and return of this revised form of proxy will not preclude you from attending and voting in person at the EGM should you wish.
- ** Full text of the resolutions is set out in the notice of the Meeting which is contained in the circular of the Company dated 10 January 2025 and despatched to the shareholders of the Company.

PERSONAL INFORMATION COLLECTION STATEMENT

“Personal Data” in this revised form of proxy has the same meaning as “personal data” in the Personal Data (Privacy) Ordinance, Chapter 486 of the Laws of Hong Kong (the “PDPO”), which includes your and your proxy’s name and address.

Your and your proxy’s Personal Data provided in this revised form of proxy will be used in collection with processing your request for the appointment of a proxy to attend, act and vote on your behalf as directed above at the Extraordinary General Meeting. The supply of your and your proxy’s Personal Data is on a voluntary basis. However, we may not be able to process your request unless you provide us with your and your proxy’s Personal Data.

Your and your proxy’s Personal Data will be disclosed or transferred to the Company’s branch share registrar and transfer office in Hong Kong and/or other companies or bodies for the purpose stated above, or when it is required to do so by law, for example, in response to a court order or a law enforcement agency’s request, and will be retained for such period as may be necessary for our verification and record purpose.

By providing your proxy’s Personal Data in this revised form of proxy, you should have obtained the express consent (which has not been withdrawn in writing) from your proxy in using his/ her Personal Data provided in this revised form of proxy and that you have informed your proxy of the purpose for and the manner in which his/her Personal Data may be used.

You/your proxy have/has the right to request access to and/or correction of your/your proxy’s Personal Data respectively in accordance with the provisions of the PDPO. Any such request for access to and/or correction of your/your proxy’s Personal Data should be in writing by mail to the Company/Tricor Investor Services Limited at the above address.

* For identification purpose only